Trust in the Balance:
How Managers Integrate Trust-Building and Task Control

CHRIS P. LONG
Olin School of Business
Washington University in St. Louis
St. Louis, MO 63130
(314) 935-8114
long@olin.wustl.edu

SIM B. SITKIN
Fuqua School of Business
Duke University
Durham, NC 27708
(919) 660-7946
sim.sitkin@duke.edu
ABSTRACT

This chapter refines and extends ideas about managerial task control and trust-building activities. We present a model of managerial action that outlines the general processes by which managers make both joint and independent decisions about the trust-building, and task control activities they undertake. In addition, we examine a variety of contextual factors that affect how managers combine and integrate these activities and describe three different balancing processes (antithetical, orthogonal, synergistic) that managers use to develop trust and control within their organizations. The chapter concludes with a discussion of how our perspective and its contributions advance research on organizational trust, organizational control and trust-control relationships.
INTRODUCTION

Researchers have shown that managers’ efforts to build trust comprise a key component of organizational effectiveness. Specifically, managers who promote organizational trust increase levels of voluntary subordinate compliance with their directives, augment subordinate commitment to organizational goals and enhance the willingness for employees to exhibit extra-role behaviors (Barney and Ferrin, 1994; Dirks and Ferrin, 2002b). As a result, managers who build trust reduce the time and effort they must take to measure and monitor the work of their employees while they enhance the quality of their subordinates’ contributions and their capacity to achieve organizational objectives (Frank, 1988; Hosmer, 1995; Jones, 1995).

While it has been asserted that managers’ efforts to build trust are key to organizational effectiveness (Barney and Hansen, 1994), Dirks and Ferrin (2002a: 492) caution “researchers should hesitate to assume that these benefits are always transmitted in a singular or straightforward manner, or even that the effects of trust and the mechanisms through which it operates are the same regardless of the organizational context.” In particular, developing perspectives in the organizational literature suggest that trust interacts with and is significantly impacted by the presence of organizational controls. Bradach and Eccles (1989) for example, view trust as a form of control and argue that managers direct subordinates by combining both market-based, hierarchy-based, and trust-based control mechanisms. Long, Sitkin, and Cardinal (2003) suggest that managers coordinate their efforts to promote trust with their organizational control activities in order to respond to superior-subordinate conflicts. Das and Teng (2001), in examining strategic alliances argue that both trust and control are essential to the ongoing positive development of the alliance.

While both researchers and practitioners are becoming increasingly aware of the importance regarding the effects of trust and control within organizations, scholars have not yet
developed an overarching framework for understanding trust-control interactions. Our review of this work, however suggests that an understanding of the concept of balance and of balancing processes used to integrate trust-based and control-based activities can assist us in understanding key trust-control interactions. By balancing processes, we mean the methods by which organizations integrate two or more categories of activities in ways they deem appropriate to the situational conditions (Sutcliffe, Sitkin, and Browning, 2000; Cardinal, Sitkin, and Long, 2004).

We begin our examination here by introducing issues integral to trust-control interactions. We first identify key trust and control concepts and use them to examine theoretical relationships between managers’ efforts to promote trust and to exert organizational control. Then, using alternative notions of balance processes outlined by Sutcliffe et al (2000), we describe various ways in which managers combine and integrate their trust and control efforts. Our investigation concludes with a discussion of how the trust and control constructs we outline in this chapter and our conceptualizations of various balancing processes extend organizational trust and organizational control research as well as work on the integration of these activities.

**Trust and Control – A Developing Focus**

While scholars have identified relationships between trust and control as key to organizational effectiveness (Bachmann, 2001), Das and Teng (1998) contend that the current state of the literature is “unclear and inconclusive about the relationships between trust and control.” Concurring with the observation, we argue that scholars have examined relationships between trust and control from multiple vantage points comprising varying levels of analysis. While these various approaches have emphasized both the complexity and importance of trust-control relationships, scholars have not yet proposed theoretical frameworks to understand general trust-control interactions.

A rapidly growing body of research has shown that perspectives on relationships between
trust and control vary a great deal. For example, Pennings and Woiceshyn (1987) and Bradach and Eccles (1989) both view trust as a form of a control and suggest that an individual’s efforts to preserve trust in a relationship motivate actions that serve the interests of exchange partners. Other views (e.g., Sitkin and Roth, 1993; Leifer and Mills, 1996) have focused on trust and control as substitutes and are negatively related. Still other work has focused on the view that the “trust level and control level jointly and independently” (Das and Teng, 1998:496) affect actions within and between organizations (Sitkin, 1995).

While this latter perspective might present a more realistic view of trust-control effects, the acknowledgement that trust and control “jointly and independently” affect actions highlights the theoretical complexity of trust-control relations. This complexity becomes apparent when one considers that, in evaluating trust-control interactions, one may consider the roles of both trustors and trustees. Trustors and trustees concurrently experience trust or distrust and take actions that produce trust or distrust. Trustors and trustees both implement controls and in respond to controls. In addition, the types of control and the forms of trust that trustors and trustees affect are influenced by the levels of both trust and control in their relationship.

