



Different views of trust and relational leadership: supervisor and subordinate perspectives

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Abstract

Purpose – The purpose of the study is to investigate how the conditions of trust differ between supervisors and subordinates. By understanding these differences, it may be possible to improve the quality of a leader-member exchange (LMX).

Design/methodology/approach – This is a quantitative study using supervisor and subordinate dyads from Portugal.

Findings – Supervisors reported that receptivity, availability, and discreteness were perceived to be more important in building a quality vertical dyad linkage as represented by LMX. Subordinates reported that availability, competence, discreteness, integrity, and openness were more important for building a quality vertical dyad linkage as represented by LMX.

Research limitations/implications – Status differences between supervisors and subordinates appear to influence conditions of trust. Supervisors are more concerned about conditions of trust that deal with supervisory delegation. Subordinates are more concerned about the conditions of trust based on interactional justice.

Originality/value – This research implies that trust is different between supervisors and subordinates. The research is important in building supervisor and subordinate relationships as both need to act in manners that engenders trust from the other side. The difference in conditions of trust may create conflicting expectations about how to effectively build trust.

Keywords Trust, Leadership, Portugal

Paper type Research paper

A relational based approach to leadership using leader-member exchange (LMX) (Graen and Uhl-Bien, 1995; Brower *et al.*, 2000) appears to an important leadership research stream. This approach focuses on factors that shape the interpersonal dynamics between a supervisor and a subordinate and subsequent work attitudes and job performance. Uhl-Bien (2006) refers to this as an entity based approach to relational leadership.

The entity-based approach to relational leadership assumes that subjective perceptions of trust underlie the LMX relationship (Brower *et al.*, 2000). Trust is likely to provide a foundation for effective collaborative interpersonal relationships. In leadership, we focus on the supervisor-subordinate relationship. In particular, Brower *et al.* (2000) suggest that LMX needs to simultaneously consider both leader trust in subordinate (LTS) and subordinate trust in leader (STL). LTS and STL are likely to



have a direct relationship with each other such that trusting actions of one element in the dyad are likely to be reciprocated by the other (Brower *et al.*, 2000). There is also empirical support for this hypothesized relationship between trust and LMX (Fairhurst, 1993; Levin *et al.*, 2006). While there is a logical appeal that trust is needed to establish an effective LMX, it is empirically less clear how trust develops between a supervisor and subordinate to create a quality LMX.

To understand the development of LMX based on mutual trust, it is important to understand that trust is based on different conditions (Butler, 1991). That is different conditions influence the degree that one is willing to extend trust to others. Correspondingly, this paper assesses the relative importance of different conditions of trust for both supervisors and subordinates in building a quality relationship as represented by LMX. The paper uses social exchange theory of leadership as a basis to determine which conditions of trust are relatively more important for subordinates and supervisors. The purpose of the research is to facilitate the building of higher quality vertical dyads. If supervisors and subordinates are each aware of the conditions that support trust giving, they can act in ways that are more likely to engender that trust giving.

We begin by examining the relationship between social exchange theory and the construct of trust. Based on differences in social exchanges, we then propose how LST and STL have different conditions of trust and link the conditions of trust to LMX. Finally, we empirically test this relationship on a sample of organizations in Portugal.

Social exchange and trust

Social exchange theory has historically been one way to approach leadership (Hollander, 1980). Social exchange theories of leadership commonly focus on the supervisor-subordinate dyad (Graen *et al.*, 1977) and the exchange of resources between the supervisor and the subordinate (Wrong, 1968). Supervisors allocate resources to subordinates based on the work they do. In exchange, subordinates provide their services to facilitate organizational productivity.

LMX (Dienesch and Liden, 1986) and relational leadership (Brower *et al.*, 2000; Uhl-Bien, 2006) are two contemporary social exchange theories of leadership. A valued social exchange between the supervisor and subordinate is considered to represent a quality LMX (Graen *et al.*, 1977). Relational leadership refers to a collaborative relationship between the supervisor and subordinate with mutually benevolent social exchange (Uhl-Bien, 2006). Thus, some degree of interdependence between the supervisor and subordinate appears to be common in social exchange theories of leadership.

Trust is an important element of most social exchanges (Whitener *et al.*, 1998). Trust can be defined as the willingness to make oneself vulnerable to another person despite uncertainty regarding motive and prospective actions (Mayer *et al.*, 1995). Being dependent on others for resources in a social exchange relationship provides opportunities for others to exploit those resources to gain leverage and put the other at a disadvantage (Emerson, 1962).

