The role of participative leadership and trust-based mechanisms in eliciting intern performance: Evidence from China

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ABSTRACT

In this paper we investigate the relationship between participative leadership and job performance within the internship setting. Based on two-wave survey data obtained from 309 interns and their supervisors, we find that participative leadership has a positive relationship with job performance and that affective trust mediates that relationship. We also find that although cognitive trust is not significantly related to intern job performance it mediates the relationship between participative leadership and affective trust.

Keywords: affective trust; cognitive trust; internships; job performance; participative leadership

INTRODUCTION

Research on organizational recruitment and selection processes has typically examined the performance of job applicants in maximum performance situations such as job interviews and assessment centres (Zhao & Liden 2011). However, there is growing evidence to suggest that these forms of recruitment and selection do not necessarily predict job performance post-hire (Posthuma, Moregeson, & Campion 2003). Only very recently have scholars begun to recognise the importance of alternative tools in the recruitment and selection process such as internships (Zhao & Liden 2011). Internships have been shown to be a good predictor of the retention and future job performance of applicants, given they allow the organization to measure individual performance in a typical work setting (Gault, Leach, & Duey 2010). Recent work suggests that job performance of interns is strongly related to their retention, post-hire job performance and career progression (Gault, et al. 2010).

Given these recent insights into the role which intern job performance plays as a predictor of subsequent recruitment and work outcomes, it is important to understand the individual and organizational factors which may lead to its development. Although recent studies have begun to examine the antecedents of intern satisfaction and effectiveness (D’Abate, Youndt, & Wenzel, 2009; Garavan & Murphy, 2001; Narayanan, Olk, & McGrath 2010) there has been limited focus on
whether the leadership behaviour of supervisors impact on their job performance of interns, and, if so, the mechanisms which underlie its translation.

In the present study we use data from 309 supervisor-intern dyads in Chinese organizations to examine the importance of the supervisor’s participative leadership behaviour in engendering higher levels of intern job performance. Although previous studies have found participative leadership to strongly influence the job performance of full-time employees (Huang, Iun, Liu, & Gong 2010) our study makes an additional contribution by examining the generalizability of this linkage to the context of interns who have limited prior experience in the workplace.

In addition, we examine the trust-based mechanisms which underlie the relationship between participative leadership and performance. Although trust in supervisor has been shown to mediate the impact of participative leadership on job performance, especially for non-managerial employees (Huang et al. 2010) trust has typically been conceptualized as a uni-dimensional construct in prior research. Building on recent developments in the literature which view trust as consisting of two dimensions (Dirks & Ferrin 2002; Schaubroeck, Lam, & Peng 2011) one exchange-based (affective trust) and the other cognition-based in nature (cognitive trust), we examine how both dimensions influence intern responses to participative leadership behavior in terms of eliciting higher job performance. The findings of this research should enable organizations to better structure internships which are effective from the point of view of both the organization and the intern.

LITERATURE REVIEW

Internships

Prior to graduation students often actively seek internships as a way of sampling organizational life and obtain realistic information about potential employers before making a long-term commitment to a particular career and organization (Linn, Ferguson, & Egart, 2004). They put students in an experiential learning situation which provides them with an opportunity to apply what they have learnt in the classroom, and interactively develop decision-making skills and understanding of the corporate world (Clark, 2003; Gabris & Mitchell, 1989; Liu, Xu & Weitz 2011).
From an organisational perspective, internships are used to evaluate and screen potential hires before deciding whether or not to offer them employment (Gabris & Mitchell 1989). Recent evidence indicates that the majority of new hires in large multinational firms were their former interns (Zhao & Liden 2011) and that employees with internship experience receive higher salaries, quicker promotion, and greater job satisfaction and organizational commitment than those without internship experience (Coco 2000; D’Abate 2010; Knouse & Fontenot 2008).

Internships in the Chinese Context
Internships have been commonly utilised by China-based organizations as a recruitment and selection tool since the opening-up and reform policy was introduced in 1979. Even in the Maoist era the Chinese government extensively used co-operative education as a means of integrating classroom learning with more vocational experience (Wang 2009). However, over the last two decades the Chinese government has sought to strengthen the effectiveness of co-operative education (Venter 2003) and internships are now a required part on the majority of degree programmes in China in both academic and vocational institutions (Cooke 2005; Wang 2005). Although researchers have begun to examine the importance of internships as a method of recruiting and selecting future employees in China, these studies are typically descriptive in nature (Qiang 1993).