A majority of the work on trust and control, however, has focused on the effects produced by trust and control in organizations. Das and Teng (2001), for example, focus on how combinations of trust and control enable managers in strategic alliances to handle various types of risk. Sitkin (1995) suggests that controls can be used to promote trust while Inkpen and Currall (2004) argue that some controls may retard trust development. Das and Teng (1998), in addition, argue that appropriate levels of trust and control within strategic alliances lead partners to enhance both the confidence they have in each other and the stability of the alliance.

The focus on trust-control relations that we present in this chapter differs somewhat from past approaches. Because we maintain that managers maintain a key role in how trust and control
are manifest within organizations (Miles and Creed, 1996; McEvily, Perrone, Zaheer, 2002), we focus directly on their activities. In addition, we specifically examine how managers attempt to balance trust and control within their organizations and identify some key factors that influence their actions.

**The Need for Conceptual Clarity**

As we begin, we note Reed’s (2001) observation that “the concepts of trust and control are inherently elusive and contested notions to the extent that they refer to highly complex forms of social relationship and processes” (201). This, in addition to Bachmann’s (2001) observation that “trust and control can be made to mean, at least to some extent, what a theorist or practitioner wants them to mean” (i), emphasizes the necessity for developing a clear understanding of the trust and control concepts we will utilize in this piece.

Towards that end, we first develop the concepts of trust and control that we will use in this chapter. Then, we introduce a framework that describes how managers integrate their activities in ways that balance organizational trust and organizational control.

**Organizational Trust**

Trust generally is defined as “a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another” (Rousseau, Sitkin, Burt, & Camerer, 1998: 395). Using studies that focus primarily on the effects of trust on trustors’ attitudes and actions, researchers have catalogued both the positive aspects of organizational trust and the various forms of trust that exist in organizations. In their review of the trust literature Dirks and Ferrin (2002a), for example, outline how trust in leader-follower relationships can both directly and indirectly lead to the development of positive trustor attitudes, a range of positive organizational behaviors (e.g., organizational citizenship behavior), and more positive social exchange outcomes.
To develop an understanding of how and why managers promote trust and integrate those activities with their use organizational controls, we directly examine managers’ actions. Towards that end, Long, Sitkin, and Cardinal (2003) use trust concepts to derive the concept of trust-building. Specifically, they define trust-building activities as “mechanisms that individuals use to assure others of their capabilities, their interest in accommodating others’ needs, and their willingness to fulfill promises made to others” (13). Furthermore, they suggest that, trust-building activities may permit managers to produce positive subordinate evaluations of trust along the dimensions first proposed by Mayer Davis, and Schoorman, (1995): their ability on various performance dimensions, their benevolence or interest in accommodating a trustor’s specific needs, and their integrity or their willingness to fulfill promises and obligations to trustors.

According to their particular situation, we contend that managers take actions that promote various forms of subordinate trust: calculative trust, institutional trust, and relational trust (Rousseau, et al., 1998). When subordinates develop calculative trust in their managers, they act on the belief that their managers’ actions will benefit them in calculable ways (Williamson, 1993, Lewicki and Bunker, 1996). Subordinates who maintain institutional trust in their manager or organization believe that the social structures (i.e., organizational factors) governing interpersonal interactions facilitate the deepening of superior-subordinate relationships and discourage managers’ tendencies to violate superior-subordinate contracts (Zucker, 1986; Sitkin, 1995). Relational trust between managers and subordinates exists when the deep interpersonal care and value congruence that managers display assures subordinates that their manager will fully consider their interests (Sitkin and Roth, 1993; Rousseau, et al., 1998).

We note that both the trust-building efforts that managers make and the forms of trust that can develop between managers and their subordinates can be significantly influenced by a
variety of contextual factors. Creed and Miles (1996), for example, suggest that managers’
actions to build trust will be directed by the structure and culture within the organization of
which they are a part. Shapiro, Sheppard, and Cheraskin (1992) recommend to managers that
they should use elements of an organization’s context to “assess the type of relationship you
want and the requisite kind of trust necessary to sustain that relationship” (374). This is
important because, as Wicks, et al. (1999) suggest, “trust is good—but a conditional good” (99)
that is affected by the organizational context within which it is developed. Specifically, they
suggest that attempts to develop a level of trust deeper than an organizational context requires
may waste valuable resources in creating an overly-collegial climate. On the other hand,
managers who promote a level of trust that is too shallow for a particular organizational context
may be neglecting opportunities to both build cooperative relationships that enhance
organizational commitment and substantially reduce agency and transaction costs (Bromiley and
Cummings, 1995).

Task Control Defined

Scholars have focused on organizational controls as a key contextual element that both
affects and is affected by organizational superior-subordinate trust (Sitkin, 1995; Sitkin and
Sitckel, 1996; Long, 2002; Long et al., 2003). In conceptualizing control, scholars have
traditionally adopted a broad definition and have suggested that organizational controls include
essentially any mechanism that managers use to ensure that the organization’s “sub-units act in a
coordinated and cooperative fashion, so that resources will be obtained and optimally allocated
in order to achieve the organization’s goals” (Lebas and Weigenstein, 1986: 259).