It appears there are trade offs in managing these resource dependencies. One may be able to construct numerous safe guards to minimize the opportunities for exploitation and largely operate from distrust to minimize vulnerabilities. However, there are transaction costs to those safeguards in terms of monitoring others (Chiles

and McMackin, 1996). The transaction costs may be excessive. One can also rely on trust to manage the resource dependencies. In this situation, one simply operates from the assumption no harm will come. Trust helps to minimize transaction costs but then trust may sometimes be misguided and expose one to opportunistic behavior. While trust needs to be earned to minimize opportunistic behavior, once earned it will transcend the perceived vulnerabilities from dependent relationships. Trust enables a belief that the relationship is likely to be reciprocated (Wells and Kipnis, 2001; Dirks and Ferrin, 2001; Hopkins and Weathington, 2006) which in turn minimizes the likelihood of opportunistic behavior.

Given the importance of trust in social exchanges, Brower *et al.* (2000) comment that trust appears to have three similar attributes as LMX: both entail reciprocity, both are perceptual, and both are likely to be viewed differently by supervisors and subordinates. Reciprocity is a part of social exchanges. A relationship based on mutual reciprocity is likely to be balanced and enables the development of trust. The balanced relationship is also likely to promote a closer relationship that is the hallmark of a quality LMX. Both LMX and trust are subjective and based on an area of factor the deal with person perception. The differences between supervisor and subordinate with LMX are largely based on research that suggests that there is surprisingly little agreement between supervisor and subordinate assessments of LMX. The bases for these differences are not clearly delineated and are the focus of this paper.

The differences in trust and LMX between supervisors and subordinates are likely to be based on the vulnerabilities related to the social exchange. As mentioned previously, the vulnerabilities for the supervisor are based on labor services. The vulnerabilities for the subordinate are based on resource allocation. These different vulnerabilities influence leader trust in subordinate and subordinate trust in leadership. We first focus on leader trust in subordinates.

Leader trust in subordinate (LTS)

A central trust issue that supervisors have with subordinates is concerned with delegation of authority (Leana, 1986). To some degree, supervisors need to provide some autonomy to their subordinates for organizational based work based job duties (Ferrin *et al.*, 2007).

Based on this delegation, the supervisor and the subordinate may have agency problems. Agency theory (Fama, 1980) suggests the principals of the firm hire agents to work for them. In this case, the supervisor is considered to represent principal interests. The subordinate can be considered the agent. Agency theory assumes that the agent with delegated authority may act in self-interest as opposed to owner interest. If this occurs, the owner is vulnerable to unwarranted agent actions. While agency theory is typically applied to top management, it can be extended down the organization (Eisenhardt, 1989). As occurs with top management, there is information asymmetry between owner/supervisor and agent/subordinate. In this case, the agent cannot be constantly monitored by owner. While many subordinates are likely to act in owner interests, this information asymmetry may create subordinate opportunistic behavior (McEvily *et al.*, 2003). Corporate scandals such as Enron (Premeaux, 2009) and AT&T (Endlich, 2004) are examples of this opportunistic behavior where employees as agents personally benefited by inappropriately generating sales at organizational expense.

In this situation owners/supervisors have a choice of either trusting subordinates or having excessively high transaction costs in attempting to constantly monitor and provide safe guards against opportunism (Chiles and McMackin, 1996). Given the degree of transaction costs and the negative performance issues of excessive monitoring, trust seems to be a more appropriate way to proceed as long as the trust giving is warranted.

Thus, in earning LTS the subordinate must act in ways the engender trust giving by the supervisor. In order to do this, one needs to examine the conditions that contribute to trust giving. There are several categories of conditions that contribute to trust (see Mishra, 1996; Sitkin and Roth, 1993; Mayer *et al.*, 1995; Whitener *et al.*, 1998; Williams, 2001; Dirks and Ferrin, 2001). These tend to be broader categories such as benevolence, ability, and integrity. In this study, we apply Butlers approach to conditions of trust. Based on previous and largely qualitative research, Butler (1991) proposes that trust can be based on ten different conditions: integrity, availability, openness, loyalty, promise fulfillment, competence, fairness, discreteness, receptivity, and reliability. For example, being physically present with an open door (availability) is one way to engender trust. Keeping true to one's word (promise fulfillment) is another way to engender trust.

We apply the Butler scale rather than the generic approach for several reasons. First, it has been validated and offers relatively distinct categories of behavior based on grounded research that can be used to engender trust. Second, specific rather than general conditions of trust are more useful in a practical sense. Specific conditions create a better understanding of ways to engender trust. Finally, this scale was developed to reflect conditions of trust in relationships between supervisor and subordinate which are likely to be somewhat different than trust between people in different groups or entities or between people in short term relationships (Butler, 1991):Q The relative importance of the conditions were investigated for both downward trust of managers in their subordinates, and upward trust of the subordinates in their managers (Butler, 1991, p. 646). While Butler (1991) originally suggests that these conditions of trust are similarly important to supervisors and subordinates, others suggest that the conditions of trust are likely to vary between supervisors and subordinates (Shamir, 1995). Given the status and social distance differences between supervisors and subordinates, the conditions that engender LST and STL are likely to be quite different. If one wishes to improve trust and collaboration between supervisors and subordinates to build quality relationships as represented by LMX, then each needs to act in ways that are likely to promote trust.