Participative Leadership and Job Performance in the Internship Setting
Participative leadership refers to a leadership style in which the supervisor encourages their subordinates to take a certain amount of responsibility in the workplace (Somech 2006; Sauer 2011). Through the provision of encouragement, support and influence, participative leaders facilitate subordinate involvement in the decision-making process (Amabile, Schatzel, Moneta & Kramer 2004). Although researchers have begun to investigate the importance of participative leadership to job performance in traditional workplace settings (Huang et al. 2010) no previous research has examined the impact of participative leadership on job performance in the context of internships. Despite this, over the last 15 years a growing number of studies have highlighted the importance of participative management practices to intern satisfaction and subsequent job
opportunities (Feldman, Folks, & Turnley 1999; Rothman 2007). For example, Rothman (2007) found that interns wanted to be provided with more opportunities by their supervisor to participate in challenging work, and get involved in decision-making and the coordination of projects. Researchers have also found that early career graduates are more receptive to the participative behaviour of managers, as they are highly focused on developing their careers (Helmreich et al., 1986). This suggests that the participative leadership of the supervisor might be an important factor behind individual performance in an internship setting.

Given that most of the research investigating the impact of participative leadership type behaviours on internship outcomes has been conducted using Western samples, little is known as to their effectiveness in the Chinese or wider Asian context. Some researchers have been critical of the use of participative management styles in China given that it is a high power-distance culture in which autonomy and participation in decision-making are not highly valued by employees (Eylon & Au 1999; Zhang & Begley 2011). However, participative leadership styles are arguably viewed more favourably by the younger generation of Chinese employees given their changing social values. The new generation of Chinese are less respectful of hierarchy and more willing to take the initiative than the older generation (Farh, Hackett & Liang 2007; Humborstad, Humborstad, Whitfield & Perry 2008). Indeed, recent work reveals that younger employees with short tenure respond more positively to participative leadership styles (Huang, Shi, Zhang & Cheung 2006), and that participative leadership positively influences the job performance of non-managerial employees through engendering higher levels of trust (Huang et al. 2010). Despite this no previous work has examined the importance of participative leadership to the job performance of temporary employees such as interns, and the mechanisms which underlie this relationship.

Given that participative mentoring from the supervisor, in terms of providing the intern with autonomy and challenging assignments, has been shown to facilitate interns’ socialization and learning outcomes (Feldman, Folks & Turnley 1999; Beenen & Rousseau, 2010) we propose that the participative leadership behavior of the supervisor will positively influence the job performance of interns. This leads us to the following hypothesis:

Hypothesis 1. Participative leadership is positively related to intern job performance
Trust-Based Mechanisms by which Participative Leadership Influences Job Performance

There is growing evidence to suggest that participative leadership influences the job performance of subordinates through engendering higher levels of trust in supervisor, especially for employees in non-managerial positions (Huang et al. 2010). Despite this, previous work has typically conceptualized trust as a uni-dimensional construct (Huang, et al. 2010). Building on recent developments in the literature, we investigate the mediating effects of trust on the relationship between participative leadership and intern job performance, by conceptualizing trust as consisting of two dimensions, one exchange-based and the other cognition-based in nature, namely affective and cognitive trust (McAllister 1995; Dirks & Ferrin 2002).

Affective trust refers to that which results from the emotional ties developed between two parties within a relationship as they engage in a process of reciprocal social exchange (Schaubroeck, Lam, & Peng 2011). By providing opportunities and support to take responsibility and participate in decision-making, participative leaders should elicit affective trust in their subordinates through the development of a close emotional bond between the two parties (Huang et al. 2010). This should make subordinates more comfortable to offer their suggestions and get involved in the process of decision-making, and lead them to reciprocate by engaging in work-related behaviors desired by the supervisor such as job performance (Dirks & Ferrin 2002).