Building from broad conceptualizations of control, discussions of relationships between
trust and control have varied greatly in their explanatory focus. For example, both Pennings and
Woiceshyn (1987) and Bradach and Eccles (1989) conceptualize trust as a form of control.
Creed and Miles (1996), in focusing on the development of trust, argue that managerial philosophies embedded in the organizational structures and cultures of control systems facilitate the development of particular forms of superior-subordinate trust.

Because in this chapter we are specifically focused on examining the ways that managers balance their interpersonal trust-building and control-based efforts, we utilize a conceptualization of control that managers use to direct subordinate task efforts (Cardinal, Sitkin, and Long, 2003). The concept of task control that we employ here describes the formal (i.e., written contracts, monetary incentives, and surveillance) and informal (i.e., values, norms, and beliefs) mechanisms that managers use to direct subordinates toward the successful completion of organizational tasks (Ouchi, 1977; Roth, Sitkin and House, 1994; Kirsch, 1996). According to Cardinal, Sitkin and Long (2003), most operationalizations and empirical investigations of managerial controls research have examined applications of task controls.

We use various forms of task controls in our discussion here because they describe distinct, valid categories of organizational mechanisms over which managers generally hold a reasonable amount of discretion regarding their application (Long, 2002). Task controls are identified by the portion of the production process to which they are applied (Merchant, 1985; Snell 1992; Cardinal, 2001; Long, Burton, and Cardinal, 2002; Cardinal, et al., 2004). Managers, specifically select input controls such as training and socialization to guide the selection and preparation of human and material production resources (Arvey, 1979; Van Maanen and Schein, 1979; Wanous, 1980). Managers apply process controls on subordinates performing organizational tasks to ensure that they employ prescribed task production methods. Finally, managers use output controls and measure the outputs employees produce against established metrics to ensure that prescribed performance standards are met (Ouchi, 1977, 1979; Mintzberg, 1979).
Task Control and Trust-Building Activities

Trust and control research suggests that both the controls that managers employ and their willingness to promote (or not promote) trust significantly affects subordinate performance on tasks and the quality of their relationships with subordinates. Despite this acknowledgement, Das and Teng (1998) observe that there exists “little consensus regarding the relationship between trust and control” (495). Bachman (2001), for example observes that “there are numerous examples in the literature where control chases out trust and situations in which trust seems to remove the necessity for control, there are equally as many examples of trust and control being complementary, or going hand in hand” (i).

Figure 1 depicts our effort to explain the general process by which managers balance their trust-building and task control efforts. In this model, we build on previous trust and control work to examine how the activities that managers undertake differentially affect subordinates perceptions and actions and the overall quality of the superior-subordinate relationships. In developing our framework, we build on recent research regarding trust development processes (e.g., Peterson and Behfar, 2003; Inkpen and Currall, 2004) to add a dynamic element to the current, more static conceptualization of organizational trust and control.

The flow in Figure 1 reflects our conceptualization regarding the dynamic nature of organizational trust and control development. We begin by explaining that the trust-building and task control activities that managers undertake affect subordinate task performance and the quality of superior-subordinate relationships. In turn, managers use their evaluations of subordinate task performance and of superior-subordinate conflicts to assess both the efficacy of the task controls they utilize and the appropriateness of both the level and type of trust that their subordinates have in them or their organization. In addition, managers use these evaluations of subordinate task performance and the quality of superior-subordinate relationships to evaluate
the trustworthiness (i.e., ability, benevolence and integrity) of their subordinates. These interdependent evaluations affect the combinations of task controls and trust-building activities managers then apply. Below, we present a more detailed account of the points in our framework.

Insert Figure 1 About Here

For some time, organizational control theorists (e.g., Ouchi, 1980; Bradach and Eccles, 1989) and trust researchers (e.g., see Dirks and Ferrin, 2002b) have independently argued that task controls and the tendency for managers to promote (or not promote) trust affects both subordinate task performance and the quality of superior-subordinate relationships. Scholars have, however, also argued that the interaction of forms of trust and control are key to obtaining these effects. Barney and Hesterly (1994) and Wicks et al., (1999), for example, contend that when managers effectively integrate appropriate forms of trust and control they can provide their organizations with a competitive advantage. Das and Teng (1998: 2001) and Inkpen and Currall (2004) suggest that, in their attempts to successfully coordinate within strategic alliances, managers must make sure that they promote both appropriate levels of both trust and control.

Building from this general premise, we argue that combinations of trust-building and task control activities will affect both subordinate task performance and superior-subordinate relationship quality. This concurs with the perspective presented by Sitkin (1995) and Sitkin and Roth (1993) who point out that it is important for managers to implement appropriate combinations of trust-building and task controls in order to ensure that they facilitate both high levels of subordinate performance and the development of high quality superior-subordinate relationships.

Performance, Relationships and Efficacy Concerns

We argue that managers obtain important task-based and relationship-based information from observing subordinates’ task performance and superior-subordinate conflicts and use this
information in crafting their ongoing managerial approach. As control researchers (e.g., Ouchi, 1980; Eisenhardt, 1989) and trust researchers (e.g., McAllister, 1995; Whitener, Brodt, Korsgaard, and Werner, 1998) have independently observed, these factors can significantly affect both the controls that managers implement and their tendency to engage in activities that promote trust.

