HOW DO CONTROLS IMPACT EMPLOYEE TRUST IN THE EMPLOYER?

ANTOINETTE WEIBEL, DEANNE N. DEN HARTOG*, NICOLE GILLESPIE*, ROSALIND SEARLE, FRÉDÉRIQUE SIX, AND DENISE SKINNER

Do organizational controls facilitate or hinder employees' trust in their organization? We addressed this question through a mixed-methods design using three studies. Based on a literature review and an open-response survey study (Study 1), we developed a theoretical model proposing that organizational control is positively related to employees' trust in their organization, and that this relationship is mediated by procedural fairness and organizational prestige. This mediated model was tested and supported in a quantitative survey of 582 European managers and professional employees from a range of organizations (Study 2). A complementary, qualitative interview-based study (Study 3) confirmed that well-implemented controls facilitate trust in the organization; however, poorly implemented control systems that are inconsistent, overly rigid, or incentivize untrustworthy behavior can undermine trust in the organization.

Keywords: trust, control, procedural fairness, organizational prestige

Over the last decade, a wide range of events have eroded internal and external stakeholders' trust in organizations (Kramer & Lewicki, 2010). Scandals and trust violations by firms across different industries have raised questions about organizational trustworthiness and increased demands for stricter regulation in the governance, compliance, and operations of companies. This, in turn, influences internal organizational control systems, increasing formalization, tightening evaluation and audit practices, and revising reward and sanctioning systems. Yet, how such organizational controls affect employees' trust in their organization is not clear.

Research attests to the benefits of high employee trust. Trusting employees are more committed and stay with the organization longer, work harder and more cooperatively, share knowledge, and problem solve more effectively (e.g., Coyle-Shapiro, Morrow, Richardson, & Dunn, 2002; Fulmer & Gelfand, 2012; Tremblay, Cloutier, Simard, Chenevert, & Vandenberghe, 2010; Whitener, 2001). In addition, trust in the employer enhances the effectiveness of high-performance work practices by moderating the effects of these HR practices on justice perceptions and feelings of commitment (Alfes, Shantz, & Truss, 2012). In contrast, those who do not trust their employer may reduce the effectiveness of

Correspondence to: Antoinette Weibel, University of St. Gallen, School of Management, Dufourstrasse 40a, 9000 St. Gallen, Switzerland, Phone: +41 71 224 23 80, E-mail: Antoinette.weibel@unisg.ch

Human Resource Management, May–June 2016, Vol. 55, No. 3. Pp. 437–462

Published online in Wiley Online Library (wileyonlinelibrary.com).
DOI:10.1002/hrm.21733

*Both authors have contributed to the same degree and their names are listed in alphabetical order.

their work (Dirks & Ferrin, 2001); are more likely to engage in counterproductive behavior, such as obstruction or revenge (Bies & Tripp, 1996); or decide to leave (Robinson, 1996).

The well-documented positive effects of trust have increased interest in understanding its antecedents. These include organizational variables such as high-commitment HR practices (Hodson, 2004; Searle et al., 2011; Whitener, 1997, 2001), fairness (Cohen-Charash & Spector, 2001; Colquitt, Conlon, Wesson, Porter, & Ng, 2001), and supervisory support (Zhang, Tsui, Song, Li, & Jia, 2008). Yet organizational control—the most ubiquitous feature of formal organizations and a central feature of HR systems (Snell, 1992; Snell & Youndt, 1995)—remains underexplored in relation to employees' trust in their organization. Indeed, despite Whitener's (1997) call for greater attention on the effect of bundles of HR practices on trust in the employer, little empirical work has occurred.

We propose that when focusing on trust in the organization, control systems generally function as a protective mechanism for employees, reducing risk and vulnerability in relation to their organization, and hence controls will typically facilitate trust in the organization.

Prior work on control and (interpersonal) trust has engendered a heated debate. Some scholars argue organizational control can complement and enhance trust. For example, performance management systems may create opportunities for positive interaction histories and signal "we care for your advancement" (e.g., Byrne, Pitts, Wilson, & Steiner, 2012; Sitkin, 1995; Weibel, 2007). However, other scholars propose that control and trust are negatively related, arguing control either forms a substitute for trust (i.e., control becomes redundant once a certain level of trust is present) or control actively undermines trust, as it signals suspicion (e.g., Das & Teng, 1998; Ghoshal & Moran, 1996). Bachmann, Knights, and Sydow (2001, p. v) conclude that "while there are numerous examples in the literature where control chases out trust, there are equally as many examples of trust and control being complementary, or going hand in hand."

This set of conflicting findings may be due to two reasons. First, prior work on trust and control typically examines only one or two select control mechanisms (e.g., performance appraisal or monitoring), suggesting that the divergent findings may reflect the specific type of control examined. Also, studies often focus only on the tight implementation of these control mechanisms, such as close monitoring or binding contracts (e.g., Malhotra & Murnighan, 2002). In this article, we take a more neutral and broader approach, focusing on three different types of control systems and on the configuration of control practices specified to direct employees' behavior into the direction of an organization's objectives. By adopting a broader view of organizational controls, our approach is closer to the actual practices of companies and parallels the approach adopted in the strategic HR field to study HR systems as a bundle of practices (e.g., Pil & MacDuffie, 1996).

Second, control may differentially impact on trust depending on the referent (i.e., who or what is being trusted). Fulmer and Gelfand's (2012) review showed that the antecedents and consequences of trust depend on the referent (e.g., an individual, a group, or an organization). Most prior work on trust and control focuses on interpersonal trust (i.e., how control relates to trust in specific others). Here, we distinguish employees' interpersonal trust from their trust in the organization, and extend the examination of the role of control to employees' trust in their employing organization. This responds to calls for greater specificity in the referent of trust (Fulmer & Gelfand, 2012) and theoretical work arguing that the assumptions for interpersonal trust are not always readily transferable to trust in the organization (Gillespie & Dietz, 2009, p. 142). Trusting an organization entails different types of vulnerabilities, dependencies, and risks than trusting a person.

We propose that when focusing on trust in the organization, control systems generally function as a protective mechanism for employees, reducing risk and vulnerability in relation to their organization, and hence controls will typically facilitate trust in the organization. Using data from three studies, we examine this proposition and explore the mechanisms through which the control-trust relationship occurs. Our overarching aim is to advance theoretical and empirical understanding of the role of organizational controls on employees' trust in their organization. To this end, we first conduct an exploratory, open-ended survey (Study 1, $N = 62$) to examine whether employees spontaneously identify controls as a factor that influences trust (or distrust) in their employing organization and, if so, what control practices are mentioned in this regard. This study suggested that three types of control are perceived to influence employees' trust in their employer: output, process, and normative control. In addition, respondents indicated that controls influence trust by engendering perceptions of fairness and supporting organizational prestige. Based on these Study 1 results and prior literature, we then develop and test a mediated model of the control-trust relationship through an online survey of 582 employees (Study 2). Finally, we conducted a complementary in-depth interview study (Study 3, *N* = 27) to qualitatively explore how organizational controls and their implementation impact on trust. This mixed-method design was chosen to enable triangulation of the findings and examine transferability across multiple samples.