Given the importance of delegation for supervisors, one could infer that delegation is one of the hallmarks of a quality LMX from a supervisory perspective. Supervisors are more likely to delegate authority if there is a quality LMX (Sias and Jablin, 1995; Bauer and Green, 1997). Based on this perspective, a supervisor is likely to trust a subordinate as they have greater confidence in a subordinate to perform a task successfully while minimizing the risks of employees operating with self-interest at the expense of pursuing organizational goals. Competence is theoretically linked with task performance. Thus one could hypothesize:

- H1. The greater the perceived competence of the subordinate, the better the quality of LMX.

A second condition of LTS that is likely to be related to delegation is availability. Availability is related to the ease of monitoring. Someone who is readily available is less likely to have information asymmetry regarding employee performance. The supervisor will have easy access to observe the employee. It is likely to reduce perceived vulnerability. Employees are less likely to operate out of self-interest if they can be readily monitored (Weibel, 2007) or if there is less information asymmetry (Fama, 1980).

A third condition of LTS related to delegation is receptivity. Receptivity refers to the willingness to accept input from others. In this case it means subordinate willingness to accept input from the supervisor. Receptivity is important for LTS because it demonstrates a direct concern for supervisory interests. It could also be viewed as willingness to comply with supervisory requests. In either case, it would likely increase the confidence that subordinate would more likely to consider supervisory interests at the expense of personal interests when there is delegation. This should extend supervisory willingness to extend trust and be seen as antecedent to a quality LMX from a supervisory perspective:

- H2. The greater the perceived subordinate availability, the better the quality of supervisor LMX.
- H3. The greater the perceived subordinate receptivity, the better the quality of supervisor LMX.

Subordinate trust in leadership (STL)

In contrast to the supervisor, the subordinate's willingness to trust a supervisor is likely to be based more on issues related to the distribution rewards, sanctions, and resources to subordinates (Hopkins and Weathington, 2006; Ambrose and Schminke, 2003; Greenberg, 1990, 2003; Schminke, 1990). Issues surrounding justice appear to be important from a subordinate perspective (Mayer *et al.*, 2007; Hopkins and Weathington, 2006). Others have attempted to link STL and subordinate perceptions of justice (Yang *et al.*, 2009). From a self-interest perspective, rewards, sanctions, and resources are important to subordinates as they are tied career advancement and wages. Subordinates can perceive vulnerability if supervisors act in capricious and self-interested manners in distributing resources to subordinates.

Supervisors can provide resources in a relatively fair manner that engenders perceptions of justice. The relationship between justice and quality LMX from a subordinate perspective is documented (Maslyn and Uhl-Bien, 2001). That is as employees perceive supervisors to be reasonable in their personnel decisions, the better the quality of the LMX. This is in part due to the trust that subordinates have about the manner in which supervisors distribute rewards, sanctions, and resources to subordinates and the way supervisors communicate about resources to subordinates (Scandura, 1999). Subordinates need to trust their supervisor to communicate and provide rewards, sanctions, and resources in a manner that the subordinate considers it appropriate. Failure to do so is likely to lead to a loss of trust. Thus, a loss of trust may be more important to subordinates than for supervisors in building a quality LMX (Lapidot *et al.*, 2007).

The conditions that lead to a loss of trust are likely to be different than the conditions that build trust. In particular, we expect that fairness, integrity, availability, and openness, and discreteness will be more important for STL than other conditions of trust.

Fairness is likely to be most closely related to distributive justice. Subordinates need to perceive that their supervisors are fair in the resource allocation process. While these perceptions of fairness may be based on many issues surrounding the allocation of resources, overall, for STL to emerge it should be important for subordinate to perceive equity in the social exchange.

Integrity, availability and openness and discreteness interface with both procedural justice and interactive justice. Procedural justice refers to fairness in terms of the process used to make resource allocation decisions. To what extent were the procedure explained, followed, and open to appeal (Konovsky, 2000). Interactive justice refers to the treatment of others with respect to dignity (Brockner and Wiensfeld, 1996). From a social exchange perspective, research suggests that these types of trust are related to both STL and LMX (Cropanzano *et al.*, 2002). The question becomes which conditions of trust lined to these types of justice rather than generic trust contribute to these relationships.