Specifically, the observations that managers make about their subordinates’ performance on tasks and about the superior-subordinate conflicts they encounter provide signals to managers about both the efficacy of the controls they utilize and the level and types of trust that their subordinates have in the manager and the organization. Regarding control efficacy, research on the cybernetic nature of organizational control systems (Green and Welsh, 1985; Flamholtz, Das and Tsui, 1985), for example contends that managers may glean information about the effectiveness of their controls directly from observations of subordinate task performance. Here the failure of subordinates to adequately perform may signal to managers that their employees are inadequately trained (i.e., input controls are sub-optimal), directed (i.e., process controls are sub-optimal), or are pursuing inadequate incentives (i.e., output controls are sub-optimal).

While providing managers with information about the efficacy of the controls they utilize, we also argue that subordinates’ performance on tasks also provide managers with important information regarding the level of trust subordinates’ have in them. For example, subordinates who fail to increase their performance in response to increasing incentives may signal to managers that they lack calculative trust and do not believe that their efforts will be properly rewarded by that manager or their organization. Alternatively, a sudden decrease in performance in a clan-based, informally-focused organization may signal to managers that the relational trust that previously motivated work is being severely compromised (Wilkins and Ouchi, 1983).
Conflicts between managers and subordinates might also signal to managers the existence of control-based and trust-based problems. Edwards (1979: 16) argues that superior-subordinate conflicts lead managers to organize their work environments in ways that enable them to contain the real and potential superior-subordinate conflicts they encounter (16). Sullivan, Albrecht, and Taylor (1990: 336), in addition suggest that the information that managers glean from conflicts is so important “that the nature and amount of resistance that a manager expects from a subordinate are the major determinants” affecting their subsequent trust-building and task control actions.

We argue that managers’ evaluations of superior-subordinate conflicts provide managers with information about whether the controls they have utilized are appropriate for a given context. As both Levinthal (1988) and Eisenhardt (1989) point out, appropriate applications of organizational controls align the goals of superiors and subordinates in ways that keep conflicts to a minimum. The existence and persistence of superior-subordinate disagreements may then provide managers with evidence that the task controls they have in place are less than optimal.

Superior-subordinate conflicts also provide managers with evidence that the level of trust subordinates have in them may be inappropriate. Ouchi (1980), for example, argues that superior-subordinate conflicts signal to managers that their relationships with subordinates may suffer from a “lack of trust” (130). In extending this perspective, Long et al., (2003) argue that the presence of various types of manager-employee conflicts (goal, task, personal) present managers with strong evidence that subordinates do not trust (calculative, institutional, relational) them or their organization in particular ways.

Performance, Relationships and Trust in Subordinates

The observations that managers make about their subordinates’ performance on tasks and about the level and types of superior-subordinate conflict they encounter also provides evidence to managers about the trust-worthiness of subordinates. We argue that these observations by
managers affects their assessments of their subordinates’ ability, benevolence and integrity (Mayer, et al., 1995).

According to Dirks and Ferrin (2002b), attributional processes outline key factors in trust development. Building from this premise, we argue that managers use subordinate task performance as a guide to determining their subordinate’s trustworthiness. Put simply, if workers show managers through their words and actions that they share their interests and goals, managers will tend to trust those subordinates.

We argue that managers use these observations to evaluate the ability, benevolence and integrity of their subordinates generally and within particular contexts. Specifically, the failure or success of subordinates on tasks provides managers with information about the ability of subordinates along various performance dimensions. The efforts that subordinates put into their work, also provides managers will information about the benevolence of their subordinates and, specifically, the willingness of subordinates to support their manager’s interests. Lastly, by observing subordinates’ task performance, managers can assess the willingness of subordinates to act with integrity and fulfill their promises and obligations to their organization.

The level of conflict that managers experience with their subordinates also affects their perceptions of subordinate trust. As Sitkin and Bies (1993) point out, interpersonal conflicts may signal to managers that a misalignment on task preferences or goals or an incompatibility of values exists between themselves and their subordinates. As a result, managers monitor their conflicts with subordinates to gauge the risk of subordinate opportunism (Williamson, 1975; 1993), the amount to which their interests are aligned with those of their subordinates, and the trust they have in their subordinates’ ability, benevolence and integrity.

**Mutual Adjustment in Expectations of Managerial Efficacy and Subordinate Trust**

It is important to note here that we believe that managers evaluations of their own actions
and of their subordinate’s trustworthiness are not mutually exclusive. Instead, we argue that managers’ evaluations of the efficacy of their actions affect the evaluations they make about their subordinates’ trustworthiness. In addition, their evaluations of subordinates’ trustworthiness affect the evaluations they make regarding the efficacy of their own actions.

We contend that managers generally embrace and understand the context within which they take actions and within which their subordinates act. Specifically, they evaluate their managerial efficacy using knowledge gained on the trustworthiness of their subordinates. Over time, these evaluations will lead managers to adjust their expectations regarding the efficacy of the controls they employ and their ability to cultivate various forms of subordinate trust. For example, if managers have little trust in subordinates to begin with, they may have little initial faith in the efficacy of their task control and trust-building choices to produce anticipated effects on subordinate task performance and superior-subordinate conflict. On the other hand, if they trust employees a great deal, that trust may raise their expectations regarding the potential efficacy of the task controls they apply and their ability to build superior-subordinate relationships.