Theory Development

Both trust and control enable cooperation in organizations, albeit in a different way. Trust enables cooperative behavior by producing an "as-if-reality" (Möllering, 2006)—that is, the expectation that the employer will reciprocate employees' efforts in time (Gould-Williams, 2007). Control, on the other hand, channels employees' interest by informing and rewarding cooperative behavior and sanctioning deviant behavior, and hence forms a structural assurance for cooperation (Weibel, 2010). Yet how trust relates to control remains unclear, particularly for trust in the organization.

Employee Trust in the Organization

Trust is defined as a psychological state that compromises the willingness to be vulnerable based upon positive expectations of the intentions or behavior of another party (Mayer, Davis, & Schoorman, 1995; Nooteboom, Berger, & Noorderhaven, 1997; Rousseau, Sitkin, Burt, & Camerer, 1998). Vulnerability is a function of (inter)dependence and risk in the trust-relevant situation. Thus, trust involves a decision to accept the risks associated with this dependence based on the positive expectation that the other party will act beneficially, or at least not inflict harm (Boon & Holmes, 1991).

This conceptualization of trust is used for a variety of referents, including individuals (e.g., trust in one's supervisor), groups (e.g., management), the organization, and interorganizational relationships (e.g., suppliers) (see Schoorman, Mayer, & Davis, 2007). Trust in these different targets is conceptually and empirically distinct, with differing antecedents and consequences (Alfes et al., 2012; Fulmer & Gelfand, 2012; Zaheer, McEvily, & Perrone, 1998). As noted, we focus on employee trust in their employing organization. Trust in the organization differs from interpersonal trust in that the referent and the source(s) of vulnerability and risk are broader and more diffuse. For trust in the organization, the referent of trust is a collective or a system, rather than a single person. Maguire and Phillips (2008, p. 372) define trust in organizations as "an individual's expectation that some organized system will act with predictability and goodwill." In line with this, Giddens (1990, p. 34) stresses that trust in organizations involves "reliability and faith in the correctness of abstract principles." Gillespie and Dietz (2009, p. 128) propose that employees' trust in their organization is based on their assessments of the organization's collective competencies and characteristics that enable it to reliably meet its goals and responsibilities (i.e., ability), combined with organizational actions that signal both genuine care and concern for the well-being of stakeholders and adherence to commonly accepted moral principles, such as honesty and fairness (i.e., intentions). Thus, employees' trust in the organization is built on both *competence trust*, which relates to expectations of abilities, and on *goodwill trust*, which relates to expectations of integrity and nonharmful behavior (Dekker, 2004; Sako, 1992).

Thus, employees' trust in the organization is built on both competence trust*, which relates to expectations of abilities, and on* goodwill trust*, which relates to expectations of integrity and nonharmful behavior.*

Organizational Control

Organizational control is defined as a process by which the organization regulates, or adjusts, the behavior of employees in the direction of the organization's objectives (Cardinal & Sitkin, 2009; Challagalla & Shervani, 1997). Our focus is on the organization's control system, which typically consists of a configuration of formal and informal control practices (Sitkin, Cardinal, & Bijlsma-Frankema, 2010) that provide information and implement corrective actions (Whitley, 1999). Snell (1992) distinguishes three formal organizational controls that are combined in an overall control system: input, process, and output control. As our interest is on employee perceptions of control systems that are related to their day-to-day work, we focus on the latter two, which are also the most studied organizational controls. *Process controls* are targeted toward employee behaviors (i.e., how to do the job) and relate to formalized written HR procedures stipulating how employees should do their work and how procedural adherence should be monitored, as well as sanctioned or rewarded (Snell, 1992, p. 294). *Output controls* monitor what employees produce and involve formal practices that set predefined targets and information systems that enable appraisal of results (Snell, 1992, p. 296) and motivate employees' goal systems (Flamholtz, Das, & Tsui, 1985; Langfield-Smith, 2008). Examples include HR practices such as performance appraisal and management, goal definition and feedback, and performance-related pay (Flamholtz et al., 1985; Langfield-Smith, 2008).

In addition, employee behavior is also strongly influenced by *normative control* that is the enforcement of accepted organizational norms and values, and the sanctioning of deviation from these norms (Sitkin & George, 2005). Such enforcement may rely on formal procedures (e.g., the official sanctioning of noncompliance with central norms), but more often it is driven by informal norm enforcement practices, such as peer pressure. Normative control is particularly relevant given increased pressure for (ethical) compliance. Hence, we focus on three aspects of an organization's control system: process, output, and normative control.

Control and Trust

While an employee may understand clearly the dependencies and risks entailed when dealing with another individual, these risks become broader and more ambiguous when the trustee is an organization.

Research on the interplay of trust and control has to date predominantly focused on *interpersonal* trust and has produced unresolved, conflicting findings. The interpersonal trust–control literature provides arguments and empirical support for two positions: (1) control and interpersonal trust are positively related, and (2) control and interpersonal trust are negatively related. Arguments for the positive effect of control on interpersonal trust include control systems can signal care (Bijlsma & van de Bunt, 2003), enable employees to perform their jobs competently (Gittell, 2001), and reduce the risks involved in working interdependently (Langfred, 2004). Thus, control systems can heighten trust in specific other people. For example, Gittell (2000) found that in companies using more managerial "hands-on" monitoring, employees' trust in both coworkers and supervisors was higher than in companies that predominantly evaluated results rather than processes.

Arguments for the negative effect of control on interpersonal trust include that control systems can signal distrust (Argyris, 1952; Ghoshal & Moran, 1996; Strickland, 1958), raise relational detachment (Thompson & Warhurst, 1998), and create an "us versus them" mentality between those enforcing the controls and the employees governed by them (Bijlsma-Frankema, Sitkin, & Weibel, forthcoming). Field studies (e.g., Barkema, 1995; Frey, 1997; Ramaswami, 1996), as well as experiments (Falk & Kosfeld, 2006), support the negative relationship between organizational control and interpersonal trust. For example, Malhotra and Lumineau (2011) demonstrate that while tight controls (i.e., binding contracts) raise cooperation, they also change attribution processes and diminish trust in the other party.