In contrast, cognitive trust refers to that which develops as a result of the subordinate’s perceptions of their leader’s characteristics such as their competence, reliability and integrity (Yang, Mossholder & Peng 2009; Wang, Tomlinson & Noe 2010). Participative leadership should nurture high levels of cognitive trust in subordinates, as its provision is likely to influence their perceptions of their supervisor’s knowledge, skills and competency in dealing with task-related problems. For example, by encouraging participation in decision-making, supervisors should make their subordinates feel more confident in their ability and competence to guide their task performance (Dirks & Ferrin 2002). This should in turn lead subordinates to judge their work experiences favorably and be more willing to engage in behavior that benefits the organization such as higher levels of job performance (Schaubroeck et al. 2011).
Based on these theoretical explanations there is a growing empirical literature which investigates how both dimensions of trust influence subordinate responses to the leadership behavior of their supervisors. Recent work suggests that both affective and cognitive trust may both have a positive influence on the behavioral responses of subordinates to leadership behavior which stresses employee participation (Schaubroeck et al. 2011). This leads us to the following hypotheses:

Hypothesis 2. Affective trust mediates the relationship between participative leadership and intern job performance

Hypothesis 3. Cognitive trust mediates the relationship between participative leadership and intern job performance

However, another stream of literature suggests that affective trust may have stronger effects on job performance than cognitive trust given that it is more closely linked to social exchange formulations (Ng & Chua 2006; Yang & Mossholder 2010). In other words it may be viewed as a deeper form of trust given it is characterized by strong emotional ties involving the mutual display of care and concern between the supervisor and the subordinate (Wang et al. 2010). However, there is also literature to suggest that cognitive trust may be more important to work outcomes in the early stages of relationship development, and may therefore be an important pre-requisite to the development of affective trust amongst subordinates (Schaubroeck et al. 2011). Cognitive trust should be especially important to the development of affective trust and subsequent performance outcomes in the internship setting, given the limited history of interaction between the supervisor and intern. Where supervisors encourage interns to take responsibility and participate in decision-making, interns are more likely to have positive perceptions of their internship experience and feel confident in their supervisor’s ability to guide their task performance. This should lead them to feel safer to engage in social exchange with their supervisor and other members of the organization, and exhibit higher levels of affective trust accordingly. This leads us to the following hypothesis:

Hypothesis 4. Cognitive trust mediates the relationship between participative leadership and affective trust.
METHODOLOGY

Sample and Data Collection Procedure

Intern participants were undergraduate business majors and recruited through the careers offices of three universities located in the South-East of China. They were required to do internships as part of their degree course for a period of between three to six months. A paper-based survey was distributed to interns halfway through their internship (Time 1) in which they rated the participative leadership of their supervisor and their trust in supervisor. At the same time they were asked to provide their demographic information, information on the organization in which the internship was conducted, and the e-mail contact details of their supervisor. At time 2, at the end of their internship, we contacted their supervisor and asked them to fill out a survey online in which they rated the job performance of the intern. A total of 1019 surveys were distributed to interns of which 506 replied, amounting to a response rate of 49.7 per cent. Out of the 506 surveys distributed to supervisors 309 were returned, amounting to a response rate of 61.1 per cent. This left us with data for 309 intern-supervisor dyads on which analysis could be conducted.

Among the interns, 199 (64.4 per cent) were female, and their mean age was 21.30 years. 53.4% received payment for their internships. The internship organisations were representative of a diverse range of industrial sectors, including manufacturing (13.6%), information technology, (3.6%), finance/banking (30.7%), other services (14.2%), government (5.5%), international trade (9.1%), retail (3.6%) and education (4.2%).

Measures

Prior to distribution, the back translation process (Brislin 1981) was utilized to translate the English version of the survey into Chinese. All items were measured on a Likert scale of 1-7 (where 1=strongly disagree to 7=strongly agree). Table 1 shows the means, standard deviations, and bivariate correlations of all variables in the study.

Insert Table 1 about here

Insert Table 1 about here
Participative Leadership

Arnold, Arad, Rhoades and Drasgow’s (2000) six-item scale was used to measure the participative leadership of supervisors by interns. Sample items are ‘I am encouraged by my immediate supervisor to express ideas/suggestions’. The Cronbach Alpha for this scale was 0.80.

Affective and Cognitive Trust

The affective and cognitive trust of interns was self-rated using McAllister’s (1995) 5 and 6 item affect and cognition-based trust scales. Sample items included ‘We have a sharing relationship’. The Cronbach Alphas for these scales were 0.91 and 0.83.