We also argue that the effort managers put forth to implement effective controls and to build trust will affect the level of trust that they have in their subordinates. For example, a manager who’s subordinates perform well despite being under rewarded and unappreciated by the greater organization will tend to have maintain higher levels of trust in those subordinates. Conversely, the evaluations of managers whose subordinates consistently under perform despite their extensive efforts to cater to their interests are hypothesized to be negatively affected and will result in a lower level of trust in their subordinates.

**The Complex Nature of Trust-Building and Task Control**

Managers use evaluations of the efficacy of their own actions and of the trust they have in
their own subordinates to chart their future task control and trust-building actions. For example, building from the work of control theorists who use a cybernetic perspective to examine the development of control systems, we argue that managers will adjust the configurations of task controls they employ based on the perceived effectiveness of task controls to produce expected results (Green and Welsh, 1985; Flamholtz, et. al., 1985). Put simply, if a particular configuration of task controls are perceived as effective they will probably be maintained. If they are perceived as ineffective, they will be changed.

The decisions that managers make about task controls may also be affected significantly by the trust that they know their subordinates have in them. As Inkpen and Currall (2004) suggest in their discussion of trust and control in strategic alliances, the trust that alliance partners have in one another will affect the control choices those partners make going forward. Extending this point, Sitkin (1995) contends that managers may adjust the types of task controls they apply in order to augment or, in some cases, even reduce the level of certain types of superior-subordinate trust.

Decisions that managers make about the forms and levels of trust they build may also be affected by the perceived efficacy of the task controls they employ. For example, managers working in a highly formal (i.e., legalistic) environments, may attempt to bolster the efficacy of the rules and procedures they employ by focusing primarily on building subordinate levels of calculative or institutional trust in them or the organization they represent. In doing so, managers attempt to lower the risk for subordinates for adhering to managerial directives, thereby facilitating subordinate participation in the achievement of managerial objectives.

We also argue that managers’ perceptions regarding the appropriate level and form of subordinate trust they maintain may also affect the types of future trust-building activities they undertake. For example, if managers believe that relational trust in them is low, managers may
make extra efforts to increase the level of subordinate identity with the organization and may undertake efforts to promote superior-subordinate value congruence (Sitkin and Roth, 1993; Lewicki & Bunker, 1996; Stickel, 1999). In an alternate situation, managers may feel that either the level of calculative or institutional trust subordinates have in them is too low. Here, managers may use both formal and informal means to ensure subordinates that they and the institution they represent can be trusted to protect and further their instrumental interests (Zucker, 1986; Sitkin, 1995).

As Figure 1 illustrates, we also argue that the configuration of trust-building and task control activities that a manager employs is affected by the level and type of trust that a manager has in their subordinates. Spreitzer and Mishra (1999), for example argue that a manager’s use of top-down decision-making processes is determined, in part, by the level of trust that that managers has in their subordinates. Sitkin and Roth (1993) recount a similar situation when they suggest that decreasing levels of both calculative and relational trust in employees with HIV/AIDS leads the managers of those employees to increasingly utilize highly formal (i.e., legalistic) control mechanisms.

Several authors have described how both the type and level of trust that a manager has in their subordinates can affect the efforts that managers make towards promoting trust. For example the work of Malhotra and Murnighan (2002) suggest that the trust that individuals have in their exchange partners affects their subsequent efforts to build trusting relationships. As Leader-Member Exchange (LMX) research also suggests (Schriesheim, Castro, and Cogliser, 1999), the trust that leaders have in their subordinates may affect the quality of social exchanges that managers attempt to produce with their subordinates.

**Managerial Evaluations and the Use of Balancing Processes**

It should be apparent from the discussion above that, in integrating their task control and
trust-building efforts, managers must concurrently address a complex combination of task and relational issues. Specifically, managers must implement a configuration of controls that allow them to efficiently and effectively direct subordinate task efforts while permitting them to also maintain high quality superior-subordinate relations and healthy levels of superior-subordinate conflict. In addition, managers do this while simultaneously promoting levels and forms of subordinate trust in themselves and their organization that are appropriate based on situational constraints. Concurrently, managers must also respond to organizational and task demands and the overall quality of their superior-subordinate relationships.

The complexity of this task and relational milieu emphasizes the importance of understanding the role of balance in managers’ task control and trust-building activities. We argue that, based on the particular situation they face, managers will attempt to balance their task control and trust-building efforts in various ways. Using the definition furthered by Sutcliffe, Sitkin and Browning’s (2000) examination of the ways that organizations balance their exploration and exploitation activities, we argue that balance is “a state where an organization exhibits a harmonious” integration of trust-building and task control activities. Using this conceptualization of balance, we assert that the level of harmony achieved between a configuration of task control and trust-building activities is determined by the context within which that integration occurs.