The relationship between integrity and promise fulfillment for both interactive justice and procedural justice is relatively transparent. It is difficult to trust a supervisor about personnel matters if you sense they communicate issues out of expediency rather than honesty. Supervisors are often placed in difficult situations where they have to justify some difficult choices to subordinates. Sometimes those justifications may be more expedient than honest. A supervisor's integrity will resist those expedient responses.

Trust based on openness, discreteness, and availability is likely to influence the subordinate supervisory of interactional justice. If subordinates are able to effectively communicate with their supervisor, they are likely to respect the supervisory resource allocation decisions (Ayree *et al.*, 2002; Korsgaard *et al.*, 1995; Sapienza and Korsgaard, 1996).

Thus:

- H4.* The greater the perceived supervisory fairness, the better the quality of the subordinate LMX.
- H5.* The greater the perceived supervisor availability the better the quality of subordinate LMX.
- H6.* The greater the perceived supervisory integrity the better the quality of subordinate LMX.
- H7.* The greater the perceived supervisory promise fulfillment the better the quality of subordinate LMX.
- H8.* The greater the perceived supervisory discreteness the better the quality of subordinate LMX.
- H9.* The greater the perceived supervisory openness the better the quality of subordinate LMX.

Methods

Samples

This study relies on survey methodology on data collected in 33 Portuguese firms. The firms varied in size from 4 to 13, 841 employees in both the public and private sectors. Different sampling processes were used in different sized organizations. For smaller organizations, all supervisors were asked to participate in the survey. For the largest organization, an organizational representative selected supervisors from different divisions. Each supervisor was asked to identify up to four subordinates to participate in the survey, and then completed the supervisory survey for each self-designated subordinate. Supervisors then mailed the completed survey instrument that focused on one subordinate directly to the research team. Through the participating organization, we then identified the supervisory designated subordinates and asked them to complete the subordinate survey. Subordinates then returned the survey to the research team directly. A numbering system was used to match the supervisor and the subordinate survey instruments. In this study, the unit of analysis is a matched dyad between the supervisor and the subordinate.

Altogether, there was a potential for 153 supervisors were asked to participate in the study. Of these 124 supervisors participated in the survey for at least one subordinate representing a vertical dyad linkage. Supervisors completed a survey for each subordinate. The supervisor surveys contained both Butler's (1991) condition of trust and the LMX 7 measurement. We then mailed 495 surveys to the subordinates that were identified by their supervisors that contained Butler's (1991) condition of trust and LMX measurements. Of these 475 responded. Of these 121 responses failed to have a match supervisory and subordinate survey. An additional 51 had excessive missing data and were deleted. Thus, we had 304 useable supervisor-subordinate dyads regarding conditions of trust and LMX. The sample came from diverse sectors with 14.7 percent from manufacturing, 75.6 percent, from services sector, 7.6 percent from public sector and 2.1 percent from agricultural sector. Of these supervisors, 77 percent were first line supervisors and 35 percent were female. Supervisors were on average 7 years in the position and had 15.2 years tenure. The average years of education was 12.4 years with a 29.9 of the supervisor having a degree (16 years in the school), and the average age was 42.2 years.

For the subordinates, 77 percent had non-supervisory status and 51 percent were female. The average age was 39 years old, the average years of education was 10.8 years with 13.7 of the subordinates having a degree (16 years in the school). Subordinates were on average 10.8 years in the position and had 13.8 years tenure.

Measurement

As stated previously we used both LMX 7 and Butler's conditions of trust. Both sets of items were translated into Portuguese and then back translated into English by independent translators.

LMX 7 is used to measure LMX (Graen and Uhl-Bien, 1995). It consists of 5 items using a five-point scale anchored by seldom and always. The internal reliability of the scale for this study is $\alpha = 0.82$ for supervisors and $\alpha = 0.86$ for subordinates

To assess the relative importance of the different facets of trust we used Butler's (1991) conditions of trust instrument. This instrument was used because we are trying to understand the relative importance of different trust facets for LTS and STL. This

survey lists the ten facets of trust and one overall measurement. They are competence, consistency, loyalty, discretion, openness, receptivity, availability, fairness, integrity, and promise fulfillment. Each condition of trust consists of four items. We used a five point Likert scale anchored by strongly disagree and strongly agree. As an example:

- For availability – (if you are the leader please refer to your subordinate) _____ is usually around when I need him/her.
- For competence – (if you are the leader please refer to your subordinate) _____ performs his/her tasks with skill.

We conducted a confirmatory factor analysis with the following fit values: RMSEA 0.041 and a CFI: 0.89. These values that are in line with the ones from the original scale from Butler (1991) and support the validity of the study. The CFA combined competency and consistency (job performance). This reduced the ten conditions of trust to nine conditions of trust.