Intern Job Performance

Intern job performance was rated by the intern supervisor using the 4-item in-role performance scale adapted from Farh and Cheng (1997). Sample items are ‘this intern made a significant contribution to the overall performance of our work unit’. The Cronbach Alpha for this scale was 0.84.

Analysis and Results

First, a confirmatory factor analysis (CFA) was undertaken on all items included in the measurement model through the use of LISREL 8.80. The goodness-of-fit statistics for the hypothesized 4-factor measurement model provided adequate fit to the data ($X^2 = 401.63$; d.f. = 146; IFI = 0.96; CFI = 0.96; RMSEA = 0.07). A single factor model provided poor fit to the data ($X^2 = 1705.50$; d.f. = 152; IFI = 0.78; CFI = 0.78; RMSEA = 0.18), with a significant deterioration in chi-square compared with the hypothesized model (change in $X^2 = 1303.87$; change in d.f. = 6; $p < 0.01$). Given the fit index recommendations of Hu and Bentler (1999) the measurement model was considered good enough to proceed with hypothesis testing.

Second, structural equation modelling (SEM) was conducted using LISREL 8.80 to test the study’s hypotheses. We initially examined the direct effects of participative leadership on intern job performance. In line with hypothesis 1 participative leadership was found to influence intern job performance to a high degree of significance ($\beta = .54$, $p < .01$). Following this, we ran a full mediation model in which paths were drawn from participative leadership to both cognitive and
affective trust and from both dimensions of trust to intern job performance, and a partial mediation model in which a direct path was added between participative leadership and intern job performance. Although in the full mediation model significant path coefficients were found from participative leadership to both affective ($\beta = .50, p < .01$) and cognitive trust ($\beta = .63, p < .01$) and from affective and cognitive trust to intern job performance ($\beta = .24, p < .01$, $\beta = .28, p < .01$), when the direct path was added in the partial mediation model, the path between cognitive trust and intern job performance was no longer significant, and the direct relationship between participative leadership and intern job performance was highly significant ($\beta = .48, p < .01$). Given that the paths between participative leadership and affective trust ($\beta = .50, p < .01$), and affective trust and intern job performance ($\beta = .12, p < .10$) were significant, affective trust was found to partially mediate the relationship between participative leadership and intern job performance, in line with hypothesis 2. In addition, the goodness-of-fit statistics were significantly better for the partial mediation model ($X^2 = 456.85$; d.f. = 148; IFI = 0.96; CFI = 0.96; RMSEA = 0.08) than the full mediation model ($X^2 = 436.21$; d.f. = 147; IFI = 0.96; CFI = 0.96; RMSEA = 0.08), suggesting the partial mediation model fitted the data better.

Given that cognitive trust was not found to mediate the relationship between participative leadership and intern job performance contrary to Hypothesis 3, we tested the mediating effects of cognitive trust on the relationship between participative leadership and affective trust (Hypothesis 4) by adding a path from cognitive trust to affective trust. The path from cognitive trust to affective trust was significant ($\beta = .47, p < .01$) and the path between participative leadership and affective trust fell in significance ($\beta = .17, p < .01$). This is supportive of hypothesis 4 and suggests that cognitive trust mediated the relationship between participative leadership and affective trust. The goodness-of-fit statistics for the model when the new path was included were ($X^2 = 402.21$; d.f. = 147; IFI = 0.96; CFI = 0.96; RMSEA = 0.07), and better than the model without the direct path. The significant paths of the final model are presented in Figure 1.

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Insert Figure 1 about here
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Third, in order to provide more confidence in our mediation results, bootstrapping was used to calculate the indirect effects of participative leadership on intern job performance through affective
trust, and participative leadership on affective trust through cognitive trust (Preacher & Hayes 2008). We found that the indirect effects of participative leadership on intern job performance via affective trust were significant (estimate = .08, \( p < .01 \)), and that the indirect effects of participative leadership on affective trust via cognitive trust were significant (estimate = .25, \( p < .01 \)). These results provide further support for hypotheses 2 and 4.

