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Recent Research of Note

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Formal control and trustworthiness: shall the twain never meet?

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Trust and motivation have been a topic of management discussion since the turn of the last century. Principles of Scientific Management proposed by Frederick Taylor indicate a non-trusting relationship with employees whereby employees need to be controlled through rigid structures, defined work tasks, and standard attainment-based reward systems. Accordingly, the organization is orchestrated by managers or thinkers of the organization who apply scientific principles to work design (Taylor, 1911). During the next decade the workplace saw a crisis of control. As organizations became larger they needed to address the tensions between the needs of the employees and the needs of the organization as well as its stakeholders, particularly the government. The result was the creation of bureaucratic control systems, which provided the direction, evaluation, and attainment of goals from a "top-down" organizational hierarchy. Over time workplaces became more humane. More women entered the workforce, the service industry emerged, global competition grew. The pendulum swung towards stronger emphasis on employees and less emphasis on strict controls. This era saw the emergence of quality circles, participative decision making, and self-managed teams.

In modern times, organizations look to combine formal control mechanisms and trust. As organizations become more organic, service a global market, and develop more strategic alliances virtually networked with one another, new ways of managing emerge. Tighter controls and management infrastructure are needed to improve the level of coordination. Yet, at the same time, higher levels of trust between parties are needed to achieve organizational goals. Solomon and Flores (2003) argue that trust is the building block upon which all success depends. While establishing trust seems like an easy task, it is naturally at odds with formal managerial control mechanisms.

Weibel attempts to answer the question, "To what extent and under what conditions can managers guide employees' behavior by relying on both formal control and trust?" (p. 500). The article explores the concepts of formal control, trust, trustworthiness, and value internalization. Self-determination theory (Ryan and Deci, 2000) is presented to link contextual conditions for managerial control mechanisms with individuals' intentions to behave in a trustworthy manner. The contextual conditions of formal managerial control will either strengthen or weaken value internalization

depending on their potential to satisfy individual needs for autonomy, relatedness, and competence (p. 506). More specifically, participation research, crowding out theory, marketing theory, trust theory, and theory of organizational support are combined to provide a framework for analyzing how one's intention to perform trustworthy behavior varies depending on the degree of value internalization supported by managerial control mechanisms.

High value internalization occurs when employees' interests are closely intertwined with the supervisor (Deutsch, 1960). Employees are either internally motivated to take the needs of the manager as their own or externally motivated to comply with managers' wishes. Formal control, defined as standard specification, monitoring evaluation and feedback about organization standards and individual goal attainment, and sanctions about reward mechanisms, is used to motivate individuals (Edwards, 1979). It stands to reason that such control mechanisms could foster trustworthy employee behavior by creating a scenario for a high degree of value internalization necessary for intrinsic motivation on the part of the employees to treat the interests of the supervisor as their own. Need-fulfilling contextual conditions, of autonomy, competence, and relatedness can have an effect on the degree to which one internalizes the values of the manager (Ryan, 1995). Autonomy is the necessary precursor upon which satisfaction of competence and relatedness depends.

The need for autonomy must be fulfilled in the context of the manager–subordinate relationship to complete the value internalization necessary for trustworthy behavior to occur. Formal control, naturally at odds with the need for autonomy, can increase commitment by engaging employees in the design and execution of organizational control systems. Rewards and sanctions for effective performance of organizational standards decrease one's autonomy and one's internal motivation.

Constructive feedback about performance plays an important role in enhancing feelings of self-efficacy and in supporting one's need for competence. However, one's experience of competence is moderated by the organizational context. One cannot experience full competence if the organizational system allows for individual blaming. A context that supports one's need for competence combined with a context that supports autonomy increases value internalization.

The ability of a manager to fulfill one's need for relatedness is mostly based on how the employee perceives managerial and organizational intentions. Perceptions of supervisory mistrust can result in a negative relationship between formal control and intention to behave in a trustworthy way (p. 510). Similarly, perceived organizational support resulting from supervisor support and procedural fairness raises internalized commitment (Rhoades and Eisenberger, 2002). Perceptions of good intentions of the supervisor and procedural fairness by the organization will support employees' need for relatedness. A context that supports one's need for relatedness combined with a context that supports autonomy increases value internalization.

Implications for managers

Managers play a key role in facilitating strong value internalization through the use of formal control mechanisms that fulfill employees' needs for autonomy, competence, and relatedness.

Below are some strategies that managers can employ to increase internalized commitment and create autonomy support:

1. Engage employees in the creation of a performance management system that includes monitoring and evaluation of behavior that exhibits team and organization commitment. These behavior control systems should include broader, more wide-ranging evaluation tools.
2. Create a reward structure based on attainment of a broad set of behaviors that exhibit desired organizational values.
3. Encourage employee participation in the execution of managerial performance management systems.
4. Ensure that the performance management system incorporates regular feedback about behavior that is specific, timely, and non-threatening.
5. Invest in training to provide training on providing constructive feedback.
6. Increase employee's perception of managers' good intentions through open two-way communication.
7. Instill procedural fairness when implementing policies and procedures by focusing on the benefit of the collective work unit.

The employee–employer relationship has become increasingly complex in modern times. With the

inception of Sarbanes–Oxley in 2002, business today has become more compliance- and controls-driven not only in terms of processes and procedures but also in the way the employee–employer relationship is handled. In the attempt to motivate through formal managerial controls, no opportunities to prove trustworthiness exist. Typical managerial accountabilities, concerned with supervision, lead to unmotivated and uncommitted employees. With employees moving towards work from home arrangements that may span geographic and organizational boundaries, compliance and extrinsic motivation is not enough. Managers and employees must be able to trust one another. Formal control mechanisms that address the ''social'' aspects of work can facilitate the process of building and maintaining trust (Felsted *et al.*, 2003). While much major research looks at aspects of control, trust, autonomy, competence, and relatedness as separate distinct units, this article bridges some of the gaps among them. It presents a framework whereby formal control may strengthen the intentions of the employee to act in the interests of the manager and, through greater trust, contribute to greater organizational effectiveness.

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