© Academy of Management Review
1998, Vol. 23, No. 3, 513–530.

MANAGERS AS INITIATORS OF TRUST: AN EXCHANGE RELATIONSHIP FRAMEWORK FOR UNDERSTANDING MANAGERIAL TRUSTWORTHY BEHAVIOR

ELLEN M. WHITENER
University of Virginia

SUSAN E. BRODT
Duke University

M. AUDREY KORSGAARD
University of South Carolina

JON M. WERNER
University of Wisconsin at Whitewater

In many approaches to interpersonal and organizational trust, researchers focus on employees' perceptions that their managers are trustworthy. We turn the tables, however, and examine the antecedents of managerial trustworthy behavior and the challenge of initiating trust. Drawing on agency and social exchange theories, we present an exchange relationship framework that identifies organizational, relational, and individual factors that encourage or constrain managerial trustworthy behavior.

Imagine driving into work one day and hearing over the radio that your employer had agreed to merge with a rival firm and that the combined company would probably employ at least 10 percent fewer workers. Ciba Geigy employees experienced this scenario in 1996, when they were surprised to learn about their company's planned merger with Sandoz.

> In a perfect world, this would never happen. Good news or bad, employees could trust management to give it to them straight, to mean what it said, and always to follow through on promises. But corporate America in 1996 is far from perfect. Management has lost credibility, employees are scared, and organizational trust has hit rock bottom (Caudron, 1996: 20).

At the same time that trust in organizations has hit "rock bottom," researchers have shown that interpersonal trust has significant relationships with many organizational variables, such as the quality of communication (e.g., Muchinsky, 1977; Roberts & O'Reilly, 1974a,b; Yeager, 1978), performance (Earley, 1986), citizenship behavior (McAllister, 1995), problem solving (Zand, 1972), and cooperation (Axelrod, 1984; Deutsch, 1962). Moreover, trust has long been considered fundamental to cooperative relationships (Blau, 1964; Deutsch, 1958).

In recent reviews scholars have summarized common elements of the many different definitions of interpersonal trust (Hosmer, 1995; Mayer, Davis, & Schoorman, 1995). Drawing on these reviews and the work of others (Deutsch, 1962; Gambetta, 1988; Zand, 1972), we use a definition that reflects three facets. First, trust in another party reflects an expectation or belief that the other party will act benevolently. Second, one cannot control or force the other party to fulfill this expectation—that is, trust involves a willingness to be vulnerable and risk that the other party may not fulfill that expectation. Third, trust involves some level of dependency on the other party so that the outcomes of one individual are influenced by the actions of another.

With these components, trust can be viewed as an attitude held by one individual—the trustor—toward another—the trustee (Robinson, 1996). This attitude is derived from the trustor's perceptions, beliefs, and attributions about the trustee, based upon his or her observations of the trustee's behavior. Not surprisingly, most research on the antecedents of trust has focused on trustor perceptions and beliefs, such as trustors' perceptions of trustees' competence, benevolence, and integrity, that appear to be critical conditions for trust (Butler, 1991; Mayer et al., 1995). These insights into trustors' perceptions help identify how trust arises and suggest that managers can have considerable impact on building trust. Indeed, we will argue that managers' actions and behaviors provide the foundation for trust and that it is actually management's responsibility to take the first step and initiate trusting relationships. However, little is known about what causes managers to behave in a trustworthy manner and, consequently, what managers can do to build trust.

Our purpose in this article is to analyze the types of behavior managers may engage in that build trust, which we label "managerial trustworthy behavior," and to present a framework for understanding the antecedents of this behavior in organizations. To complement existing research on trustors' perceptions, we focus on trustees' behavior and the complex motivational context in which it occurs. By focusing on behavior, we go beyond factors that merely create the perception or impression of trust to what supports or constrains actions that promote trust. We use an exchange theory lens to identify and analyze organizational, relational (exchange), and individual factors that encourage or constrain trustworthy behavior in organizations. In doing so, we provide insight into how organizations can create an environment that supports trustworthy behavior. We also place the concept of interpersonal trust in a different context: trust is not merely an attitude held by one party toward another but exists in the parties' relationship.

The article consists of five sections. We begin by briefly reviewing agency and social exchange theories and discussing implications for trust formation. Second, we propose a taxonomy of five dimensions of trustworthy behavior derived from research on antecedents of trust. Third, we present our framework representing the organizational, relational, and individual antecedents of trustworthy behavior. Fourth, we delve more deeply into the challenge of trust initiation and discuss what organizations can do to support managerial trustworthy behavior. We conclude the article with a discussion of implications and avenues for future research and practice.

THE MANAGER-EMPLOYEE EXCHANGE RELATIONSHIP

Many theories of trust are grounded in social exchange theory (Blau, 1964), which assumes that trust emerges through the repeated exchange of benefits between two individuals. Because it addresses the process of initiating and expanding social exchanges, this theory provides a useful lens for examining the motivational mechanisms underlying the initiation of trustworthy behavior. However, managers and employees are also involved in an economic exchange relationship. Theories of economic exchange, like agency theory (Eisenhardt, 1989), place little emphasis on trust, but they do offer explanations for managerial behavior, such as monitoring and control, that are commonplace in organizations and that affect employees' perceptions of trust. They also capture the economic context in which social exchange relationships develop. Therefore, we use both theories to analyze the motivation to engage in trustworthy behavior.

Agency Theory

Agency theorists describe the structuring of economic exchange relationships between two parties (Eisenhardt, 1989; Jensen & Meckling, 1976; Noorderhaven, 1992). A principal-agent relationship exists when one party—the principal—contracts with another party—the agent—to perform a task involving delegation of decision making in exchange for compensation. Agency theorists examine how principals and agents attempt to structure the relationship to protect their own interests. Applying agency theory to manager-employee dyads, we can consider the employee to be an agent and the manager to represent the interests of the principal.[1]

[1] Agency theory typically has been applied to relationships in which the principal is an owner of the firm and the employees are the agents of the owners. Because managers are not necessarily owners, they may serve in the role of agents *relative to* the owners of the company. Regardless of their level of ownership, however, managers serve the role of principal *relative to* the role of their subordinates in that they hire or engage the subordinate "to perform some service on their behalf which involves delegating some decision making authority to the agent" (Jensen & Meckling, 1976: 308).

This perspective assumes self-interest—meaning that individuals strive to maximize individual utility and that both parties seek to minimize risks associated with the relationship. Agents bear risk as a function of how they are compensated. To the extent that their compensation is based on outcomes that are beyond their control, the risk to them is greater. In contrast, the principal faces the risk of opportunism and incompetence on the part of agents. The risk of opportunism is greater when the principal lacks information about agents' actions (i.e., information asymmetry) and when competing incentives or goals (i.e., goal incongruence) for agents motivate them to engage in actions other than what was contracted by the principal. For example, when employees are contracted to perform a job that the manager cannot directly observe, the manager faces the risk that the employees may shirk their duty. To minimize agency risk, principals generally either monitor agents' behavior to ensure contract compliance or base agents' compensation on task outcomes to align the agents' goals with the principals'.

Social Exchange Theory

Although the formal or contractual relationship in employment is economically driven, a social element to such relationships typically evolves. Social exchange theory (Blau, 1964) helps to explain the dynamics of such exchanges. In a social exchange one individual voluntarily provides a benefit to another, invoking an obligation of the other party to reciprocate by providing some benefit in return. Proving oneself trustworthy may be problematic when one is initially forming such social exchange relationships. Blau argues, however, that trust may be generated through two means: (1) through the regular discharge of obligations (i.e., by reciprocating for benefits received from others) and (2) through the gradual expansion of exchanges over time.

Social exchanges differ from economic ones in several fundamental ways (Blau, 1964). First, social exchanges may involve extrinsic benefits with economic value (e.g., information and advice) or intrinsic benefits without any direct objective economic utility (e.g., social support). Further, extrinsic benefits often are expressions of support and friendship and, thus, have intrinsic value as well. Therefore, exchanges that have little or unclear economic benefit can have a strong impact on the social dimension of a relationship.

Second, whereas benefits in economic exchanges are formal and often contracted explicitly, such benefits are rarely specified a priori or explicitly negotiated in social exchanges (Blau, 1964). Thus, providing benefits is a voluntary action.

Finally, because such behavior is voluntary, there is no guarantee that benefits will be reciprocated or that reciprocation will result in receipt of future benefits. The exchange of benefits involves uncertainty, particularly in early stages of the relationship, when the risk of nonreciprocation is relatively high. Consequently, relationships evolve slowly, starting with the exchange of relatively low-value benefits and escalating to higher-value benefits as the parties demonstrate their trustworthiness (Blau, 1964).