Results

Tables I and II present the descriptive statistics of both supervisors (Table II) and subordinates (Table I). As expected all of the variables are associated with each other. The conditions of trust were correlated with each other. LMX was also correlated to conditions of trust for both supervisors and subordinates (r ranges between 0.49 and 0.66 for subordinates; r ranges between 0.44 and 0.53 for supervisors). Based on past research (Brower *et al.*, 2000) both were expected. We expected multi-collinearity of the results and subsequently conducted data analysis to ensure the variable have a distinct explanation of LMX above and beyond the other conditions of trust. Thus, we use hierarchical regression to test the hypotheses. We first enter all the conditions of trust except for the one that we are testing. Then, we enter the unique condition of trust in a second step. If there is a significant change in R-square between the first and second step, then one can infer that that condition of trust has unique unexplained variance in spite of the multi-collinearity with other variables. This method is compatible with Podsakoff *et al.*'s (2003) suggestions to control for common method variance by partialling out marker variables. In this case, the other conditions of trust can be

Variable	Mean	SD	1	2	3	4	5	6	7	8	9	10
1. Sub. LMX	3.71	0.66										
2. Loyalty	3.92	0.86	0.55	(0.83)								
3. Availability	4.46	0.68	0.54	0.44	(0.80)							
4. Competency	4.36	0.71	0.66	0.62	0.66	(0.89)						
5. Discreteness	4.17	0.87	0.52	0.51	0.38	0.53	(0.88)					
6. Fairness	4.13	0.80	0.60	0.67	0.55	0.72	0.55	(0.66)				
7. Integrity	4.12	0.82	0.63	0.64	0.56	0.71	0.60	0.74	(0.85)			
8. Openness	3.64	0.86	0.49	0.51	0.40	0.51	0.37	0.54	0.58	(0.88)		
9. Promise	4.15	0.83	0.55	0.60	0.50	0.64	0.56	0.68	0.65	0.48	(0.90)	
10. Receptivity	4.10	0.74	0.56	0.58	0.54	0.64	0.47	0.68	0.61	0.52	0.61	(0.80)

Notes: Competency and consistency are combined into one construct based on CFA; All correlations significant at $\rho < 0.001$

Table I.
Mean, SD, reliabilities, and correlation matrix for subordinate perception of conditions of trust and subordinate LMX

Table II.
Mean, SD, reliabilities,
and correlation matrix for
supervisor perception
conditions of trust and
supervisor LMX

Variable	Mean	SD	1	2	3	4	5	6	7	8	9	10
1. Sup. LMX	3.84	0.53										
2. Loyalty	3.74	0.84	0.46	(0.74)								
3. Availability	4.28	0.68	0.53	0.42	(0.84)							
4. Competency	4.21	0.63	0.48	0.47	0.56	(0.88)						
5. Discreteness	3.86	0.86	0.46	0.53	0.43	0.47	(0.86)					
6. Fairness	3.82	0.66	0.48	0.54	0.50	0.54	0.44	(0.81)				
7. Integrity	3.95	0.76	0.51	0.59	0.54	0.61	0.57	0.62	(0.84)			
8. Openness	3.63	0.81	0.44	0.48	0.44	0.45	0.48	0.48	0.62	(0.83)		
9. Promise	4.04	0.77	0.46	0.53	0.53	0.67	0.52	0.53	0.62	0.43	(0.77)	
10. Receptivity	4.05	0.75	0.49	0.51	0.51	0.52	0.43	0.57	0.55	0.47	0.54	(0.71)

Notes: Competency and consistency are combined into one construct based on CFA; All correlations significant at $\rho < 0.01$

considered to be marker variables. Furthermore, we wish to establish predicative and discriminant validity. We wish to demonstrate that most conditions of trust are related only to either LTS or STL and not both. In doing this, we demonstrate that there is a difference in conditions of trust between LTS and STL.

Tables III and IV presents the regression analysis using stepwise regression to test *H1*, *H2*, and *H3*. We found that condition of trust that had the most important

Table III.
Stepwise regression
results for supervisor
conditions of trust and
LMX