The relationship between control systems and employee *trust in their organization* has not yet been examined. There are important differences between interpersonal trust and trust in the organization that imply a different role for control. While an employee may understand clearly the dependencies and risks entailed when dealing with another individual, these risks become broader and more ambiguous when the trustee is an organization. For trust in the organization, it is less clear what needs to be judged, who is responsible for actions, and how these actions may create vulnerability for the employee. The risks are systemic and dependencies are manifold (Bachmann, 2001), and the employee expects not only that the organization as an entity acts in a trustworthy manner, but also that the organization's agents behave in fair, reliable, and competent ways (Barney & Hansen, 1994; Zhang et al., 2008). Employees are dependent on their supervisor and colleagues, but also on strategic decisions made by more removed senior management, and wider organizational systems, procedures, and HR practices (e.g., Searle et al., 2011). For example, employees may feel at risk of losing their job due to an unfair performance appraisal system, an unsatisfied supervisor, an underperforming teammate, or a strategic layoff decision by the company. Employees' trust in the organization is thus influenced by multiple sources of evidence and a variety of actors operating at multiple organizational levels (Gillespie & Dietz, 2009).

In this situation of systemic risk and multiple dependencies, controls can provide employees with predictability (Zaheer et al., 1998) and protection against the arbitrariness of a system by the universal application of general rules (Child & Möllering, 2003). This suggests controls should facilitate employee trust in the organization. Controls create reliability by allowing recurring problems to be dealt with in a consistent and universally applied manner (Pearce, Branyiczki, & Bigley, 2000). In addition, control systems can signal the legitimacy of decisions through the transparent and consistent application of standard criteria (Meyer, Scott, Strang, & Creighton, 1988; Suchman, 1995). For instance, Sitkin (1995) suggests that formal control may increase trust in organizational members through providing objective rules and clear measures on which assessments and evaluations of others are based.

Normative control further provides direction in unchartered waters, as norms also apply in novel situations where formal goals and predefined processes are not yet defined (Kang, Morris, & Snell, 2007). Hence, we propose:

Hypothesis 1: Organizational control is positively related to employees' trust in the organization.

Study 1: An Exploration of the Role of Control on Trust

Before formally testing Hypothesis 1, we conducted an initial open-ended survey to explore the proposed relevance of organizational control for employees' trust in their organization. We explored whether and which organizational control practices are spontaneously identified by employees as a factor that influences their trust (or distrust) in their employing organization, and, if so, how controls are perceived to affect trust (e.g., positively or negatively, and through which mechanisms).

Study Design and Analysis

As this study formed a first exploration of the role of controls, our design focused on what was important to the respondent without researcher-led constraints and preconceptions (Neuman, 1997). We conducted a survey with open-ended questions, as this is recognized as a well-suited methodology for identifying salient issues (Geer, 1991). Sixty-two managers and professional employees from different organizations in Europe completed an online open-response survey consisting of the following questions:

1. Would you say that you trust your organization? Please explain your answer by including examples from your experience that have led you to this opinion.
2. Has anything ever happened that has increased your trust in your organization? Please give examples.
3. Has anything ever happened that has reduced your trust in your organization? Please give examples.

Participants were a small, randomly selected sample of customers of Krauthammer International, an international management and sales training firm that regularly conducts short business-related surveys among samples of their associates and clients. Participants were sent the survey link, which they completed in their preferred language. Confidentiality and the voluntary nature of the study were stressed, and responses were anonymous. No incentives were offered for participation. Respondents represented a range of European countries (the Netherlands, Germany, France, Switzerland, Spain, Belgium, the United Kingdom, Sweden, Italy, Denmark, and Greece), industries (services = 55%, manufacturing = 45%), firm sizes (<50 = 8%, 51–500 = 40%, >500 = 52%), and occupational levels (nonmanagement and lower management = 22%, middle management = 41%, top/senior management = 37%). The majority were male (81%) and employed in the private sector (92%). The demographic profile of the sample was broadly representative of the broader customer base of Krauthammer, as confirmed by the company contact.

Two of the authors trained in qualitative data analysis content-analyzed all responses using an iterative approach to reveal patterns (Miles & Huberman, 1994). Coders focused on the type of control mentioned, whether control was positively or negatively related to trust in the organization, and reasons provided for how control affected trust. Differences between coders were discussed until agreement was reached.

Results

Three types of controls were identified by respondents as influencing trust (see Table I): process controls (e.g., personnel policies, codes of conduct, quality assurance and audits, procedural rules, and monitoring), output controls (e.g., performance management, target setting, and contractual obligations) and normative control in the form of sanctioning norm-deviant behavior (e.g., warnings). Of the 62 respondents, 27 (44%) identified without prompting that controls affected their trust in the organization.[1] Of these 27, 74% (N = 20) cited controls as a reason they trusted their employer, whereas 19% (N = 5) identified the lack of controls or poorly executed controls as a factor undermining their trust, with the remaining 7% citing both positive and negative issues. Controls were related to respondents' own trust in the organization, as well as their perceptions of external stakeholders' trust in the organization.

Three themes captured respondents' descriptions of how and why controls influence trustworthiness.

1. *Control mechanisms enhance trust in the organization by enabling fairness*: The most prominent control-related theme, identified by 48% of respondents (N = 13), was that controls enhance trust by facilitating fair, consistent, and transparent processes and treatment of staff and stakeholders. For example, in describing why they trust their organization,

TABLE I Types of Controls Identified by Study 1 Participants

Control Type	Example Quotes*
Process Control: Formalized written procedures stipulating *how* employees should do their work and how procedural adherence will be monitored, sanctioned, or rewarded.	*"All processes are documented and accessible to all."* (Case 50) *"There are clear, well-defined processes in the departments."* (Case 18) *"The guidelines that we stick to."* (Case 31) *"How the organisation operates in areas like personnel policy"* (Case 60) *"Quality: we have ISO 9001 certification. Safety: we are all VCA certified."* (Case 49) *"There are different means of monitoring level of service and quality of dialogue with our customers."* (Case 31)
Output Control: Formal practices that monitor and influence *what* is produced (e.g., goal and target setting and feedback, performance management and information systems that enable appraisal of results and motivate employees to produce output).	*"Employees are hired under clearly defined performance expectations and assessed according to them."* (Case 48) *"Customer satisfaction survey and measurement of delivery performance. The so called order-win report shows that people often select our company because of trustworthiness"* (Case 21) *"The whole employee appraisal system, which begins with setting targets which each employee gets for the year."* (Case 36) *"Internal audits, customer feedback, and delivered contracts"* (Case 14)
Normative Control: Enforcement of accepted organizational norms and values, and the sanctioning of deviation from norms.	*"The organization as a whole is extremely trustworthy but there are some individuals working within it who bend the values and standards to their own requirements. However, the organization is trustworthy because it is open and communicative and deals with these individuals who bend the values."* (Case 16) *"Without going into details, I can claim that as soon as an employee violates this trustworthiness, he gets a warning. After that it should not happen again. If it does, there will be an exit process. It touches our company's soul. Clients are also stimulated, if necessary, to complain about wrongdoings, no matter how little the complaint is."* (Case 12) *"Ethical principles are applied: settling a person's bad performance problem. Settling 'gift' problems."* (Case 22)