Taken together, agency theory and social exchange theory expand the picture of trust formation in organizations. An agency theory lens highlights the formal economic context and self-interest motive, as well as the behavioral consequences. It also delineates factors that contribute to the risk of opportunism and identifies how the exchange relationship can be structured to minimize this risk. Although implying how relationship context contributes to risk, agency theory takes a relatively static view of relationships.

A social exchange theory lens, however, highlights dynamic elements of the exchange relationship. It emphasizes the exchange process, including its development over time, and indicates that successful social exchanges should influence perceptions of risk of nonreciprocation (i.e., opportunism) and trust. This lens also helps us identify when, under conditions of agency risk, an individual is likely to trust another party, rather than impose greater controls. For example, imagine two managers each working with a subordinate who telecommutes. From an agency theory perspective, information asymmetry is high in both cases and, therefore, agency risk (i.e., risk of opportunism) is high. However, the manager who forms a strong social bond with his or her subordinate through the process of successful social exchanges should perceive less risk of opportunism, despite equal levels of information asymmetry.

In summary, our agency theory lens identifies relatively static, contextual factors associated with the risk of opportunism in economic exchanges. It is under these circumstances of agency risk that social exchange theory is particularly relevant, for it helps us examine when one party is willing to trust another rather than impose control on the other. Specifically, our social exchange theory lens suggests that, by habitually discharging one's obligations, trust develops that may mitigate the risk of opportunism inherent in the organizational context. Therefore, managers may reduce the risk of opportunism by engaging in trustworthy behavior. In the following section we define trustworthy behavior and describe its dimensions.

DIMENSIONS OF TRUSTWORTHY BEHAVIOR

Managerial behavior is an important influence on the development of trust in relationships between managers and employees. We define *managerial trustworthy behavior* as *volitional actions and interactions performed by managers that are necessary though not sufficient to engender employees' trust in them*. This behavior occurs in a social and economic exchange context, in which managers initiate and build relationships by engaging in trustworthy behavior as a means of providing employees with social rewards. Managers who engage in this behavior will increase the likelihood that employees will reciprocate and trust them, providing a necessary, but not sufficient, foundation for employees' "trust-in-supervisors."

Five categories of behavior capture the variety of factors that influence employees' perceptions of managerial trustworthiness:

1. behavioral consistency,
2. behavioral integrity,
3. sharing and delegation of control,
4. communication (e.g., accuracy, explanations, and openness), and
5. demonstration of concern.

These categories are similar to those proposed by previous researchers (Butler, 1991; Clark & Payne, 1997). For example, Butler (1991) describes ten conditions that lead individuals to trust in another person, including consistency, discreetness, fairness, integrity, loyalty, and openness. However, these conditions primarily reflect qualities attributed to the trustee by the trustor. Because we turn the tables and examine trustees' behavior, our analysis provides a unique perspective on the dimensions of trustworthy behavior.

Behavioral Consistency

Behavioral consistency (i.e., reliability or predictability) is an important aspect of trust (Butler, 1991; Gabarro, 1978; Jennings, 1971; Johnson-George & Swap, 1982; Robinson & Rousseau, 1994). As we noted previously, trust reflects the willingness to be vulnerable to the actions of another party and the willingness to take risks (Johnson-George & Swap, 1982; Mayer et al., 1995). If managers behave consistently over time and across situations, employees can better predict managers' future behavior, and their confidence in their ability to make such predictions should increase. More important, employees become willing to take risks in their work or in their relationship with their manager. Predictable, positive behavior reinforces the level of trust in the relationship (Graen & Uhl-Bien, 1995).

Behavioral Integrity

Employees observe the consistency between managers' words and deeds and make attributions about their integrity, honesty, and moral character. Dasgupta (1988) has identified two behaviors—(1) telling the truth and (2) keeping promises—as key behavioral antecedents to attributions of integrity: attributions that affect employees' trust in their managers (e.g., Butler, 1991; Gabarro, 1978; Giffin, 1967; Larzelere & Huston, 1980; Mayer et al., 1995; Ring & Van de Ven, 1992).

Although behavioral consistency and behavioral integrity have some similarities, they are distinct dimensions. Both reflect a consistency that serves to reduce employees' perceived risk in trusting their managers. However, on the one hand, behavioral consistency reflects the reliability or predictability of managers' actions, based on their past actions. Behavioral integrity, on the other hand, refers to the consistency between what the manager says and what he or she does.

Sharing and Delegation of Control

Research on trust perceptions has indicated that sharing control, including participation in decision making and delegating control, are key components of trustworthy behavior. Managers vary in the extent to which they involve employees in decision making. Involvement may range from having no employee input at all into decisions to full discussion and input—even to the point of everyone coming to a consensus (Driscoll, 1978; Vroom & Yetton, 1973). The extent to which managers involve employees influences the development of trust. Driscoll (1978), for example, has found that employees' trust is higher when they are satisfied with their level of participation in decisions; it is also higher when employees can determine their work roles (Deci, Connell, & Ryan, 1989). Even when control is limited to the process of decision making, such as in having the opportunity to voice opinions, it is positively associated with trust in managers (Alexander & Ruderman, 1987; Folger & Konovsky, 1989; Korsgaard & Roberson, 1995).

Managerial sharing and delegation of control may promote trust because of the interplay between economic and social factors. When managers involve employees in decision making, employees have greater control over decisions that affect them and, therefore, can protect their own interests. In agency terms this control by employees reduces the risk of opportunism on the part of the manager and increases the likelihood of favorable outcomes for the employee.

Even more important to our understanding of trust, however, is the symbolic value sharing and delegation of control are likely to have for employees. When managers share control, they demonstrate significant trust in and respect for their employees (Rosen & Jerdee, 1977). Employees value being involved in decision making, because it affirms their standing and worth in the organization (Tyler & Lind, 1992). In the language of social exchange theory, sharing and delegation of control are social rewards, in the form of approval or respect that the manager grants to the subordinate. To the extent that this reward represents an initiation or escalation of exchange of social benefits between a manager and employee, the employee's trust in the manager is likely to increase, especially when coupled with enhanced outcomes for the employee.

Communication

Communication researchers identify three factors that affect perceptions of trustworthiness: (1) accurate information, (2) explanations for decisions, and (3) openness. In many studies accuracy in information flow has had the strongest relationship with trust-in-supervisor when compared with other variables (e.g., desire for interaction, summarization, gatekeeping, and overload; Mellinger, 1956; Muchinsky, 1977; O'Reilly, 1977; O'Reilly & Roberts, 1974, 1977; Roberts & O'Reilly, 1974a,b, 1979; Yeager, 1978). Employees see managers as trustworthy when their communication is accurate and forthcoming. In addition, adequate explanations and timely feedback on decisions lead to higher levels of trust (Folger & Konovsky, 1989; Konovsky & Cropanzano, 1991; Sapienza & Korsgaard, 1996). Evidently, managers who take the time to explain their decisions thoroughly are likely to be perceived as trustworthy. Finally, open communication, in which managers exchange thoughts and ideas freely with employees, enhances perceptions of trust (Butler, 1991; Farris, Senner, & Butterfield, 1973; Gabarro, 1978; Hart, Capps, Cangemi, & Caillouet, 1986).

The emphasis in communication is on sharing and exchanging ideas. This dimension is more limited than the previous dimension that focuses on sharing and relinquishing control. However, both dimensions build employees' trust in their managers.

Demonstration of Concern

Benevolence (Mayer et al., 1995)—demonstrating concern for the welfare of others (McAllister, 1995; Mishra, 1996)—is part of trustworthy behavior and consists of three actions: (1) showing consideration and sensitivity for employees' needs and interests, (2) acting in a way that protects employees' interests, and (3) refraining from exploiting others for the benefit of one's own interests. These actions on the part of managers may lead employees to perceive them as loyal and benevolent. Researchers have shown such evidence of managerial loyalty to be an important condition that leads to trust between mentors and protégés (Butler, 1991; Jennings, 1971).

From the justice literature we know that managers can promote trust by showing concern for employees' needs and interests (Lind, 1997), by respecting others' rights, and by apologizing for unpleasant consequences (Greenberg, 1993; Konovsky & Pugh, 1994). Managers demonstrating concern also show that they "do good" for their employees, apart from any egocentric or opportunistic motives (Mayer et al., 1995; Mishra, 1996). That is, their behavior connotes a genuine interest in an employee's welfare and may imply some attachment to the employee.