Building on the process outlined in Figure 1, we acknowledge that the achievement of balance between task control and trust-building activities is a moving target and that this “balance target” changes as organizational task and relational conditions change. Because task and relational conditions are constantly in flux, managers find themselves unceasingly in a dynamic balance-rebalance mode. In response, managers may change the mixes of their activities as well as the balance processes they employ (Sutcliffe, et. al., 2000; Cardinal, et al.,
The changes managers make to the balancing processes they employ are similar to the three types of balancing processes Sutcliffe et al. (2000) outline in their discussion of how managers firms integrate their exploration and exploitation activities. Specifically, they discuss how attention and action on various activities can be negatively related and result in antithetical balancing processes. In addition, they describe their notion of how decisions about these types of activities can be unrelated and result in orthogonal balancing processes. Lastly, they describe how activities can be positively related and focus managers towards synergistic balancing processes. We utilize these conceptualizations of balancing processes here because we maintain antithetical, orthogonal, synergistic balancing processes provide ways to organize the variety trust and control relationships described in the scholarly literature.

Below, we describe how managers integrate their trust-building and task control activities using various these three types of balancing processes. We begin by describing antithetical balancing processes. Thereafter, we discuss orthogonal and synergistic balancing processes. Table 1 outlines the elements and key considerations inherent in each balancing process.

Insert Table 1 About Here

As we note in Table 1, each type of balancing process can be distinguished by the general balancing mechanisms they employ, the intermediate outcome they are intended to produce, and the challenge that they present to managers. Furthermore, we argue that through ongoing attempts to balance their trust-building and task control activities, managers attempt to smoothly align and re-align managers in order to achieve “isomorphism with (the) internal and external requirements” they encounter (Cardinal, et al., 2004: ). Related back to our general model (i.e., Figure 1), we argue that managers attempt to promote an appropriate balance between task control and trust-building activities in order to both achieve high levels of subordinate task
performance and maintain appropriate superior-subordinate relationships.

**Antithetical Balancing Processes on Trust-Building and Task Control**

Antithetical notions of balance describe the negative effects that efforts to build trust can have on task controls and the negative efforts that efforts to exert control over tasks can have on efforts to build trust. Here trust-building and task control activities are applied in a zero-sum world, where an emphasis on task controls compromises the emphasis managers place on building trust or vice versa. Below, we use these antithetical notions of balance to describe situations where an emphasis on task controls can reduce the ability and willingness of managers to build particular forms of trust. We also describe how an emphasis on building trust often reduces the ability and willingness of managers to implement forms of control.

It is important to acknowledge that effectively promoting positive perceptions of trust and control takes time and that managers will shy away from implementing initiatives that appear more costly and risky than mechanisms which align with and support their primary organizing philosophy (McEvily, Perrone, and Zaheer, 2003). Often, managers initiate antithetical balancing processes in order to ensure that they do not promote an activity that will compromise the successful implementation of their primary organizing philosophy.

Several researchers suggest that an antithetical relationship exists between formal task controls and relational trust (Powell, 1996; Wicks et al., 1999). For example, Das and Teng (1998) and Inkpen and Currall (2004) suggest that, when a strategic alliance partner chooses to use formal control mechanisms in the execution of a strategic alliance agreement, that choice will compromise the development of relational trust between the alliance partners. Conversely, McEvily, et al. (2003) argue that managers who have adopted a philosophy of organizing around relational trust considerations will tend to avoid efforts to implement formal control mechanisms.

Sitkin and Bies (1994) describe how antithetical balancing processes led many
organizations to adopt legalization practices composed primarily of formal controls while retarding the development of relational trust in those organizations. Because managers initially believed that formal controls were effective in addressing their reliability-based concerns, those managers began increasingly relying on legalistic control mechanisms in order to promote efficiency. However, “while legalistic mechanisms are often effective in ameliorating context-specific reliability problems, they are less effective in dealing with generalized value incongruence” (Sitkin and Roth: 373). As a result of managers’ increasing reliance on formal control mechanisms, the value incongruencies between superiors and subordinates were exacerbated. While value incongruencies led subordinates to be increasingly unreliable in completing organizational tasks, managers’ diagnosed the problems they encountered only as reliability-based issues. As a result, they increased their implementation of formal control mechanisms. Eventually, managers’ increasing focus on addressing only reliability-based problems and their ongoing neglect of value congruence exacerbated existing superior-subordinate value incongruencies. As these levels of value incongruence continued to grow, the amount of formal control mechanisms continued to grow as well and the relational trust between managers and their subordinates continued to decrease.

While antithetical balancing processes may affect the mix of trust and control within an organization, they may also affect the emphasis an organization places on particular types of control over other types of control and on particular types over other types of trust. For example, Cardinal, Sitkin, and Long (2004) describe how managers within a local moving company, over the ten-year development period for that organization’s control system, focused almost exclusively on informal task controls and then switched to focus almost exclusively on formal task controls. Regarding a focus on specific forms of trust, Sheppard and Sherman (1998) describe how relationships between individuals within organizations characterized by deep
interdependence “is predicated on the assumption that the trustee has internalized the trustor’s preferences and ways of viewing the world” (430). Using their perspective, one can easily envision how individuals in these contexts who seek to maintain high levels of relational trust within their organizations would consider it offensive if their fellow organizational members found it necessary to consciously evaluate levels of calculative trustworthy among their partners.

Orthogonal Balancing Processes on Trust-Building and Task Control

Orthogonal balancing processes describe situations in which managers do not attempt to align their trust-building and task control efforts. Instead, managers keep independent their efforts to gain their subordinates’ trust and their attempts to implement organizational task controls. Below, we describe some characteristics and examples of orthogonal balancing processes.