	Independent variable with LMX							
	Receptivity with LMX		Promise fulfillment with LMX		Availability with LMX		Competency with LMX	
	β	T	β	T	β	T	β	T
<i>Control variables</i>								
Receptivity	–	–	0.14	2.69**	0.14	2.69	0.15	2.78
Promise fulfillment	0.04	0.65	–	–	0.01	0.23	0.04	0.77
Loyalty	0.05	1.18	0.05	1.23	0.05	1.24	0.05	1.27
Availability	0.26	5.14**	0.24	4.77**	–	–	0.26	5.09**
Competency	0.09	1.58	0.09	1.60	0.08	1.41	–	–
Discreteness	0.15	2.97**	0.15	2.97**	0.16	3.08**	0.15	2.94**
Fairness	0.14	2.62**	0.11	1.94	0.13	2.27	0.12	2.11
Integrity	0.06	1.00	0.06	0.92	0.08	1.26	0.07	1.07
Openness	0.09	1.78	0.07	1.42	0.09	1.74	0.08	1.46
AR ^{>2}	0.41	–	0.42	–	0.39	–	0.42	–
F Change	33.50**	–	35.01	–	30.49	–	34.60	–
<i>Step 2</i>								
Receptivity	0.14	2.69**	–	–	–	–	–	–
Promise fulfillment	–	–	0.01	0.23	–	–	–	–
Availability	–	–	–	–	0.24	4.72**	–	–
Competency	–	–	–	–	–	–	0.05	0.08
AR ²	0.01	–	0.00	–	0.03	–	0.00	–
F Change	7.22**	–	0.05	–	22.23	–	1.99	–
Total R ²	0.42	–	0.42	–	0.42	–	0.42	–
F	31.05	–	31.00	–	31.05	–	31.05	–

	Discreteness with LMX		Independent variable with LMX				Openness with LMX	
	β	T	β	T	β	T	β	T
<i>Control variables</i>								
Receptivity	0.15	2.77**	0.17	3.23**	0.14	2.74**	0.15	2.90
Promise fulfillment	0.04	0.70	0.02	0.32	0.02	0.40	0.01	0.15
Loyalty	0.05	1.28	0.04	0.95	0.05	1.25	0.05	1.30
Availability	0.25	4.84	0.25	4.88	0.25	4.81	0.25	4.83
Competency	0.09	1.51	0.10	1.65	0.09	1.55	0.08	1.45
Discreteness	–	–	0.15	2.95**	–	–	0.16	3.14**
Fairness	0.11	2.00*	–	–	0.12	2.18*	0.11	2.04*
Integrity	0.09	1.47	0.08	1.34	–	–	0.08	1.38
Openness	0.10	1.87	0.08	1.58	0.09	1.79	–	–
AR ²	0.41	–	0.42	–	0.42	–	0.42	–
F	33.26	–	34.23	–	34.86	–	34.59	–
<i>Step 2</i>								
Discreteness	0.14	2.89**	–	–	–	–	–	–
Fairness	–	–	0.11	1.93	–	–	–	–
Integrity	–	–	–	–	0.05	0.86	–	–
Openness	–	–	–	–	–	–	0.07	1.42
AR ²	0.01	–	0.00	–	0.00	–	0.00	–
F	8.37	–	3.71	–	0.74	–	2.03	–
Total R ²	0.42	–	0.42	–	0.42	–	0.42	–
F	31.05	–	31.05	–	31.05	–	31.05	–

Table IV.
Stepwise regression results for supervisor conditions of trust with LMX

influence on supervisory LMX above and beyond the other conditions of trust was supervisor's perceptions of subordinate availability ($\beta = 0.24$; $\Delta R^2 = 0.03$; $F = 22.23$). Discreteness and receptivity (sense that the subordinate heard the supervisor) had smaller but statistically significant incremental explained variance ($\beta = 0.13$; $\Delta R^2 = 0.01$; $F = 8.37$ and $\beta = 0.14$; $\Delta R^2 = 0.01$; $F = 7.22$, respectively).

Tables V and VI presents the regression analysis using stepwise regression to test *H4*, *H5*, *H6*, *H7*, *H8*, and *H9*. We found that condition of trust that had the most important influence on subordinate LMX above and beyond the other conditions of trust was subordinate's perceived supervisor competence ($\beta = 27$; $\Delta R^2 = 0.02$; $F = 19.42$). Confidentiality, openness, integrity, and availability had small but statistically significant influences on LMX ($\Delta R^2 = 0.01$; F varies from 5.17 to 7.99). There were no statistically significant effects for promise fulfillment and fairness.

Discussion

This study was intended to investigate the degree that conditions of trust vary between supervisors and subordinates in terms of building a quality relationship. We assumed that LTS was more concerned about issues surrounding delegation and STL was more concerned about resource allocation decisions.