Finally, this dimension reflects behavioral restraint—that is, managers who could take advantage of their employees' vulnerability "stay their hand," choosing not to behave opportunistically (Bromiley & Cummings, 1995). For example, managers could use confidential or personal information about employees to their personal or organizational advantage, could present an employee's innovative idea as their own, or could engage in other similar "cunning" (Pettit, 1995) or "dark-side" (Kramer, Brewer, & Hanna, 1996) behavior that takes advantage of employees' vulnerability. Employees may not always observe managerial restraint, for it may involve the absence of action. However, if they are aware that their manager refrained from exploiting them, they are more likely to perceive their manager as trustworthy.

ANTECEDENTS OF TRUSTWORTHY BEHAVIOR

Earlier, we discussed how the combination of agency and social exchange theories integrates structural (economic) factors and social processes and helps us understand the development of trust. These theories also address the determinants of the sorts of behavior, discussed above, that build trust.

Viewed from the lens of agency theory, trustworthy behavior, such as sharing control, communicating openly, and demonstrating concern, includes actions that may conflict with a manager's ability to directly control an employees' actions. Agency theorists would suggest that contextual factors, such as organizational characteristics, influence the degree to which managers tighten control and closely monitor employees and, therefore, inhibit them from engaging in trustworthy behavior.

Viewed from the lens of social exchange theory, trustworthy behavior, such as sharing and delegation of control, may be experienced by the subordinate as a social reward: it represents a form of approval extended to the subordinate by the manager. Social exchange theorists would imply that the nature of work relationships influences managers' willingness to initiate and escalate the exchange of such rewards.

These theoretical lenses lay the foundation for our framework for organizing the antecedents of managerial trustworthy behavior. As we show in Figure 1, this framework identifies major sets of variables at the organizational, relational and individual level that we believe support or encourage managerial trustworthy behavior. We also suggest some general propositions for future research.

Organizational Factors

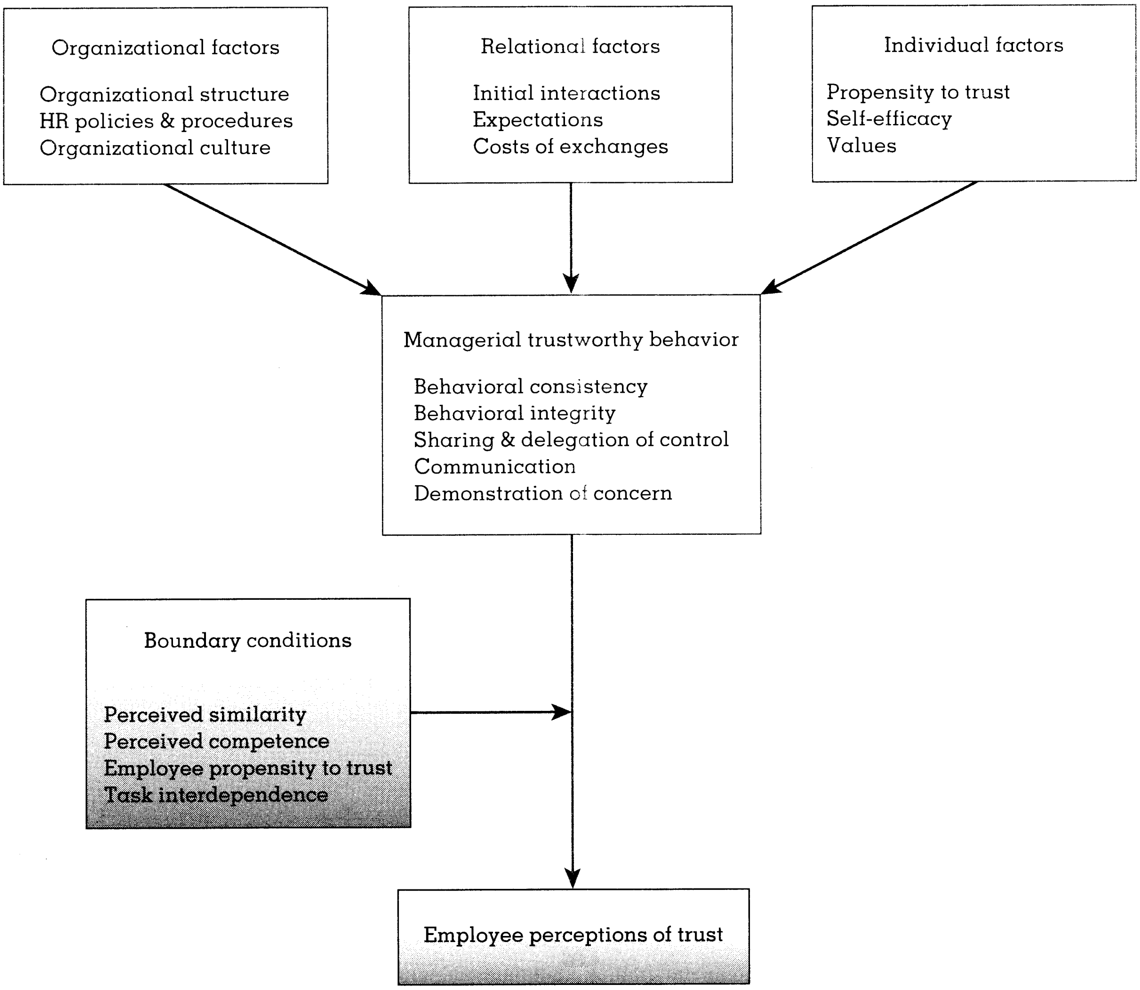
According to R. Hardin (1996), organizations can be designed to enhance trustworthiness by creating structures that make trusting successful; however, Hardin falls short in recommending specific structures to accomplish this goal. From an agency theory perspective, the critical issue seems to be the extent to which the organization requires high control and close monitoring of employees. Organizational attributes, such as structure, policies, and culture, may dictate the degree of control managers—acting in the role of principal—should exert over the actions of their employees. In doing so, these attributes may inhibit or support the extent to which managers engage in a variety of trustworthy behaviors.

Organizational structure. Investigating the role of trust in organization theory, Creed and Miles (1996) propose different trust requirements of varying organizational forms. By turning their approach around, we can develop propositions about the impact of different organizational forms on the development of trustworthy behavior. Indeed, Creed and Miles acknowledge that managerial philosophies can be defined to include an orientation toward trustworthy behavior and can evolve over time as a response, in part, to "operational forces"—that is, the strategy and structure of the organization.

These authors review five different organizational forms that vary along a continuum of control:

1. In the *owner-managed entrepreneurial form* the owner exerts control by exercising di-

FIGURE 1
Exchange Framework of Initiating Managerial Trustworthy Behavior



Note: The focus of the framework is to identify factors that affect trustworthy behavior. Thus, the shaded boxes (boundary conditions and employee perceptions of trust) are beyond the scope of our propositions but are addressed in the discussion.

rect supervision over employees and making all decisions.
2. In a *vertically integrated functional organization* managers balance the delegation of operating responsibilities to functional specialists with tight guidelines, budgets, and schedules.
3. In a *diversified, divisionalized firm* divisions organized around products, service, or geography accept controls and direction from the corporate office but operate autonomously in their specific markets.
4. In a *mixed-matrix form* organizations combine stable functional departments and temporary project groups, and they create mechanisms to allocate and control resources through joint planning and negotiation.
5. In the *network form* organizational members share control, recognize their mutual dependence, and pursue common goals.

On the one end of the continuum, the control imposed by an entrepreneur constrains the development of trustworthy behavior, and on the other, the codependence required by network organizations necessitates the development of trustworthy behavior. Creed and Miles conclude that high-control organizations, with a high degree of centralization and formalization and a primary focus on efficiency, will constrain or impede the development of trustworthy behavior, such as delegation and open communication. Low-control organizations, however, with greater decentralization, lower formalization, and a focus on effectiveness, should make managers more likely to delegate decisions and communicate openly.

> *Proposition 1: Organizations that are highly centralized, formalized, hierarchical, and focused on efficiency will be less likely to generate managerial trustworthy behavior—in particular, communication and delegation of control—than will organizations that are decentralized, less formal, less hierarchical, and focused on effectiveness.*

Human resource policies and procedures. Creed and Miles (1996) also suggest that the design of human resource (HR) policies and procedures should affect perceptions of trust. Therefore, such HR systems as reward, control, and performance appraisal practices may facilitate or inhibit managerial trustworthy behavior. Research indicates that the extent to which performance appraisal procedures follow principles of procedural justice has a positive impact on employees' trust in their manager (Folger & Konovsky, 1989; Korsgaard & Roberson, 1995).