Note: *Quotes are in response to the question of whether and why respondents trust or distrust their organization.

respondents highlighted the importance of process and output controls for fairness and transparency:

> *"There are clear, well-defined processes in the departments, fixed responsibilities, and a sense of responsibility amongst employees. Interactions between employees and customers are governed by fixed values and principles and are thus fair and trustworthy in all respects."* (Case 18)

> *"There is no hire and fire. Employees are hired under clearly defined performance expectations and assessed according to them."* (Case 48)

> *"There is a lot of attention to integrity and control. All output of this organization is checked according to (a minimum of) the 4-eye principle. All processes are documented and accessible to all. Transparency in optimal form."* (Case 50)

Reinforcing the importance of this theme, respondents also identified that a lack of controls (e.g., lack of quality inspections, lack of principles governing conduct) or the inconsistent implementation of controls (e.g., ignoring contracts) led to unfair treatment of employees and/or external stakeholders, which undermined trust in the organization. For example, in describing why their organization was not trustworthy, respondents explained:

> *"Corporate HR department apparently lacks any knowledge of locally agreed employment contracts, and there are occasionally even attempts to ignore such employment contracts, for example, with regard to salary increases."* (Case 30)

> *"Promises are not kept (e.g., promised quality inspections are not performed) and the contracted hours are hardly ever kept. The customer proves it to me in writing (e.g., by checking incoming batches), that every day he pays too much for the services we charge him for, or that the promised inspections and the report about it have not been performed or drawn up, or that he has not received the report, etc."* (Case 28)

2. *The presence of controls supports the organization's reputation and prestige*: A similarly strong theme identified by 44% (N = 12) of respondents related to how the presence of organizational controls underpins the firm's reputation and standing. Respondents identified a variety of distinct process (e.g., training and monitoring), output (e.g., audits and customer feedback), and normative controls (e.g., codes of conduct), which were utilized to create and maintain a positive external image of the firm. For example, in describing why their organization was trustworthy, respondents stated:

> *"From the moment of entry, employees are trained to act with utmost integrity. As HR-manager, I constantly monitor the trustworthiness of employees towards clients. Not just me, but also others within the organization are concerned with this. We constantly test how clients assess our trustworthiness. To become a permanently trustworthy organization requires trustworthy employees, transparency of service, and independent inspection—all are absolutely necessary. We meet all three points."* (Case 12)

> *"Business agreements are constantly checked against existing values. A thorough process is followed when drawing up contracts. External trustworthiness starts internally."* (Case 18)

> *"Yes, due to the measures taken internally in relation to quality, independence and integrity. This is of crucial importance because, as an accounting firm, we have to portray trustworthiness to our market."* (Case 58)

3. *Sanctioning those that violate accepted norms supports organizational trustworthiness*: A theme less frequently mentioned (by 7%, N = 2) suggested trust is maintained through the effective handling of those who deviate from accepted standards and norms. This reinforces how normative controls facilitate trust by enabling consistency and transparency. For example:

> *"The organization as a whole is extremely trustworthy but there are some individuals working within it who bend the values and standards to their own requirements. However, the organization is trustworthy because it is open and communicative and deals with these individuals who bend the values."* (Case 16)

> *"My company is a very trustworthy organization. Without going into details, I can claim that as soon as an employee violates this trustworthiness, he gets a warning. After that it should not happen again. If it does, there will be an exit process. It touches our company's soul. Clients are also stimulated, if necessary, to complain about wrongdoings, no matter how little the complaint is."* (Case 12)

However, other respondents indicated the need for leeway in applying strict controls, particularly with external stakeholders, with overly rigid controls and sanctions being problematic. For example, in describing why they do not fully trust their company, one respondent stated:

> *"There is sometimes an insistence on adhering to strict legal conditions even when goodwill would be more important for maintaining long-term customer relationships."* (Case 30)

A similarly strong theme identified by 44% (N = 12) of respondents related to how the presence of organizational controls underpins the firm's reputation and standing.

Discussion

This exploratory study indicated that many employees identify that organizational controls affect their trust in their employing organization. Three forms of controls—process, output, and normative—were perceived to influence trust. When consistent and well implemented, these three forms of control were seen to build trust in the organization through ensuring fair transparent treatment and facilitating the organization to build and protect its prestige. In contrast, a lack of controls, inconsistent application, or overly strict rules were perceived to undermine trust.

Thus, Study 1 provides preliminary qualitative support for the proposition that well-implemented organizational controls (namely, process, output, and normative controls) can facilitate trust in the organization. It also identifies two underlying mechanisms for this positive relationship:

in the eyes of respondents control systems (1) enable *procedural fairness* and (2) enhance the organization's competence and reputation as perceived by internal and external stakeholders (i.e., *organizational prestige*).

> *Study 1 provides preliminary qualitative support for the proposition that well-implemented organizational controls (namely, process, output, and normative controls) can facilitate trust in the organization. It also identifies two underlying mechanisms for this positive relationship: in the eyes of respondents, control systems (1) enable* procedural fairness *and (2) enhance the organization's competence and reputation as perceived by internal and external stakeholders (i.e.,* organizational prestige*).*

In Study 2, we conduct a formal quantitative test of the proposition that controls are positively associated with trust (H1), and draw directly on the Study 1 findings to propose and test that the relationship between control and trust in the organization is mediated by procedural fairness and organizational prestige.

Study 2: A Quantitative Test of a Mediated Model of the Control-Trust Relationship

Study 1 suggested that procedural fairness mediates the relationship between controls and trust in the organization. Research on how controls relate to procedural fairness—that is, the fairness of procedures to make organizational decisions (Thibaut & Walker, 1975)—is rare to date. We expect organizational control systems to strengthen fairness perceptions for several reasons. Perceptions of procedural fairness are shaped by the consistency, accuracy, and objectivity of decision procedures and by opportunities for participation, voice, and appeal (Colquitt, 2001; Niehoff & Moorman, 1993). Control systems enhance consistency of organizational decisions and reduce the probability of "double standards." In addition, as controls are created to provide information, they should strengthen the accuracy of decisions. A positive relationship with procedural fairness has been shown empirically for a few forms of control, including outcome control (Hartmann & Slapnicar, 2009), managerial monitoring (Niehoff & Moorman, 1993), and formalization (Kurland & Egan, 1999).