Managers may use orthogonal balancing processes when they have little discretion over the task controls that affect their subordinate’s work efforts. For example a sales manager, whose sales associates are motivated primarily by, company-wide incentive policies, may not integrate the forms of subordinate trust develop with subordinates and the types of task controls they apply. Here, organizational performance incentives are clear and unquestioned and the level of trust that their subordinates have in the direct manager may have a minimal effect on the ability and willingness of those sales associates to achieve the organization’s sales targets. As a result, managers in this context may promote forms and levels of trust without consideration for the effects that that trust may have on the tasks that subordinates pursue.

Managers may also use orthogonal balancing processes when the trust that subordinates have in their manager will not affect their implementation of task controls. An example of this might be found in military contexts where stories abound of non-commissioned officers (NCOs) who develop strong relational bonds with their subordinates despite the fact that they may have
to repeatedly order those soldiers into situations where they risk death (i.e., compromise
calculative trust). In these situations, each soldier knows that their NCO is provided little
discretion over the orders they are charged to implement and the level of trust that that NCO will
gain from their subordinates will not necessarily affect the success with which they and their
squad is able to execute those orders. As a result, those NCOs implement their orders with little
regard for the effects that their actions will have on the maintenance, dissolution, or
augmentation of the levels of trust their subordinates have in them.

**Synergistic Balancing Processes on Trust-Building and Task Control**

Synergistic balancing processes describe situations where managers attempt to implement
both trust-building and task control mechanisms in ways that they are “mutually reinforcing in
that each process facilitates and contributes to the effectiveness of the other” (Sutcliffe, et al.,
2000: 326). In attempting to implement a synergistic balance of trust-building and task controls,
managers will work to maintain control over the work that subordinates perform and a particular
type of subordinate trust in their managers. Specifically, the level of trust that managers promote
in pursuing synergistic balancing processes reinforces the controls they apply and the controls
managers implement enhance the forms and levels of superior-subordinate trust that they seek to
maintain.

In some cases, managers may use synergistic balancing processes to exentuate the
strengths of particular types of task controls or particular forms of trust. For example, a manager
in a market organization that relies almost exclusively on monetary incentives to motivate
workers may make extra efforts to maintain and enhance the calculative trust that subordinates
have in them. By focusing specifically on calculative trust, managers in that type of organization
motivate their subordinates to pursue lofty sales goals on the confidence that they will be
handsomely rewarded for their extra efforts. In another example, Sitkin (1995) suggests that
legalistic control mechanisms can increase the calculative and institutional trust that subordinates have in their managers because those mechanisms, by placing constraints on a manager’s actions, help to ensure them that managers will protect their interests.

Under other circumstances, managers may use forms of trust to mitigate the limitations and enhance the effectiveness of particular forms of control. Similar to the concept of complementarity introduced by Milgrom and Roberts (1990) and extended recently by Bendersky (2003), activities are complementary if “the interplay among the components (i.e., activities) enables each type of component to influence individual’s attitudes and behaviors more significantly than it could without reinforcement from the others” (644).

Inkpen and Currall (2004) outline how a synergistic focus on formal and informal output controls and relational trust between alliance partners can enhance the effectiveness of the monetary incentives in facilitating the continued development of the alliance. Here, the development of relational trust between alliance partners mitigates the potential for either partner to become greedy, focus only on their instrumental interests, and eventually become opportunistic. Furthermore, the development of relational bonds supplements the monetary incentives that are in place by increasing the commitment of each partner to the alliance and motivating each to work hard not only for their own interest, but for the interest of the associate with whom they have formed emotional bonds.

**DISCUSSION**

This chapter refines and extends ideas about relationships between trust and control in three important ways. First, we present a model of managerial action that outlines the general processes by which managers make decisions about the trust-building, and task control activities they undertake. Second, we use this process model to explain how the complex interplay
between trust and control within an organizational environment impact managerial actions. Third, we describe three different balancing processes that managers use to integrate their trust-building and task control activities. In this concluding section, we further explain some key parts of our perspective and of the model we propose.

**Trust and Control: A Focus on Managerial Action**

Researchers have firmly established that managers who build positive perceptions of organizational trust enhance the quality of their subordinates’ contributions and their capacity to achieve organizational objectives. Because these studies have, with a few notable exceptions (e.g., Whitener, et. al., 1998), primarily examined subordinate evaluations of managerial initiatives, scholars have generally been left to infer how and why managers actually promote trust in their organizations (Mayer, Davis, & Schoorman, 1995).

The concepts of and relationships between trust and control that we present in this paper broaden traditional perspectives of managerial attention and managerial action and contribute to research in several domains. For example, by outlining how issues of trust and control influence managerial activities, this paper refines scholar’s perspectives on managerial attention related to trust and control issues. Regarding controls, the perspective we present in this chapter differs significantly from traditional control theory which has focused primarily on how aspects of the organizational tasks that managers direct affect their task control activities (e.g., Levinthal, 1988; Eisenhardt, 1989; Ghoshal and Moran, 1996). Specifically, we describe how several key task and relational elements affect managers’ applications of task controls.