Performance evaluation policies, then, may be one way to encourage such behavior. For example, Taylor, Tracy, Renard, Harrison, and Carroll (1995) found that when an appraisal system was modeled on due-process principles, managers communicated more openly and allowed more employee participation than did managers following a traditional appraisal process. Thus, by developing appraisal and reward procedures on principles of due process, such as adequate notice, fair hearing, and judgment based on evidence (Folger, Konovsky, & Cropanzano, 1992), it may be possible to stimulate trustworthy behavior. In addition to increasing communication, the establishment of procedurally fair HR policies should encourage managers to behave consistently toward all subordinates.

> *Proposition 2: The more an organization's HR policies and procedures incorporate (procedural) justice principles into performance appraisal and reward systems (e.g., regular and timely feedback and mechanisms for employee input into performance appraisal), the more likely it will be that managerial trustworthy behavior, especially communication and behavioral consistency, will occur.*

Organizational culture. Organizational culture is a unit- or organizational-level phenomenon derived from social interactions among members of the unit or organization (Rousseau, 1990). It consists of "the set of shared, taken-for-granted implicit assumptions that a group holds" (Schein, 1996: 236) and influences how the members of the group understand and respond to their environment. The "content" of culture—the specific assumptions, norms, and values of the culture—shapes members' patterns of behavior (Rousseau, 1990) and creates an environment in which certain behaviors are encouraged and receive support.

Through social learning processes, culture may directly influence managerial trustworthy behavior. Managers observe how their organizations respond to others and learn what behavior is rewarded and punished; moreover, they experience social rewards when they behave in a manner that is consistent with cultural values and norms (O'Reilly & Caldwell, 1985; Thompson & Luthans, 1990).

Also, culture may indirectly encourage (or discourage) managerial trustworthy behavior through the structuring of general patterns of communication, coordination, and decision making. That is, certain cultural values and norms, more than others, are likely to engender managerial trustworthy behavior. Rousseau's (1990) taxonomy of cultural values and norms helps us identify values that encourage trustworthy behavior. For example, cultures that value risk taking (a task-related value) will reward and support managers who take such risks as sharing or delegating control to a subordinate, regardless of the outcome. Similarly, cultures that share such interpersonal values as inclusiveness, open communication, and valuing people will reward managers for collaborating, sharing information, explaining decisions, discussing issues openly, and showing concern. Hence, cultures that support these behaviors will also encourage and reward trustworthy behavior.

> *Proposition 3: Organizations with cultures characterized by risk taking, inclusiveness, open communication, and valuing people will show greater*

trustworthy behavior, particularly delegating control, communicating openly, and showing concern, than will organizations with cultures that do not share these values or norms.

Relational Factors

Research on leader-member exchange suggests that high-quality exchange relationships between managers and their subordinates are characterized by the very types of behavior we have identified as engendering trust. Specifically, high-quality exchange relationships involve showing mutual respect and concern and sharing of decision control (Dienesch & Liden, 1986; Liden & Maslyn, 1993). From a social exchange perspective, managers may exhibit such behavior to provide social rewards to employees and to elicit various prosocial or pro-organizational benefits from the employee, such as compliance and loyalty (Graen & Scandura, 1987; Marcus & House, 1973). Managers' motivation to engage in such behavior is thus related to the value of the benefits received from the employee and the costs of engaging in such behavior.

Research on leader-member exchange and related areas, such as social dilemmas, indicates three exchange factors that influence this cost-benefit analysis and, ultimately, its consequences for trustworthy behavior: (1) initial interactions, (2) expectations, and (3) costs of exchanges.

Initial interactions. One of the factors that contributes to establishing a strong relationship is managers' impressions of new employees' capabilities, based on the employees' initial responses to the role expectations for the job (Graen & Scandura, 1987). Based on their impressions, managers then provide "negotiating latitude" to employees who fulfill expectations and demonstrate their capability (Docker & Steiner, 1990; Graen & Scandura, 1987; Graen & Uhl-Bien, 1995). Negotiating latitude includes two-way communication between manager and employee, and delegation—both important dimensions of trustworthy behavior. In addition, favorable initial interactions are likely to enhance the quality of the relationship, which will lead managers to show concern and respect. These findings imply that employees' initial role performance will encourage trustworthy behavior.

Proposition 4: The more effective an employee is in initially meeting role requirements, the greater the likelihood will be that the manager will engage in trustworthy behavior, particularly sharing control, communicating openly, and showing concern.

Expectations. The tenuous nature of reciprocation in social exchange puts the manager in a sort of trust dilemma. When a manager initiates trustworthy behavior, he or she runs the risk of realizing no return on such overtures. Research on social dilemmas indicates that expectations of another party's willingness to cooperate are positively correlated with an individual's decision to take risks and cooperate with the other party (Dawes, 1980). This finding implies that a manager's willingness to initiate or escalate such exchanges will be predicated on his or her expectations and beliefs about whether the employee will reciprocate.

Proposition 5: The greater a manager's expectations are concerning an employee's willingness to reciprocate, the greater the likelihood will be that the manager will engage in trustworthy behavior, particularly sharing control and communicating openly.

Costs of exchanges. Expectancy theorists (Porter & Lawler, 1968) tell us that both the expectancy that certain actions will lead to certain outcomes and the valence of those outcomes influence motivation. In Proposition 5 we examined managers' expectations about reciprocation; here, we examine the valence of outcomes—specifically, the negative valence associated with an employee's failure to reciprocate or costs of exchanges.

The social dilemma paradigm suggests that a related problem involving the initiation of exchanges is the potential for exploitation (Kramer et al., 1996). That is, the employee may take advantage of benefits provided by the manager without reciprocating. Indeed, managers may bear substantial cost by extending certain rewards associated with trustworthy behavior if the employee does not reciprocate. For example, delegating control of a highly visible project can have substantial negative repercussions for the manager if the employee does not reciprocate with loyalty and compliance, because delegation allows employees greater freedom to behave opportunistically. In contrast, delegation of minor or less visible tasks poses far fewer costs if the employee fails to reciprocate.

> *Proposition 6: The higher the costs associated with unreciprocated exchanges, the lower the likelihood will be that managers will engage in trustworthy behavior, particularly sharing control.*

Individual Factors

As we discussed above, social exchange suggests that managers engage in exchanges of rewards based, in part, on their expectation of reciprocation and the perceived cost of nonreciprocation. Although the quality of the interpersonal relationship should factor strongly into whether managers exchange rewards, characteristics of the manager may also influence these expectations. We propose that three individual factors—(1) propensity to trust, (2) self-efficacy, and (3) values—will influence managers' beliefs and expectations regarding the likelihood of successful social exchange and, hence, their propensity to engage in trustworthy behavior.

Propensity to trust. Such researchers as Rotter (1967), Farris et al. (1973), and Mayer et al. (1995) have argued that some individuals are more dispositionally trusting than others. In his scale, for example, Rotter conceptualizes trust as a trait that is stable over time and across situations. Individuals endorse statements like "Parents usually can be relied upon to keep their promises," indicating a generalized belief that others, as well as oneself, exhibit such trustworthy behavior as promise keeping and other indicators of behavioral integrity. In part, this propensity stems from one's expectations about how others are likely to behave. Managers who have a high propensity to trust expect their employees to reciprocate. According to our exchange framework, this expectation should influence their motivation to engage in trustworthy behavior.

> *Proposition 7: The greater a manager's propensity or disposition to trust is, the greater the manager's expectation of reciprocation will be, and the greater the likelihood will be that the manager will engage in trustworthy behavior, particularly behavioral integrity.*

Self-efficacy. In addition to personality characteristics or traits, individual factors also include managers' self-efficacy regarding their knowledge, skills, and ability (KSA; Gist & Mitchell, 1992). For example, managers who have low self-efficacy regarding their ability to delegate control will find it difficult to use participative management processes. Similarly, individuals who have low self-efficacy in their conflict management skills may be reluctant to engage employees in two-way communication.

Mishra (1996) provides examples from the auto industry, showing how competence or the lack thereof could undermine one's best attempt at acting in a trustworthy manner. If managers believed they lacked the basic knowledge, skills, and ability, their low self-efficacy either hampered their motivation to initiate trust or led to poor performance and unsuccessful attempts to establish trusting relationships.