Beginning with LTS, the results supported the relationships between perceived subordinate availability (*H2*) and receptivity (*H3*) with leader LMX (Tables III and IV). Perceived subordinate competency (*H1*) was not significantly associated with leader

Table V.
Stepwise regression
results for subordinate
conditions of trust and
LMX

	Independent variable with LMX							
	Receptivity with LMX		Promise fulfillment with LMX		Availability with LMX		Competency with LMX	
	β	T	β	T	β	T	β	T
<i>Control variables</i>								
Receptivity	–	–	0.08	1.53	0.09	1.69	0.10	1.97*
Promise fulfillment	0.05	1.01	–	–	0.05	0.89	0.07	1.25
Loyalty	0.09	2.43**	0.08	2.29*	0.09	2.40*	0.08	2.13*
Availability	0.12	2.47**	0.11	2.32*	–	–	0.18	4.01**
Competency	0.28	4.63**	0.27	4.52**	0.31	5.54*	0.14	3.12**
Discreteness	0.13	2.88**	0.14	3.05**	0.09	1.69	–	–
Fairness	0.07	1.20	0.06	0.97	0.05	0.84	0.11	1.81
Integrity	0.15	2.38*	0.15	2.50*	0.16	2.65**	0.20	3.19**
Openness	0.12	2.68**	0.11	2.50*	0.11	2.37	0.11	2.51*
AR ²	0.53	–	0.53	–	0.52	–	0.51	–
F Change	55.75	–	56.10	–	54.89	–	51.28	–
<i>Step 2</i>								
Receptivity	0.07	1.39	–	–	–	–	–	–
Promise fulfillment	–	–	0.04	0.79	–	–	–	–
Loyalty	–	–	–	–	–	–	–	–
Availability	–	–	–	–	0.11	2.27*	–	–
Competency	–	–	–	–	–	–	0.27	4.41**
AR ²	0.00	–	0.00	–	0.01	–	0.02	–
F Change	1.93	–	0.62	–	5.17*	–	19.42*	–
Total R ²	0.53	–	0.53	–	0.53	–	0.53	–
F	49.89	–	49.89	–	49.89	–	49.89	–

LMX above and beyond the other conditions of trust. This suggested that *HI* should be rejected. These results implied that *LTS* seems to be based more on perceived subordinate compliance with supervisory requests than perceived subordinate ability to perform work satisfactorily.

On one hand these results are a bit surprising. Assuming delegation is a key to *LTS*, perceived subordinate competency should be relevant to delegation. It is always difficult to explain non-significant findings. Both theoretical and measurement issues may be responsible. One possible explanation is that the variance for competency is relatively low compared to the other conditions of trust (see Table I). The relatively smaller variance may make it more difficult for competency to be statistically significant. This may also have a theoretical foundation. It is possible that the subordinate competence is relatively higher than most other conditions of trust (see Table I). That is most subordinates are competent at their work, especially with relatively high subordinate job tenure (10.2 years). The value added conditions of trust, are more likely to come from other higher variance sources related to compliance with supervisor requests.

Another explanation could be found through the effects of age and size. Kohtamäki *et al.* (2004) propose in their work that when an organization reaches a certain point in its organizational age and size, the nature of trust may change:

	Discreteness with LMX		Independent variable with LMX				Openness with LMX	
	β	T	β	T	β	T	β	T
<i>Control variables</i>								
Receptivity	0.08	1.49	0.08	1.65*	0.07	1.38	0.09	1.83
Promise fulfillment	0.07	1.36	0.05	0.90	0.06	1.09	0.05	0.92
Loyalty	0.09	2.49*	0.08	2.27*	0.09	2.40*	0.08	2.27*
Availability	0.10	2.10*	0.11	2.29*	0.12	2.55*	0.11	2.25*
Competency	0.28	4.61**	0.28	4.71**	0.29	4.91**	0.27	4.74
Discreteness	–	–	0.13	2.90**	0.16	3.49**	0.12	2.73
Fairness	0.06	1.02	–	–	0.09	1.55	0.06	0.95
Integrity	0.19	3.13**	0.16	2.73**	–	–	0.18	3.05*
Openness	0.10	2.28*	0.11	2.45*	0.13	3.06**	–	–
AR ²	0.52	–	0.53	–	0.52	–	0.52	–
F	54.60	–	56.10	–	54.76	–	54.74	–
<i>Step 2</i>								
Discreteness	0.13	2.83*	–	–	–	–	–	–
Fairness	–	–	0.05	0.80	–	–	–	–
Integrity	–	–	–	–	0.15	2.38*	–	–
Openness	–	–	–	–	–	–	0.11	2.40*
AR ²	0.01	–	0.00	–	0.01	–	0.01	–
F	7.99**	–	0.65	–	5.67*	–	5.76*	–
Total R ²	0.53	–	0.53	–	0.53	–	0.53	–
F	49.89	–	49.89	–	49.89	–	49.89	–

Table VI.
Stepwise regression results for subordinate conditions of trust with LMX

In the beginning (first two stages) trust was built on the strong feeling of community. Interviewees emphasized the meaning of personal competence, reciprocity and integrity, as well as good (benevolent) intentions. Later on, as the company developed its structures the strong feeling of community was lost and the members focused their trust towards the predictability of company structures. The predictability of the company had a meaning to some members in the development of a feeling of security (Kohtamäki *et al.*, 2004, p. 85).