Prior literature supports the idea that procedural fairness is related to trust at the organizational level (Cohen-Charash & Spector, 2001; Colquitt et al., 2001). Procedural fairness serves as an easily available heuristic on whether an exchange partner is willing and committed to cooperate (vandenBos, Lind, Vermunt, & Wilke, 1997), and hence should impact goodwill trust positively (Colquitt & Rodell, 2012). In addition, fair processes signal reliability and confidence that outcomes derived from an exchange should be favorable over time (Thibaut & Walker, 1975; Tyler & Blader, 2000), thus engendering competence trust:

Hypothesis 2: The relationship between organizational control and employees' trust in the organization is mediated by procedural fairness.

Study 1 suggested a second mechanism by which controls influence trust—namely, by enhancing the organization's reputation and prestige with external stakeholders. Organizational prestige describes the socially influenced positive picture of the organization, including its reputation and status (Highhouse, Lievens, & Sinar, 2003). Control systems are likely to influence organizational prestige through the provision of information (Chenhall, Hall, & Smith, 2010). For instance, Chenhall and Morris (1995) discuss how formal controls exhibit an organization's capabilities to outsiders, thereby enhancing its reputation. Controls also enable consistent and transparent treatment of all stakeholders, including those beyond the organizational border, and contribute to the organization's reputation for fair dealings.

To our knowledge, the impact of organizational prestige on employee trust in the organization has rarely been examined. We expect that prestige relates positively to trust because trust is based on relationship-specific information and prestige provides such information by confirming that external stakeholders view the organization as competent and well intentioned. This aligns with Gillespie and Dietz's (2009, p. 132) assertion that employee trust is influenced by the organization's reputation and "standing among industry and stakeholder networks," including external judgments of its products and services. The limited existing empirical evidence supports a positive relationship between corporate reputation and customers' trust in organizations (Keh & Xie, 2009). We therefore propose:

Hypothesis 3: The relationship between organizational control and employees' trust in the organization is mediated by organizational prestige.

Method

An online survey was sent via e-mail to a stratified, representative sample of clients and associates of Krauthammer International (see Study 1 for description). Participants invited for Study 1 were excluded from the e-mail list for Study 2 to ensure no individuals participated in both studies. The survey explained the anonymous and voluntary nature of participation, and no inducements were offered in return for participation. A total of 787 respondents returned the questionnaire (response rate 31%). After deleting cases with extensive missing data, the final sample was 582 respondents (23%). The majority of respondents were from four European countries (33% the Netherlands, 30% France, 6.5% Belgium, and 6% Switzerland), with the remaining 24.5% spread over 15 European countries. Participants represented a broad range of organizations (no single firm comprised more than 4% of the sample), occupational levels and firm sizes (see Table II). The majority (90%) worked for privately owned companies, and 82% percent were male. The sample was representative of the demographic profile of the broader population of Krauthammer contacts, as well as prior company surveys, as confirmed by the company contact.

Measures

Participants completed the survey in their preferred language. All items and instructions were translated from English into Dutch, French, German, Swedish, Italian, Spanish, and Portuguese, and back-translated to check correspondence. Respondents selected their preferred language. All items are included in Appendix 1. A seven-point Likert scale (1 = strongly disagree to 7 = strongly agree) was used for all items. Scales had good reliabilities (Cronbach's alphas ranged from .76 to .89; see Table II).

TABLE II Descriptive Statistics and Correlations (*N* = 582)

	Mean	SD	1	2	3	4	5	6	7	8	9	10
1. Competence Trust	5.26	1.03	(.83)									
2. Goodwill Trust	4.88	1.22	.64**	(.89)								
3. Output Control	5.15	1.17	.41**	.43**	(.84)							
4. Process Control	4.65	1.12	.40**	.42**	.44**	(.83)						
5. Normative Control	4.33	1.13	.40**	.45**	.34**	.36**	(.76)					
6. Procedural Fairness	4.4	1.23	.52**	.66**	.41**	.45**	.42**	(.89)				
7. Organizational Prestige	5.25	0.91	.61**	.59**	.44**	.33**	.30**	.48**	(.85)			
8. Management Level	nonmgt: 12% lower mgt: 12% mid. mgt: 44% sen. mgt: 24% top mgt: 8%		.18**	.25**	.13**	.06	.07	.19**	.08			
9. Organizational Sector	private: 90% public/NGO: 10%		–.09*	–.01	–.08	–.05	–.04	.02	–.04	.01		
10. Organizational Size	< 50: 13% 51–250: 27% 251–500: 14% 501–1,000: 9% >1,000: 37%		–.1*	–.1*	.01	.05	–.05	–.12**	–.08*	–.06	.1*	
11. Gender	female: 18% male: 82%		–.01	–.09*	–.07	–.05	–.12**	–.05	–.02	–.12**	–.03	–.07

Notes: Cronbach's alphas are displayed on diagonal in parentheses.
$*p < .05$ level, $**p < .01$ (two-tailed).
Management level: 1 = nonmanagerial, 2 = lower management, 3 = middle management, 4 = senior management, 5 = top management.
Organizational sector: 0 = private, 1 = nongovernmental organization and/or public.
Organizational size: 0 = less than 50; 1 = 51–250, 3 = 251–500, 4 = 501–1,000; 5 = more than 1,000.

Organizational Control

Organizational control systems are based on a configuration of control types–organizational control subsystems. Informed by the results of Study 1, three control types were measured: output, process, and normative control. *Output control* was measured by four items adapted from Jaworski, Stathakopoulos, and Krishnan (1993), which focus on the extent to which standards are set, progress is monitored, and goal attainment is rewarded. *Process control* and *normative control* were assessed using the items developed by Sitkin and George (2005).

While Study 1 suggests that all three of the control types affect trust in the organization, different organizations will vary in their relative use of each control subsystem (e.g., two organizations with strong control systems may use different configurations, with one dominant in process controls and the other in output controls). Therefore, we did not expect the control subsystems to be highly correlated. Indeed, the overall construct of "organizational control" should be treated as a formative rather than a reflective second-order construct (Roy, Tarafdar, Ragu-Nathan, & Marsillac, 2012). Thus, the overall construct of organizational control was operationalized as a control index that combined the three control subsystems.

Organizational control systems are based on a configuration of control types–organizational control subsystems. Informed by the results of Study 1, three control types were measured: output, process and normative control.