> *Proposition 8: Managers who lack efficacy regarding their knowledge, skills, and abilities to perform trustworthy behavior (e.g., delegating control or communicating openly) will be unlikely to engage in trustworthy behavior.*

Values. Managers' values influence their motivation to display trustworthy behavior. Individual values consist of definable goals, varying in importance, that motivate and guide people's choices, attitudes, and behaviors (Rokeach, 1973; Schwartz, 1992, 1994). Schwartz (1992) found, for example, that values cluster into distinct types that serve different motivational purposes, several of which may provide a value-based foundation for trustworthy behavior. Most relevant is the distinction between values that reflect "self-transcendence," such as universalism and benevolence, versus "self-enhancement," such as achievement, hedonism, and power.

Managers with self-transcendent values may be more likely to engage in trustworthy behavior. More specifically, managers with universalist values (understanding, appreciation, and protection of the welfare of all people) may be more likely to demonstrate concern for employees than might be managers with power values (control or dominance over people). Similarly, managers who value benevolence (the enhancement of the welfare of others) may be more likely to keep promises and tell the truth (behave with integrity) than might be managers who value hedonism (self-gratification). In sum, the values held by managers are likely to provide the primary "internal compass" that promotes several dimensions of trustworthy behavior, including demonstrating concern, behaving consistently, and behaving with integrity.

> *Proposition 9: Managers whose values are self-transcendent will be more likely to engage in trustworthy behavior, such as demonstration of concern and behavioral integrity, than will those whose values are self-enhancing.*

THE CHALLENGE OF TRUST INITIATION

Using agency theory and social exchange theory lenses and prior organizational research, we have examined key antecedents of managerial trustworthy behavior. Upon closer examination, we believe these lenses also highlight unique challenges to initiating the social exchanges that ultimately build trust. To establish trust through the reciprocal exchange of social benefits, someone must make the first move. From the manager's perspective, initiating involves engaging in trustworthy behavior preemptively, perhaps before the subordinate has demonstrated his or her worthiness. Managers may be reluctant to do so, preferring instead to impose tight control or to monitor behavior. To reap the organizational benefits of trust, however, managers must be encouraged to make the first move. Initiating this process, then, is the challenge to, and arguably the responsibility of, management.

Our purpose in this section is to discuss three potential impediments to trust initiation—(1) the motivational complexity of exchange relationships, (2) social dilemmas and the nature of interdependence, and (3) the role of cultural values—and to suggest ways of overcoming them. Suggestions come directly from our framework and, as such, provide implications and extensions of our propositions.

Motivational Complexity

As we noted previously, agency theory and social exchange theory create a complex motivational dynamic for managers. On the one hand, agency theory highlights managers' motivation to minimize risk exposure—for example, via the imposition of tight control mechanisms and close behavioral monitoring (Eisenhardt, 1989). On the other hand, social exchange theory suggests that if managers want to create relationships built on the voluntary discharge of reciprocal obligations, this should lead them to relax control and promote trust.

The juxtaposition of these lenses highlights a fundamental tension between building a relationship based on trust and reducing the risk of opportunism that could potentially preempt trust initiation. As suggested by Proposition 1, however, judicious design of organizational factors may mitigate this problem and encourage trust initiation. For example, low-control organizations, with greater decentralization and lower formalization, shoulder (or at least share) the risk of opportunism by creating a context that essentially requires managers to initiate trustworthy behavior, such as delegation of control and open communication. The organization's design supports delegation of control and encourages trust initiation.

Social Dilemmas

Social exchange theories contain inherent conflicts related to trust initiation. For example, similar to theories of economic exchange, theories of social exchange presume individual self-interest—that is, people are motivated to maximize their individual rewards (e.g., money, status, or respect) and minimize their individual costs (e.g., embarrassment or loss of self-esteem). Complicating the situation is the fact that managers often find themselves in situations where the interdependence of individuals' outcomes creates a conflict between self-interest and the collective good.

These situations, called social dilemmas, occur when individuals' outcomes are maximized as they act in their own self-interest, regardless of what others do. But their actions actually create negative outcomes for everyone involved. The classic example of such a dilemma is G. Hardin's (1968) "The Tragedy of the Commons," a study of how individual cow herders' self-interested behavior (i.e., increasing the size of one's herd) leads to overgrazing of the public pasture, which undermines the collective good. Two types of social dilemmas complicate trust initiation for managers who find themselves in these situations: the classic Prisoner's Dilemma and the Volunteer Dilemma.

In the Prisoner's Dilemma (see Kormorita & Parks, 1994, and Rapoport & Chammah, 1965) individuals who cannot communicate with each other face a conflict between maximizing individual interests, by not trusting each other (i.e., defecting), versus maximizing collective welfare, by trusting and cooperating. By initiating a social exchange and not knowing whether it will be reciprocated, a manager in this situation runs the risk of being exploited and ending up with a "sucker's payoff" (e.g., embarrassment or poor leadership). Managers often face such dilemmas and exhibit this fear; concerns about gullibility and embarrassment often underlie managers' reluctance to trust (Rotter, 1980).

In the Volunteer Dilemma (Diekmann, 1985) one person must make a sacrifice so that the entire group benefits. Typically, the cost of self-sacrifice is uncertain or highly negative in the short term. For example, a manager might be asked to take a pay cut so that his or her group will have additional resources to complete a project—for which the entire group benefits. If the manager fails to take this first step, the group, including the manager, will not succeed. This situation leads to potentially tragic outcomes for organizations wanting to encourage volunteerism for the collective good; the call to create a "trusting organization," for example, may never be fulfilled because of the reluctance on the part of managers, as well as employees, to volunteer to initiate the process.

Drawing on our framework, especially Propositions 5 and 6, we see that from a relational perspective, these dilemmas reflect the nature of outcome interdependence between individuals (e.g., the payoffs for cooperating or not), the expectations about others' behavior (e.g., expectation of cooperation), and the costs associated with unreciprocated exchanges. To mitigate this situation, our framework suggests that changing the nature of the interdependence will encourage managers in dilemma situations to initiate trust. For example, reward structures could be changed to foster cooperation by making greater use of equity-, team-, or organization-based incentives. Such systemic changes would provide greater alignment between employee and organizational interests (Wilson, 1995).

As this example points out, such solutions are often beyond the control of the manager-subordinate dyad. Changing the nature of the outcome interdependence between managers and their subordinates is ultimately an issue for the organization as a whole. Our framework also suggests that decreasing the perceived cost associated with unreciprocated exchanges encourages managers to initiate trust.

Cultural Values

The variety of cultural values that exist around the world influences individual behavior (Brodt & Seybolt, 1997; Hofstede, 1980; Lind, Tyler, & Huo, 1997) and potentially complicates managerial trust initiation. Cultural values reflect a social group's shared ways of understanding and behaving. Although reflecting a group's understanding, we will conceptualize cultural values at an individual level—that is, cultural values as represented in an individual manager's beliefs and behavior.

Depending on the particular cultural values, trust initiation may be helped or hindered. For example, individualistic cultures that emphasize self-interest (e.g., the United States) may make salient the dilemmas discussed above. Managers in these cultures face a conflict between managing agency risk (risk of opportunism) and building a trusting relationship. As suggested by our framework, particularly Proposition 7, these managers will perceive the possibility of unreciprocated trust to be too great and the costs of unrequited trust to be too high to justify initiating trust. In contrast, a manager whose cultural values are less individualistic and less focused on self-interest (e.g., a Japanese manager) may experience little or no conflict in an identical managerial situation. This manager's cultural values (and practices) may reflect a propensity to cooperate, which will encourage him or her to initiate trust and engage in many trustworthy behaviors (e.g., behavioral consistency, demonstrating concern, and behavioral integrity).

DISCUSSION

Vulnerability and risk are inherent in exchange relationships in organizations. Managers and employees may face different types of risks and vulnerabilities, but risk is an issue for all parties involved in a social or economic exchange. Individuals and organizations can, and generally do, look for ways to manage these risks. Managers, in particular, often use monitoring and control mechanisms, as depicted by agency theory (see Horwitz, 1994, for an example of electronic monitoring in an organization that processes donations for charities). Such mechanisms minimize the need to trust employees to act in organizationally desirable ways (Hosmer, 1995).