So given the advanced stage of the firms from the data used in this work, it is possible that these employees could be assumed to be generally competent in the job.

On the other hand, availability and receptivity are also going to be important for LTS. Supervisors often have to respond quickly to crises. It is far easier to delegate to someone who is readily available and to someone who is receptive and acquiescent to the requests made. This suggests that supervisors trust subordinates who are compliant to their needs. As long as supervisors can be seen as stewards of organizational goals, this should be seen as a positive attribute. If there are agency issues, then this could be seen negatively (see McEvily *et al.*, 2003).

To subordinates, conditions of trust related to interactional justice seem to dominate STL. That is availability, integrity, discreteness, and openness were significantly associated with LMX. This supported *H5*, *H6*, *H8*, and *H9*. Furthermore, fairness, which was not statistically significant above and beyond the other conditions of trust, was argued to be related to distributive justice. This further supports the importance of interactional over other types of justice.

This suggests subordinates may actively seek cues about the supervisor's communication patterns especially in regards to resource allocations, to draw inferences about supervisory trustworthiness (Mayer *et al.*, 1995; Cunningham and MacGregor, 2000). Availability and openness are necessary to make resource requests. Supervisors need to be both physically and psychologically present for subordinates to request resources. Integrity is important in making resource requests too. Integrity is concerned with honesty. If a resource request is denied, the subordinate can be assured the reason is valid. If the resource request is supported, the subordinate can assume that the basis for the decision is sound and will be followed through. Integrity may be more closely linked to ethical behavior that is may be a deeper basis for trust than promise fulfillment. Discreteness is important when managing confidential information and the prevention of potential harm.

Contrary to expectations, we report that competency is statistically significant for subordinates, but not statistically significant for supervisors. While competency is considered an important basis for trust in any type of interpersonal relationship (Mayer *et al.*, 1995), we had suspected it would be important for supervisors and not subordinates. Comparing the correlation matrices (Tables I and II), the variance appears to be similar and the overall correlation of competency with the respective LMX appears to be similar. Thus, these findings seem to go beyond statistical artifacts.

We are suggesting that supervisors and subordinates may have very different views of competency. Supervisors are likely to view competency as task competency in terms of quantity and quality of performance. In contrast, subordinates are not fully able to assess all aspects of supervisor performance. The important aspect of performance from their perspective is the ability to get things done for the work unit in terms of acquiring resources and being supportive of employees. Thus, competency from a subordinate perspective may be more concerned about the power of the supervisor in the organization to acquire resources for members of the work unit than overall quantity work unit output. Perhaps, supervisors may be relatively more concerned about competency with task performance and subordinates may be relatively more concerned about competency with contextual performance.

The current scale was unable to dissect these nuances. Future research may need to more carefully address the issues of competency as a condition of trust from the perspective the beholder.

In terms of social exchange, it is important to acknowledge that there is surprisingly little overlap on the conditions of trust between STL and LTS. Availability is important for both. Other than that the conditions of trust affect either STL or LTS. For the most part, they are compatible with hypothesized elements of justice and delegation. Competence is a notable exception.

There are some limitations to this research. With any sample, there are issues of external validity. This sample is a Portuguese sample. As with many European countries, job security is higher than other parts of the world. When job security is at greater risk, the differences in trust between supervisor and subordinate are likely to change. With less job security, supervisors may be able to exert more formal authority to manage employees. Subordinates may be increasingly sensitive to communications regarding resources. Given this, the results may have larger explained variance when job security is more at risk. Future research should attempt to assess the degree that

job insecurity influences moderates relationships between conditions of trust and LMX.

There are also multiple measurements of trust using different theoretical frameworks. We selected a measurement of trust because it closely reflects supervisor and subordinate concerns. Different measurement scales may have created different empirical results. Thus, future research may wish to use multiple trust scales to discern supervisor and subordinate differences.

Finally, the explained variance is often relatively small. However, the statistical methods were used to minimize shared variance. When one explains a significant amount of variance, it is statistical difficult for a correlated constructs to add significantly high levels of explained variance. Thus, the methods may have minimized the statistical effects. Nonetheless, the pattern of results provides some theoretical support for the social exchange principles that underlie this study.

In summary, we investigated difference between LST and STL. We found the while availability was important to both, there were differences that reflected that different facets of trust giving. This suggests that the basis for trust giving is different between supervisors and subordinates. Supervisors are more likely to give trust based on the ability to carry out tasks as requested. Subordinates are more likely to give trust when communication issues surrounding interactional justice in regards to reward allocations. By engaging in activities that support this, supervisors and subordinates are likely to develop a quality relational leadership style.

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