Procedural Fairness

Procedural fairness was measured with the five-item scale developed by Niehoff and Moorman (1993).

Organizational Prestige

Organizational prestige was measured with five items based on the employer prestige scale of Highhouse et al. (2003), which we extended to include prestige among important external stakeholders, in line with the findings from Study 1.

Trust in the Organization

Research has identified perceptions of trustworthiness or ("positive expectations") as a defining characteristic of trust (Coletti, Sedatole, & Towry, 2005; Cook & Wall, 1980; for an overview, see Dietz & Den Hartog, 2006; Schoorman et al., 2007). Thus, we measured trust as employee perceptions of the organization's trustworthiness. Specifically, we measured *competence trust* as positive expectations of the organization's ability and *goodwill trust* as positive expectations of the organization's intentions (Cook & Wall, 1980; Sako & Helper, 1998).

Covariates

As perceptions of both organizational control and trust in the organization may be affected by the respondent's management level, organizational size, sector, and gender, we controlled for these variables in our analyses.

Construct Validity

We conducted an item-level confirmatory factor analysis for all seven latent constructs (process control, output control, normative control, procedural fairness, prestige, competence trust, and goodwill trust). As shown in Table III, our hypothesized seven-factor model provided a good fit to the data (χ^2 = 1,010.52 χ^2/df = 2.85; CFI = .93; NNFI = .92; RMSEA = .05; SRMR = .05). We examined the adequacy of our measurement model by comparing the seven-factor solution to several alterative models. These comprised a model combining the two trust dimensions into one factor (six-factor model), a model combining all independent variables into one factor (three-factor model), and a single-factor model. All of these models resulted in a significant decrement in fit as judged by the chi-square difference test; thus, we proceeded with the seven-factor model and the model where we combined the control scales into one index.

Results

Table II presents the means, standard deviations, reliabilities, and intercorrelations for all variables. The correlations suggest that multicollinearity

TABLE III Comparison of Alternative Measurement Models

Model	X^2	*df*	X^2/df	RMSEA	CFI	NNFI	SRMR
Seven-Factor Model	1,010.52	354	2.85	.05	.93	.92	.05
Six-Factor Model (Trust Combined)	1,436.43	362	3.97	.07	.89	.87	.06
Two-Factor Model (IVs Combined, Trust Combined)	3,483.49	374	9.31	.12	.68	.65	.09
Single-Factor Model	4,079.85	377	10.8	.13	.62	.59	.09

Note: RMSEA = root mean square error of approximation; CFI = comparative fit index; NFI = non-normed fit index; SRMR = standardized root mean square residual.

should not pose a problem. All VIFs were well below 10. Sequential regression analyses were performed to test the hypotheses. The covariates (gender, management level, sector, and size) were entered first, followed by the predictors (the control components), and then the proposed mediators (fairness and prestige). This enabled us to test whether control and the mediators predicted significant variance beyond the covariates. The results are presented in Table IV. The three individual control scales (output, process, normative) showed similar relationships with trust: all were positively and significantly related to both competence and goodwill trust (see Model 2). The strength of the relationship of each control measure with trust was diminished once the mediators were entered into the equation (see Model 3). Given that the three control measures showed a similar pattern of relationships with trust, we used the overall control index in subsequent analyses (Model 4).

Each of the control components (Model 3) and the overall control index (Model 4) positively predicted both competence trust and goodwill trust. The control index explained an additional 26% of the variance of competence trust and 30% in the case of goodwill trust, beyond the covariates. These results support Hypothesis 1: organizational control relates positively to trust in the organization. To further specify this hypothesis, in line with the results of study 1, all three control types (process, output, and normative) positively relate to trust. The two mediators were also significant predictors of both types of trust (Models 3 and 4). The mediators explained an additional 20% of the variance in competence trust and 23% in goodwill trust. In total, 50% of the variance in competence trust and 59% of the variance in goodwill trust was explained by the covariates and predictors.[2]

To test our mediation hypotheses, we used the approach outlined by Preacher and Hayes (2008) examining the indirect effects between the predictor (control) and outcome variable (trust) through the mediators (fairness and prestige) via bootstrapping. This approach addresses several weaknesses associated with the Sobel test (Efron & Tibshirani, 1993; Mooney, Duval, & Duval, 1993).[3] In Tables Va and Vb, we provide the estimates of the indirect effects and the 95% bias corrected bootstrapped confidence intervals for our path estimates (no covariates were included in this model). All indirect effects were significant; the bootstrapped confidence intervals did not include zero. As recommended by Preacher and Hayes (2008), indirect effect sizes are reported here as a ratio of indirect to total effect (0.56 for competence trust, 0.63 for goodwill trust), as a ratio of indirect to direct effect (1.25 for competence trust, 1.72 for goodwill trust), and as a partially standardized indirect effect (0.33 for competence trust, 0.36 for goodwill trust). Again in line with the results of Study 1, these findings support Hypotheses 2

The three individual control scales (output, process, normative) showed similar relationships with trust: all were positively and significantly related to both competence and goodwill trust.

TABLE IV Regression Analysis on Competence and Goodwill Trust (*N* = 582)

	Competence Trust				Goodwill Trust			
Variables	**Model 1**	**Model 2**	**Model 3**	**Model 4**	**Model 1**	**Model 2**	**Model 3**	**Model 4**
Management Level	.188***	.134***	.097***	.095**	.241***	.185***	–.125***	.126***
Org. Size	–.06	–.071**	–.02	–.024	–.077*	–.085**	–.02	–.021
Org. Sector	–.08*	–.043	–.057*	–.054*	.001	.036	.01	.01
Gender	.009	.053	.044	.042	–.046	.002	–.007	–.011
Output Control		.213***	.068*			.226***	.07**	
Process Control		.216***	.116***			.221***	.075**	
Normative Control		.254***	.142***			.281***	.136***	
Control Index				.244***				.215***
Procedural Justice			.161***	.17***			.373***	.372***
Org. Prestige			.428***	.422***			.313***	.312***
R^2 adj.	.040	.301	.499	.498	.065	.364	.589	.592
F	6.884***	36.049***	63.606***	82.049***	10.935***	47.540***	91.660***	116.928***
ΔR^2		.261	.198			.299	.225	

Note: * $p < .05$ level, ** $p < .01$, *** $p < .001$.

TABLE Va Direct and Indirect Effects for Competence Trust

	Estimate	Bias-Corrected Bootstrap 95% Confidence Interval
Total	0.35 (0.04)	0.27, 0.43
CI⇒PJ⇒CT	0.13 (0.03)	0.08, 0.20
CI⇒OP⇒CT	0.22 (0.03)	0.15, 0.28

Notes: N = 606.
Bootstrap Confidence Intervals were constructed using 1,000 resamples.
Direct Effect CI⇒CT = 0.28** (0.04). Standard error in parentheses.
CI = Control Index, PJ = procedural justice, OP = organizational prestige.