However, high levels of performance are less likely when organizations rely on such "weak" forms of trust (Barney & Hansen, 1994). Moreover, mutual dyadic trust may be essential for organizational survival and growth. As Handy recently stated in discussing new organizational forms, "Trust is the heart of the matter" (1995: 44). We share Gambetta's (1988) concern, however, that, even though trust is important, it has appeared nebulous and seemingly intractable for study. For this reason we draw from diverse bodies of literature to spell out major dimensions of managerial trustworthy behavior. We also shift the research focus from the question, "How can managers influence employees' perceptions of managerial trustworthiness?" to the question, "What is trustworthy behavior, and what can organizations do to support such behavior?" This shift from trustors' perceptions to managerial behavior is important, because managers can exert the greatest degree of volitional control over their own actions.

Finally, our exchange relationship framework of managerial trustworthy behavior embeds the question of trust in the organizational context; organizational, relational, and individual factors influence a manager's motivation to exhibit trustworthy behavior. Although similar to leader-member exchange theory (e.g., Graen & Uhl-Bien, 1995), our framework is distinct in several ways. First, we make trust the primary focus of our framework, rather than positing trust as one aspect of leader-member exchange. Second, we analyze the dynamics of managerial trustworthy behavior using two different exchange lenses: an economic exchange lens and a social exchange lens. This broader exchange lens makes it possible to describe more completely the sets of variables, such as the role of organizational structure and policies that influence trustworthy behavior. Finally, whereas Graen and Uhl-Bien (1995) also argue that managers should initiate exchange relationships, our framework provides considerably more detail and direction concerning why and how this initiation process should take place. Overall, we believe that our dimensions of trustworthy behavior, as well as the framework we have laid out, make a unique contribution to our understanding of managerial trustworthy behavior and advance both theory and practice concerning trust in exchange relationships.

Implications for Research

Our emphasis on managerial behavior serves to complement the current emphasis in the interpersonal trust literature on trust perceptions. Employee trust perceptions are clearly crucial and have been emphasized heavily in recent research. However, our fear is that an emphasis on trust perceptions can lead researchers and managers to focus exclusively on managing impressions of managerial trustworthiness. Such an emphasis without a genuine display of trustworthy behavior can cultivate a belief that managers merely need to display the *appearance* of trustworthiness (Greenberg, 1990) to create trusting relationships. In addition to possible ethical difficulties, such tactics may be counterproductive, if they are perceived as insincere (Greenberg, 1990), and also may be difficult to sustain over time.

However, impression management attempts need not be manipulative or insincere (Goffman, 1959; Liden & Mitchell, 1988). Indeed, a focus on behavior calls attention to what organizations can do to initiate and manage trustworthy behavior and to engender and support trusting relationships that are self-perpetuating and sustainable. In the spirit of our change of focus, future research is needed regarding our typology of managerial trustworthy behavior, as well as elements of our framework and propositions concerning the antecedents of such behavior. Researchers might also investigate additional dimensions of trustworthy behavior and possible other factors that affect trust initiation.

A second avenue to pursue concerns the robustness of trustworthy behavior, including information about the boundary conditions around these behaviors. We have proposed that trustworthy behavior is necessary but not sufficient to influence employees' perceptions of trust. Individual factors (e.g., perceived similarity, competence, and propensity to trust) and situational factors (e.g., task interdependence) may limit the extent to which managerial trustworthy behavior affects employees' perceptions of trust.

First, as we depict in Figure 1, two cognitive processes influence employees' perception of managerial trustworthiness: (1) perceived similarity and (2) competence. Trust often builds between two people as they are attracted to each other and perceive that they have similar characteristics (e.g., Creed & Miles, 1996; Giffin, 1967; Larzelere & Huston, 1980; McAllister, 1995; Zucker, 1986). In addition, perceived ability (Cook & Wall, 1980; Mayer et al., 1995; Sitkin & Roth, 1993) or its corollary—competence (Butler, 1991; Mishra, 1996)—may be essential elements of trust. Without the judgments that one's manager possesses the competence or ability to fulfill the managerial role, an employee is unlikely to develop trust in that manager. Although neither of these judgments automatically engenders trust between managers and employees, each lays a perceptual foundation that increases the likelihood that employees will react positively to trustworthy behavior on the part of the manager.

Second, employee characteristics may also influence reactions to managerial trustworthy behavior. Specifically, employees may observe their managers' trustworthy behavior but may be unlikely to trust if they lack a general predisposition to trust others (Luhmann, 1979; Mayer et al., 1995). That is, the extent to which managers' trustworthy actions lead to perceptions of trust may perhaps be moderated by employees' propensity to trust. We argued earlier that managers' predispositions to trust will influence their behavior; similarly, employees' propensity to trust may influence their responsiveness to managers' trustworthy behavior.

Research is also needed on other contextual factors that may influence managers' propensity to engage in trustworthy behavior and employees' reactions to such behavior. For example, the nature of the task—specifically, the degree of interdependence—may make trust more or less relevant. Because performance on interdependent tasks requires cooperation, trust may be critical to performing effectively on such tasks. Thompson's (1967) conceptualization of intensive technology, where goods and services flow between various organizational members, as well as team settings in which tasks, goals, and rewards are highly interdependent (Campion, Medsker, & Higgs, 1993), are good examples. Because there is a greater need to build trust on interdependent tasks, managers may be willing to initiate trustworthy behavior. However, dependency is a necessary but not sufficient condition for trust (Hosmer, 1995).

Implications for Practice

Our analysis has several practical implications for managers. First, as indicated above, we provide concrete guidance for managers and organizations concerning how to "get the ball rolling."

Second, we identify several ways to overcome the potentially challenging conflicts and uncertainties in this process. For example, individuals should adopt a sophisticated understanding of the coupling between their own fate and that of the collective to reduce the conflict between short-term individual gain and long-term benefit for the collective. In this way organizations and individuals develop a "collective trust" that is conceptually similar to other types of shared resources (Kramer et al., 1996).

In addition, organizational systems can help managers overcome the potential barriers to initiating trust. Such systems might include coordinating reward structures between managers and employees, rewarding managers who initiate trust and employees who reciprocate, requiring certain managers to take the lead, and providing invisible "safety nets" and evidence that the sucker's payoff is not as economically or psychologically painful as one might expect.

Organizations also can provide training and educational opportunities to enable and enhance managerial trustworthy behavior. Training and development opportunities can enhance managers' competencies, skills, and capabilities, especially in the areas of leadership, participation in decision making, delegation, communication, and fairness. As managers increase the specific skills associated with trustworthy behavior through training and development opportunities, they are more likely to initiate and exercise it (Caudron, 1996).

Finally, trustworthy behavior may provide a source for competitive advantage (Barney & Hansen, 1994). Evironmental and competitive pressures are pushing organizations toward more fluid or network forms, and there has been increased attention to process reengineering—that is, dramatically redesigning the processes used to achieve organizational objectives. Hammer and Champy (1993), for example, describe organizations of the future as flat and team-oriented forms, in which workers will perfom multidimensional work with the autonomy to make decisions. These changes will only come about, however, with greater monitoring and control, increased trust between employees and management, or some combination of the two. Given the limits of employee monitoring (Grant, 1992), high levels of mutual trust between managers and employees seem to be critical in order for reengineering efforts to be successful. Organizations that successfully attain high levels of managerial trustworthiness should be at a competitive advantge in the marketplace, compared to those that do not (Barney & Hansen, 1994). More important, companies that anticipate these changes, designing themselves and encouraging their managers to initiate and establish trusting relationships, will be well positioned for the future. The irony here is that trust is often criticized by managers as a "soft" and seemingly intractable concept, yet it may a necessary condition for attaining the competitive advantage associated with strategic and structural innovations.

Conclusion

R. Hardin notes that "the best device for creating trust [may be] to establish and support trustworthiness" (1996: 29). We propose that managers and organizations interested in establishing trust must take the first step. By designing organizations in ways that encourage managers to initiate trusting relationships, and by rewarding employees for reciprocating, management can establish a foundation for a trusting organization. In light of theorists' visions of the future, such designs and management practices stand to enhance organizational effectiveness and viability.

REFERENCES

Alexander, S., & Ruderman, M. 1987. The role of procedural justice and distributive justice in organizational behavior. ***Social Justice Research,*** 1: 177–197.

Axelrod, R. 1984. ***The evolution of cooperation.*** New York: Basic Books.

Barney, J. B., & Hansen, M. H. 1994. Trustworthiness as a source of competitive advantage. ***Strategic Management Journal,*** 15: 175–190.

Blau, P. M. 1964. ***Exchange and power in social life.*** New York: Wiley.