**Discussion**

Despite the pervasive use of internships, and their proven ability to generate mutually beneficial outcomes for both interns and organisations, there is little in the way of research investigating the specific mechanisms which underpin the achievement of these outcomes. Our study is the first to substantiate the generalizability of the positive linkages between participative leadership and subordinate performance found in other employee settings (Huang et al. 2010) to the internship setting. In this employment context our findings also revealed that affective trust partially mediated the impact of participative leadership on intern job performance, but cognitive trust had no mediating effects at all. However, cognitive trust was found to mediate the relationship between participative leadership and affective trust. This provides support for the growing stream of literature highlighting the distinctive influence of affective and cognitive dimensions of trust on workplace outcomes, corroborating previous research findings that affective trust has positive effects on job performance whilst cognitive trust has non-significant or weaker effects (Ng & Chua 2006; Yang & Mossholder 2010). This may result from the fact that affective trust is more closely linked to social-exchange processes than cognitive trust. However, our study also made a distinct theoretical contribution to the existing literature by demonstrating that cognitive trust is a necessary prerequisite to the development of affective trust, i.e. if subordinates do not have cognitive trust it is unlikely they will feel safe to engage in social exchange with their supervisor and develop an emotional bond (affective trust).

This study makes further contributions related to the particular workplace and cultural context of the research. The role of cognitive trust as a precondition for affective trust substantiates previous work investigating the importance of supervisory-level employees to the organizational entry of comparative non-regular employee groups, including temporary employees and newcomers. For such
employee groups organisational entry has been found to be characterized by uncertainty, incomplete information and limited access to resources. In such a situation the supervisor plays a focal role in reducing uncertainty and providing necessary support during organisational entry (Ashforth & Saks 1996; Kim, Cable & Kim, 2005). If interns feel that their supervisor is competent they are likely to develop high levels of cognitive trust. This provides them with the necessary preconditions for the development of affective trust. Our findings regarding the mediating effects of cognitive trust on the relationship between participative leadership and affective trust is of high relevance to research investigating other non-regular employment settings (De Cuyper et al. 2008).

Our findings also support those from previous work which highlights the importance of strong supervisor-subordinate guanxi relationships, based on reciprocity and mutual trust, to organisational outcomes (Cheung, Wu, Chan & Wong 2009; Chen ("Chen, Tsui, Farh - 2002 - Loyalty to supervisor vs. organizational commitment Relationships to employee performance in China.pdf,"), Tsui & Farh 2002). Additionally, our study diverges from research questioning the appropriateness of participative leadership practices in the Chinese organisational context (Farh & Cheng 2000).

A number of managerial implications may be drawn from this study. First, our findings clearly indicate that organizations should invest in the development of internship programmes which stress intern participation and assign interns to supervisors who have a predisposition for participative leadership behaviours. In addition, organizations should consider providing supervisors with training to enhance participative leadership behaviours and design internships to facilitate intern participation. This should enable organisations to establish which interns have the potential to respond positively to participative leadership behaviour in the post-hire period.

**Limitations and Suggestions for Future Research**

A number of limitations should be taken into account when making generalizations based on the findings of the current study. Although the sample spanned numerous organizations, industries and ownership categories, the interns were all students within business schools located in a relatively economically developed region of China. Hence these findings may not generalize to students in other academic fields or geographic locations in China. Although our study used data from multiple sources
in two waves it was hardly longitudinal in nature given that only a short time separated the data
collection from interns and their supervisors. In future research could be conducted over a longer time
frame.
REFERENCES


Table 1: Descriptive Statistics, Correlations amongst Study Variables and Reliability Coefficients

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>S.D.</th>
<th>Participative leadership</th>
<th>Affective trust</th>
<th>Cognitive trust</th>
<th>Intern Job Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participative leadership</td>
<td>4.88</td>
<td>0.95</td>
<td>(0.80)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affective trust</td>
<td>4.58</td>
<td>1.14</td>
<td>.420**</td>
<td>(0.91)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cognitive trust</td>
<td>5.08</td>
<td>0.89</td>
<td>.498**</td>
<td>.519**</td>
<td>(0.83)</td>
<td></td>
</tr>
<tr>
<td>Intern job performance</td>
<td>4.77</td>
<td>1.07</td>
<td>.481**</td>
<td>.333**</td>
<td>.347**</td>
<td>(0.84)</td>
</tr>
</tbody>
</table>

*p < .05, **p < .01
Numbers in parentheses are the coefficient alphas.
Figure 1: Final Model-
Results of Structural Equation Modeling

* p < .05; ** p < .01; *** p < .001