TABLE Vb Direct and Indirect Effects for Goodwill Trust

	Estimate	Bias-Corrected Bootstrap 95% Confidence Interval
Total	0.49 (0.05)	0.41, 0.58
CI⇒PJ⇒GT	0.31 (0.04)	0.24, 0.39
CI⇒OP⇒GT	0.18 (0.03)	0.13, 0.24

Notes: N = 572.
Bootstrap Confidence Intervals were constructed using 1,000 resamples.
Direct Effect CI⇒GT = 0.29** (0.05). Standard error in parentheses.
CI = Control Index, PJ = procedural justice, OP = organizational prestige.

and 3: procedural fairness and organizational prestige mediate the relationship between organizational control and trust. In addition, we tested whether the strength of the mediating effects differs between the mediators: for competence trust, organizational prestige was a significantly stronger mediator than procedural fairness; for goodwill trust, no significant difference existed.

Procedural fairness and organizational prestige mediate the relationship between organizational control and trust.

Discussion

The results of Study 2 provide quantitative support for the proposed control-trust relationship (H1). In line with the qualitative insights from Study 1, all three types of control—output, process, and normative—were each positively associated with employees' trust. Furthermore, Study 2 quantitatively supports the hypothesized mediating role of procedural fairness and organizational prestige. The mediating role of procedural fairness aligns with the Study 1 findings as well as the theoretical idea that "protection against the arbitrariness of the system" is a concern for employees. The mediating role of prestige is also consistent with the Study 1 results and theoretical work suggesting that employees rely on the organization's external reputation when judging their employer.

Study 3: A Qualitative Examination of the Control-Trust Relationship

To complement the quantitative Study 2, we conducted an interview study to qualitatively explore how organizational controls influence trust. While both Studies 1 and 2 indicate that well-executed controls are positively associated with employee trust in their organization, Study 1 also suggested that poorly implemented controls (e.g., using double standards or being overly strict) might negatively impact organizational trustworthiness. Thus, in this third study, we aimed to further explore how the type of implementation of controls might influence the control-trust relationship. This study also enabled examination of the transferability of the Study 1 and 2 findings to a new sample, and triangulation of the results with a third method—in-depth interviews—that allowed follow-up questioning and explicit probing on the relationship between control and trust. In contrast to Study 1, which used an open-response survey design, participants in the Study 3 interviews were asked explicitly how controls impact on organizational trustworthiness and probed to consider both the positive and potentially negative effects of control on trust. This ability to probe helped us further enrich understanding of how control relates to employees' trust in the organization.

Participants and Method

A sample of 27 managers from the United Kingdom, Switzerland, and Germany were e-mailed an invitation to participate in the research study. They were informed that participation involved a semistructured telephone interview to discuss trust and control in their employing organization. Managers were drawn from a convenience sample consisting of associates and alumni (executive programs) of a UK and a Swiss university and were purposively selected to represent a range of firm sizes, sectors, and management levels. The sampling of both Anglo-Saxon (48%) and Germanic (Swiss or German 52%) participants was informed by literature indicating that these countries have clear, yet distinct, views on controls (Lane & Bachmann, 1998). The majority of participants were male (85%), from nongovernment organizations (92%), and represented higher management levels. Respondents originated from small

(29%), medium (30%), and large (41%) firms in both services (63%) and manufacturing (37%) sectors. Confidentiality and the voluntary nature of the interviews were emphasized, and no incentives were offered for participation. All interviews were audio-recorded for transcription. Interviews were conducted in the participants' preferred language and, if needed, translated into English by a professional translator. Appendix 2 shows the interview questions.

Analysis

Transcripts were entered into NVivo9 and analyzed thematically using template analysis (King, 2004) by two of the authors. We followed a combined deductive and inductive approach, using a priori categories from our previous studies and the trust and control literature where relevant, while also identifying novel codes emerging from the data. The coding process was recursive and, while acknowledging that no template is ever "final" (King, 2004), saturation was assumed when no additional themes were found (Guest, Bunce, & Johnson, 2006). To ensure coding reliability, the two coders independently double-coded four randomly selected transcripts (two from each cultural group), representing over 10% of the data. Cohen's Kappa statistics exceeded .75 for all categories coded, indicating good interrater agreement (Fleiss, 1981). Once the coding template was finalized, it was reapplied to all transcripts to ensure consistency (Braun & Clarke, 2006). Appendix 3 shows the coded themes with sample quotes.

Results

Consistent with Study 1 and 2, the majority of interviewees (19/27; 70%) identified that controls enhance the organization's trustworthiness and identified the same three types of control as facilitative of trust. Two interviewees described a negative impact of controls on trust, and a further five identified both positive and negative effects. One participant did not see any link between control and trust. When subsequently prompted to consider possible negative effects of control on trust, a further 46% identified a potential negative influence under certain circumstances. In line with the other two studies, two superordinate themes explained how controls contribute to trust: (1) controls enhance the organization's reputation and competence (identified by 70%, $N = 19$) and (2) controls enhance fairness and support (identified by 63%, $N = 17$). These themes and their subthemes are described below (see Appendix 3 for additional quotes).

Controls Enhance the Organization's Reputation and Competence

Three subthemes identified how controls enhance the organization's competence, performance, integrity, and general reputation.

1. *Controls provide information about the organization's competence:* Interviewees described how controls signaled the organization's competence and ability to deliver high-quality outcomes. Both the presence of internal controls (e.g., quality controls, standardized work conformations, and performance appraisals) and fulfilling the requirements of external regulatory bodies (e.g., government and professional bodies) were seen as providing information about the organization's competence to different stakeholders, particularly to customers and employees. For example:

   "I think our quality controls are an important part of our trustworthiness. Externally, if our customers know that we have stringent quality controls, then they can trust our products to do what they say." (Case 12, UK senior manager, large manufacturing business)

   "They [the quality controls] have a direct impact. If the customer is satisfied, we too trust our products more. There is more trust that when the order is processed, it will work." (Case 22, German manager, small private industrial company)

   "There are specific moderating/controlling bodies that look at that [company communication with stakeholders] from outside in a way where we are accountable. We want and have to inform these bodies on the organization's operations and as such there is then an external second opinion and checking stage. I think this too can help to further build up trust in the company." (Case 15, German managing firector, small financial services firm)