Brodt, S., & Seybolt, P. 1997. ***Culture and conflict: The role of national conflict and performance feedback in understanding interpersonal conflict in global organizations.*** Unpublished manuscript, Duke University, Durham, NC.

Bromiley, P., & Cummings, L. L. 1995. Transaction costs in organizations with trust. In R. Bies, B. Sheppard, & R. Lewicki (Eds.), ***Research on negotiations in organizations,*** vol. 5: 219–247. Greenwich, CT: JAI Press.

Butler, J. K., Jr. 1991. Towards understanding and measuring conditions of trust: Evolution of a conditions of trust inventory. ***Journal of Management,*** 17: 643–663.

Campion, M. A., Medsker, G. J., & Higgs, A. C. 1993. Relations between work group characteristics and effectiveness: Implications for designing effective work groups. ***Personnel Psychology,*** 46: 823–850.

Caudron, S. 1996. Rebuilding employee trust. ***Training and Development Journal,*** 50(8): 19–21.

Clark, M. C., & Payne, R. L. 1997. The nature and structure of workers' trust in management. ***Journal of Organizational Behavior,*** 18: 205–224.

Cook, J., & Wall, T. D. 1980. New work attitude measures of trust, organizational commitment and personal need non-fulfillment. ***Journal of Occupational Psychology,*** 53: 39–52.

Creed, W. E. D., & Miles, R. E. 1996. Trust in organizations: A conceptual framework linking organizational forms, managerial philosophies, and the opportunity costs of controls. In R. M. Kramer & T. R. Tyler (Eds.), ***Trust in organizations: Frontiers of theory and research:*** 16–38. Thousand Oaks, CA: Sage.

Dasgupta, P. 1988. Trust as a commodity. In D. Gambetta (Ed.), ***Trust: Making and breaking cooperative relations:*** 49–72. Cambridge, MA: Basil Blackwell.

Dawes, R. M. 1980. Social dilemmas. ***Annual Review of Psychology,*** 31: 169–193.

Deci, E. L., Connell, J. P., & Ryan, R. M. 1989. Self-determination in a work organization. ***Journal of Applied Psychology,*** 74: 580–590.

Deutsch, M. 1958. Trust and suspicion. ***Conflict Resolution,*** 2: 265–279.

Deutsch, M. 1962. Cooperation and trust: Some theoretical notes. In M. R. Jones (Ed.), ***Nebraska Symposium on Motivation:*** 275–317. Lincoln: University of Nebraska Press.

Diekmann, A. 1985. Volunteer's dilemma. ***Journal of Conflict Resolution,*** 29: 605–610.

Dienesch, R. M., & Liden, R. C. 1986. Leader-member exchange model of leadership: A critique and further development. ***Academy of Management Review,*** 11: 617–634.

Docker, T. M., & Steiner, D. D. 1990. The role of initial interactions. ***Group and Organization Studies,*** 15: 395–413.

Driscoll, J. W. 1978. Trust and participation in organizational decision making as predictors of satisfaction. ***Academy of Management Journal,*** 21: 44–56.

Earley, P. C. 1986. Trust, perceived importance of praise and criticism, and work performance: An examination of feedback in the United States and England. ***Journal of Management,*** 12: 457–473.

Eisenhardt, K. M. 1989. Agency theory: An assessment and review. ***Academy of Management Review,*** 14: 57–74.

Farris, G., Senner, E., & Butterfield, D. 1973. Trust, culture and organizational behavior. ***Industrial Relations,*** 12: 144–157.

Folger, R., & Konovsky, M. A. 1989. Effects of procedural and distributive justice on reactions to pay raise decisions. ***Academy of Management Journal,*** 32: 115–130.

Folger, R., Konovsky, M. A., & Cropanzano, R. 1992. A due process metaphor for performance appraisal. In B. M. Staw & L. L. Cummings (Eds.), ***Research in organizational behavior,*** vol. 14: 129–177. Greenwich, CT: JAI Press.

Gabarro, J. J. 1978. The development of trust influence and expectations. In A. G. Athos & J. J. Gabarro (Eds.), ***Interpersonal behavior: Communication and understanding in relationships:*** 290–303. Englewood Cliffs, NJ: Prentice-Hall.

Gambetta, D. 1988. Can we trust trust? In D. Gambetta (Ed.), ***Trust: Making and breaking cooperative relations:*** 213–237. Cambridge, MA: Basil Blackwell.

Giffin, K. 1967. The contribution of studies of source credibility to a theory of interpersonal trust in the communication process. ***Psychological Bulletin,*** 68: 104–120.

Gist, M., & Mitchell, T. 1992. Self-efficacy: A theoretical analysis of its determinants and malleability. ***Academy of Management Review,*** 17: 183–211.

Goffman, E. 1959. ***The presentation of self in everyday life.*** Garden City, NY: Doubleday.

Graen, G. B., & Scandura, T. B. 1987. Toward a psychology of dyadic organizing. In B. M. Staw & L. L. Cummings (Eds.), ***Research in organizational behavior,*** vol. 9: 175–208. Greenwich, CT: JAI Press.

Graen, G. B., & Uhl-Bien, M. 1995. Relationship-based approach to leadership: Development of leader-member exchange (LMX) theory of leadership over 25 years: Applying a multi-level multi-domain perspective. ***Leadership Quarterly,*** 6: 219–247.

Grant, R. A. 1992. Work monitored electronically. ***HR Magazine,*** May: 81–86.

Greenberg, J. 1990. Looking fair vs. being fair: Managing impressions of organizational justice. In B. M. Staw & L. L. Cummings (Eds.), ***Research in organizational behavior,*** vol. 12: 111–157. Greenwich, CT: JAI Press.

Greenberg, J. 1993. The social side of fairness: Interpersonal and informational classes of organizational justice. In R. Cropanzano (Ed.), ***Justice in the workplace:*** 79–103. Hillsdale, NJ: Lawrence Erlbaum Associates.

Hammer, M., & Champy, J. 1993. ***Re-engineering the corporation: A manifesto for business revolution.*** New York: HarperBusiness.

Handy, C. 1995. Trust and the virtual organization. ***Harvard Business Review,*** May-June: 40–50.

Hardin, G. 1968. The tragedy of the commons. ***Science,*** 162: 1243–1248.

Hardin, R. 1996. Trustworthiness. ***Ethics,*** 107: 26–42.

Hart, K. M., Capps, H. R., Cangemi, J. P., & Caillouet, L. M. 1986. Exploring organizational trust and its multiple dimensions: A case study of General Motors. ***Organization Development Journal,*** 4(2): 31–39.

Hofstede, G. 1980. ***Culture's consequences: International differences in work related values.*** Beverly Hills, CA: Sage.

Horwitz, T. 1994. Mr. Edens profits from watching his workers' every move. ***The Wall Street Journal,*** December 1: A1, A9.

Hosmer, L. T. 1995. Trust: The connecting link between organizational theory and philosophical ethics. ***Academy of Management Review,*** 20: 379–403.

Jennings, E. E. 1971. ***Routes to the executive suite.*** New York: McGraw-Hill.

Jensen, M. C., & Meckling, W. C. 1976. Theory of the firm: Managerial behavior, agency costs, and ownership structure. ***Journal of Financial Economics,*** 3: 305–360.

Johnson-George, C., & Swap, W. C. 1982. Measurement of specific interpersonal trust: Construction and validation of a scale to assess trust in a specific other. ***Journal of Personality and Social Psychology,*** 43: 1306–1317.

Konovsky, M. A., & Cropanzano, R. 1991. Perceived fairness of employee drug testing as a predictor of employee attitudes and job performance. ***Journal of Applied Psychology,*** 78: 698–707.

Konovsky, M. A., & Pugh, S. D. 1994. Citizenship behavior and social exchange. ***Academy of Management Journal,*** 37: 656–669.

Kormorita, S., & Parks, C. 1994. ***Social dilemmas.*** Madison, WI: Brown and Benchmark.

Korsgaard, M. A., & Roberson, L. 1995. Procedural justice in performance evaluation. ***Journal of Management,*** 21: 657–699.

Kramer, R. M., Brewer, M. B., & Hanna, B. J. 1996. Collective trust and collective action: The decision to trust as a social decision. In R. M. Kramer & T. R. Tyler (Eds.), ***Trust in organizations: Frontiers of theory and research:*** 357–389. Thousand Oaks, CA: Sage.

Larzelere, R. E., & Huston, T. L. 1980. The dyadic trust scale: Toward understanding interpersonal trust in close relationships. ***Journal of Marriage and the Family,*** 42: 595–604.