This paper also presents an expanded view of managerial action. In arguing that managers implement combinations of controls and trust-building activities, this paper generally supports those who advocate for a broader perspective on organizational control research (Long, et. al., 2002; Cardinal, et al., 2004) that goes beyond the traditional control theory focus on how
managers apply primarily formal control mechanisms to individual portions the production process (Ouchi, 1977; Merchant, 1985; Snell 1992; Kirsch 1996). Our perspective extends this work by highlighting both how managers implement formal and informal task controls and combine those efforts with a range of trust-building activities.

We use the perspective we present here to specifically investigate how managers balance the controls they apply with the actions they take to facilitate the development of organizational trust. In arguing that managers accomplish a super ordinate goal of aligning subordinate and organizational objectives through the integration of organizational task controls and trust-building activities, we describe two categories of managerial action that differ in the primary purpose the serve for managers, as well as the goals that managers hope to accomplish through their implementation.

Our theory also highlights important aspects of the relationship between trust and control. Previous theoretical work has identified trust both as a form of control (Pennings and Woiceshyn, 1987; Bradach and Eccles, 1989) and as a substitute for control (Das and Teng, 1998). We suggest, however, that trust-building activities comprise a separate category of managerial activity and may serve as a complement to the controls that managers apply or be pursued for reasons unrelated to organizational control. Consistent with Wicks et. al.’s (1999) theory of “optimal trust,” we suggest that managers will work to develop a level of trust appropriate for their organizational context. Moreover, we argue that particular forms of trust can be combined with specific types of task controls in order to ensure that organizational goals are accomplished and superior-subordinate relationships remain positive.

The three balancing processes (antithetical, orthogonal, and synergistic) that we describe, represent distinct ways that managers attempt to integrate their task control and trust-building activities. Using these balancing processes, managers may promote their organizational
philosophy (McEvily, Perrone, and Zaheer, 2002). In addition, these balancing processes outline the ways in which managers maintain task and relational integrity in their organizations while they and their subordinates respond to contextual influences.

**Directions for Future Research**

Future research on managers’ attempts to balance control and trust in organizations will revolve around three general issues. First, scholars should examine the composition of various combinations of trust-building and task control activities. Second, scholars need to develop a much clearer understanding of what leads managers to promote various forms of trust and control both jointly and independently. Third, researchers need to focus more effort on understanding the relationships between various types of task controls and trust-building activities.

Future research should begin by examining how managers conceptualize trust-building and task controls. From established research on trust, we have conceptualized clear distinctions between various forms of trust-building and between these categories of trust-building and task control activities. Scholars need to investigate whether managers indeed utilize the clear conceptual distinctions we outline here. Managers may not, for example, distinguish between relational trust-building and informal types of input control, which are hallmarks of deep socialization (Van Maanen and Schein, 1975) or between promoting structurally similar calculative trust-building and formal output (i.e., market-type) controls. To further evaluate these relationships, this research will examine when managers view particular trust-building and task control activities as substitutes, when they perceive these activities as complements and the various conditions that lead to various balancing processes.

We contend however, that task control and trust-building activities comprise important elements of managerial action. Through future research, scholars will investigate how managers
use combinations of these activities to accomplish various types of goals and respond to a range of contextual factors. Through this work, we will broaden our understanding regarding the independent roles of trust and control in the workplace as well as the effects produced when they combined and integrated by managers.
References


Table 1

Forms of Balancing Processes for Trust-Building/Task Control Relationships in Organizations
Adapted from Sutcliffe, Sitkin, and Browning (2000)

<table>
<thead>
<tr>
<th>Description of Balancing Process</th>
<th>Antithetical</th>
<th>Orthogonal</th>
<th>Synergistic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approach where a manager implements a type of trust-building or task control activity and decreases their focus on alternate activities.</td>
<td>Approach where managers implement a combination of multiple, unrelated trust-building and task control activities.</td>
<td>Approach where manager implements combinations of multiple, mutually-reinforcing trust-building, and task control activities.</td>
<td></td>
</tr>
<tr>
<td>Management of subordinates using a singular form of trust or singular form of task control.</td>
<td>Management of subordinates using combinations of multiple, unrelated trust-building and task control activities.</td>
<td>Management of subordinates using combinations of multiple, mutually reinforcing trust-building and task control activities.</td>
<td></td>
</tr>
<tr>
<td>Effective implementation of the single most appropriate managerial trust-building and or task control activity.</td>
<td>Ongoing maintenance of multiple, sometimes contradictory trust-building and task control activities.</td>
<td>Identification and maintenance of synergies between trust-building and task control activities.</td>
<td></td>
</tr>
</tbody>
</table>
FIGURE 1

Model of Managerial Task Control and Trust-Building Activities

Managerial Trust in Subordinates
- Subordinate Ability
- Subordinate Benevolence
- Subordinate Integrity

Managerial Efficacy Concerns
- Perceived Efficacy of Existing Controls
- Appropriateness of Subordinate Trust in Managers

Task Control Activities
- Formal
  - Input
  - Process
  - Output
- Informal
  - Input
  - Process
  - Output

Trust-Building Activities
- Calculative Trust-Building
- Relational Trust-Building
- Institutional Trust-Building

Effects on Subordinates
- Subordinate Task Performance
- Superior-Subordinate Conflict