Liden, R. C., & Maslyn, J. M. 1993. ***LMX-MDM: Scale develop-***

ment for a multidimensional measure of leader-member exchange. Paper presented at the annual meeting of the Academy of Management, Atlanta, GA.

Liden, R. C., & Mitchell, T. R. 1988. Ingratiatory behavior in organizational settings. ***Academy of Management Review,*** 13: 572–587.

Lind, E. A. 1997. Litigation and claiming in organizations: Antisocial behavior or quest for justice? In R. A. Giacalone & J. Greenberg (Eds.), ***Antisocial behavior in organizations:*** 150–171. Thousand Oaks, CA: Sage.

Lind, E. A., Tyler, T., & Huo, Y. 1997. Procedural context and culture: Variation in the antecedents of procedural justice judgments. ***Journal of Personality and Social Psychology,*** 73: 767–780.

Luhmann, N. 1979. ***Trust and power.*** New York: Wiley.

Marcus, P. M., & House, J. S. 1973. Exchange between superiors and subordinates in large organizations. ***Administrative Science Quarterly,*** 18: 209–222.

Mayer, R. C., Davis, J. H., & Schoorman, F. D. 1995. An integrative model of organizational trust. ***Academy of Management Review,*** 20: 709–734.

McAllister, D. J. 1995. Affect- and cognition-based trust as foundations for interpersonal cooperation in organizations. ***Academy of Management Journal,*** 38: 24–59.

Mellinger, G. D. 1956. Interpersonal trust as a factor in communication. ***Journal of Abnormal and Social Psychology,*** 52: 304–309.

Mishra, A. K. 1996. Organizational responses to crisis: The centrality of trust. In R. M. Kramer & T. R. Tyler (Eds.), ***Trust in organizations: Frontiers of theory and research:*** 261–287. Thousand Oaks, CA: Sage.

Muchinsky, P. M. 1977. An intraorganizational analysis of the Roberts and O'Reilly organizational communication questionnaire. ***Journal of Applied Psychology,*** 62: 184–188.

Noorderhaven, N. G. 1992. The problem of contract enforcement in economic organization theory. ***Organization Studies,*** 13: 292–243.

O'Reilly, C. A., III. 1977. Supervisors and peers as information sources, group supportiveness, and individual decision-making performance. ***Journal of Applied Psychology,*** 62: 632–635.

O'Reilly, C. A., III, & Caldwell, D. R. 1985. The impact of normative social influence and cohesiveness on task perceptions and attitudes: A social information processing approach. ***Journal of Occupational Psychology,*** 58: 193–206.

O'Reilly, C. A., III, & Roberts, K. H. 1974. Information filtration in organizations: Three experiments. ***Organizational Behavior and Human Performance,*** 11: 253–265.

O'Reilly, C. A., III, & Roberts, K. H. 1977. Task group structure, communication, and effectiveness in three organizations. ***Journal of Applied Psychology,*** 62: 674–681.

Pettit, P. 1995. The cunning of trust. ***Philosophy and Public Affairs,*** 24: 202–225.

Porter, L. W., & Lawler, E. E., III. 1968. ***Managerial attitudes and performance.*** Homewood, IL: Irwin.

Rapoport, A., & Chammah, A. 1965. ***Prisoner's dilemma.*** Ann Arbor, MI: University of Michigan Press.

Ring, P. S., & Van de Ven, A. H. 1992. Structuring cooperative relationships between organizations. ***Strategic Management Journal,*** 13: 483–498.

Roberts, K. H., & O'Reilly, C. A., III. 1974a. Failures in upward communication in organizations: Three possible culprits. ***Academy of Management Journal,*** 17: 205–215.

Roberts, K. H., & O'Reilly, C. A., III. 1974b. Measuring organizational communication. ***Journal of Applied Psychology,*** 59: 321–326.

Roberts, K. H., & O'Reilly, C. A., III. 1979. Some correlations of communication roles in organizations. ***Academy of Management Journal,*** 22: 42–57.

Robinson, S. L. 1996. Trust and breach of the psychological contract. ***Administrative Science Quarterly,*** 41: 574–599.

Robinson, S. L., & Rousseau, D. M. 1994. Violating the psychological contract: Not the exception but the norm. ***Journal of Organizational Behavior,*** 15: 245–259.

Rokeach, M. 1973. ***The nature of human values.*** New York: Free Press.

Rosen, B., & Jerdee, T. H. 1977. Influence of subordinate characteristics on trust and use of participative decision strategies in a management simulation. ***Journal of Applied Psychology,*** 62: 628–631.

Rotter, J. B. 1967. A new scale for the measurement of interpersonal trust. ***Journal of Personality,*** 35: 615–665.

Rotter, J. 1980. Interpersonal trust, trustworthiness, and gullibility. ***American Psychologist,*** 35: 1–7.

Rousseau, D. M. 1990. Assessing organizational culture: The case for multiple methods. In B. Schneider (Ed.), ***Organizational climate and culture:*** 153–192. San Francisco: Jossey-Bass.

Sapienza, H. J., & Korsgaard, M. A. 1996. Managing investor relations: The impact of procedural justice in establishing and sustaining investor support. ***Academy of Management Journal,*** 39: 544–574.

Schein, E. H. 1996. Culture: The missing concept in organization studies. ***Administrative Science Quarterly,*** 41: 229–240.

Schwartz, S. H. 1992. Universals in the content and structure of values: Theoretical advances and empirical tests in 20 countries. In M. Zanna (Ed.), ***Advances in experimental social psychology,*** vol. 25: 1–65. San Diego: Academic Press.

Schwartz, S. H. 1994. Beyond individualism/collectivism: New cultural dimensions of values. In U. Kim, H. C. Triandis, Ç. Kagitçibasi, S. Choi, & G. Yoon (Eds.), ***Individualism and collectivism: Theory, method, and applications:*** 85–119. Thousand Oaks, CA: Sage.

Sitkin, S. B., & Roth, N. L. 1993. Explaining the limited effectiveness of legalistic remedies for trust/distrust. ***Organization Science,*** 4: 367–392.

Taylor, M. S., Tracy, K. B., Renard, M. K., Harrison, J. K., & Carroll, S. J. 1995. Due process in performance appraisal: A quasi-experiment in procedural justice. ***Administrative Science Quarterly,*** 40: 495–523.

Thompson, J. D. 1967. ***Organizations in action: Social science bases of administrative theory.*** New York: McGraw-Hill.

Thompson, K. R., & Luthans, F. 1990. Organizational culture: A behavioral perspective. In B. Schneider (Ed.), ***Organizational climate and culture:*** 319–344. San Francisco: Jossey-Bass.

Tyler, T. R., & Lind, E. A. 1992. A relational model of authority in groups. In M. Zanna (Ed.), ***Advances in experimental social psychology,*** vol. 25: 115–191. New York: Academic Press.

Vroom, V. H., & Yetton, P. 1973. ***Leadership and decision making.*** Pittsburgh: University of Pittsburgh Press.

Wilson, T. B. 1995. ***Innovative reward systems for the changing workplace.*** New York: McGraw-Hill.

Yeager, S. J. 1978. Measurement of independent variables which affect communication: A replication of Roberts and O'Reilly. ***Psychological Reports,*** 43: 1319–1324.

Zand, D. E. 1972. Trust and managerial problem solving. ***Administrative Science Quarterly,*** 17: 229–239.

Zucker, L. G. 1986. Production of trust: Institutional sources of economic structure, 1840–1920. In B. M. Staw & L. L. Cummings (Eds.), ***Research in organizational behavior,*** vol. 8: 53–111. Greenwich, CT: JAI Press.

Ellen M. Whitener received her Ph.D. from Michigan State University. She is an associate professor at the McIntire School of Commerce at the University of Virginia. Her current research interests include organizational commitment, trust, and perceptions of organizational support, and the impact of human resource practices on organizational effectiveness.

Susan E. Brodt received her Ph.D. in psychology from Stanford University. She is an associate professor at the Fuqua School of Business at Duke University. Her research interests include identifying cognitive and social psychological barriers to effective management, conflict resolution, and negotiation.

M. Audrey Korsgaard received her Ph.D. from New York University. She is an associate professor at the University of South Carolina. Her research interests include feedback, self-evaluation, and procedural justice.

Jon M. Werner received his Ph.D. from Michigan State University. He is an associate professor at the University of Wisconsin at Whitewater. His research interests include linkages between organizational citizenship behavior and human resource management, team effectiveness, and high-performance work systems.