> *Both the presence of internal controls (e.g., quality controls, standardized work conformations, and performance appraisals) and fulfilling the requirements of external regulatory bodies (e.g., government and professional bodies) were seen as providing information about the organization's competence to different stakeholders, particularly to customers and employees.*

2. *Controls align employees with organizational goals, enhancing competence:* Controls were

perceived to align employees with organizational goals by motivating and ensuring that employees reliably and efficiently produced high-quality goods and services, and delivered on commitments to customers and internal stakeholders. This was seen to enhance organizational performance and firm reputation. Evaluation and monitoring processes were also described as feedback mechanisms that enabled continuous improvement. Control mechanisms used to facilitate alignment included output controls (e.g., customer feedback processes, target setting, performance appraisal) and process controls (e.g., quality assurance processes, standard operating procedures, codes of conduct). For example:

"I think they [the control systems] have a large impact [on organizational trust] because this system forces us, or the employees are pushed through monetary incentives, to do a good job for the customer. And attached to that is what the customer was promised and that fosters trust." (Case 20, Swiss senior manager, large private IT services firm)

Organizational controls (e.g., codes of conduct, policies, cross meetings) were perceived to play a central role in protecting firm reputation by making salient and monitoring the ethical and behavioral expectations of employees.

3. *Controls demonstrate and protect organizational integrity*: Organizational controls (e.g., codes of conduct, policies, cross meetings) were perceived to play a central role in protecting firm reputation by making salient and monitoring the ethical and behavioral expectations of employees. Rapid sanctioning of unethical or underhanded behavior (e.g., bribes) and adopting standards that went beyond minimum regulatory compliance to protect stakeholders (e.g., food packaging standards to protect consumer safety) were seen as demonstrating the organization's integrity. For example:

"One of the key elements that can affect trustworthiness is obviously the behavior of employees, because employees represent the company, and there are a set of very stringent controls in my company on what employees are allowed to do and not allowed to do. Even things that may not be improper, but may have a perception of being improper… . We have had examples of people who have taken payments in Germany in the last few years which had a lot of negative press and they were dealt with very quickly. So we have quite a strong moral code if you like, but it's written down, it's proceduralized. So that element I do think affects the company's trustworthiness." (Case 10, UK department manager, large multinational)

Controls Enhance Fairness and Support

Two themes highlighted how organizational controls create fair, consistent processes and mechanisms to support and protect employees.

1. *Controls support fairness and consistency:* Control mechanisms, particularly performance appraisals, compensation systems, and customer feedback processes, were perceived to enhance fairness and consistency in the treatment and appraisal of employees and the distribution of rewards. These mechanisms were seen to guard against personal favoritism by providing a consistent and transparent basis for decision making. Controls were also seen to facilitate open communication and honest feedback and enable employees to voice concerns. As one interviewee explains, fair performance appraisals are critical to trust:

   "These controls impact on my assessment of my organization's trustworthiness because there is a fairness in the organization because it [the performance appraisal] is not just being done by an individual manager. I worked for organizations before where one manager made all the decisions about how his staff were performing. There were no checks or balances, so if he liked them—irrespective of how good their work was—they would get good rewards. If he didn't like them, they wouldn't. With the current system where I work now, because there is fairness across the board, and it is handled independently by the HR department, I get the feeling that there is a far greater fairness. And because of that fairness, you feel that the organization is trustworthy." (Case 8, UK project leader, financial services firm)

2. *Controls protect and support employees:* Interviewees described that controls enhance organizational trustworthiness by supporting and protecting employees and demonstrating the organization's genuine care and concern for them (i.e., benevolence). For example:

   "It's important that we have control systems for employees as well, because monitoring is not just something negative. In our field it's possible to manipulate people, our employees, and I have to protect them. And that

ultimately also has something to do with trust. So that means these processes ultimately have the effect that trust within and outside of the company increases. Because I need a monitoring system that doesn't allow an employee to be stitched up by a credit intermediary. And I have to be able to protect the employee so that nothing happens to him. And therefore this four-eyes principle is not saying, 'I want to annoy you, I don't trust you' but it's saying 'I'm protecting you.'" (Case 19, German CEO, small financial services firm)

The Potential Negative Role of Control in Organizational Trustworthiness

Three themes emerged that highlighted how the poor implementation of organizational controls could undermine trust. Each of these themes is described next in the order most cited, with supportive quotes shown in Appendix 4[4]:

1. *Inconsistent or non-transparent implementation of controls:* A total of 37% of interviewees identified that control mechanisms that are not implemented in a consistent, transparent, clear, or timely manner can undermine trust. This negative effect predominantly related to performance appraisal and reward mechanisms that were inconsistently or opaquely applied due to a subjective bias, a lack of time, or a conflict with the values of the organization. For example:

   "I think the main negative impact is time. A lot of managers are very, very busy, and people that manage staff generally, are so busy, that often the appraisal schemes get put on the back burner and maybe don't happen, or don't happen as often as they should. So that leaves people feeling 'oh well, my manager hasn't had my one to one, or my appraisal for the last five months,' promoting within the individuals the feeling that I am not being looked after, I am not being cared about within the organization." (Case 4, UK department leader, financial services firm)

This quote highlights that control systems can raise employees' expectations of the quality and timeliness of feedback from their managers (in this case, appraisal guidelines stipulated feedback every quarter), which—if not consistently implemented—undermine perceptions of the organization's goodwill trust. Other examples included a lack of clarity in agreeing on contracts with clients or in communicating the reasons for changes.

2. *Over-control:* A total of 30% of interviewees identified that controls could have a negative impact on trust when they are too extreme, inappropriate, or take the form of micromanagement. Several interviewees explained how micromanagement (i.e., overly strict process controls or monitoring) signals a lack of trust in employees, which in turn undermines employees' trust. Inappropriate use of controls included monitoring how highly qualified employees performed their work or using controls so strictly that they went beyond "logical bounds." The need for balance and a "happy medium" in the implementation of controls was emphasized:

   "So I wouldn't want to have control mechanisms to an extent where the employee says 'they don't trust me' … so long as the control mechanisms assess whether an employee has met targets, I think that doesn't have a negative impact on trustworthiness. It would have a negative impact, I think, if you also suggested the way to the target, or not only suggested it but monitored it: 'What are you doing today? What are you doing tomorrow and what arrangements are you making?' If you did that then the employee would feel like he was under review, controlled in the sense of 'they don't trust what I'm doing.' And that is not the case in our company." (Case 25, Swiss middle management, large manufacturing company)

Control mechanisms that are not implemented in a consistent, transparent, clear, or timely manner can undermine trust. This negative effect predominantly related to performance appraisal and reward mechanisms that were inconsistently or opaquely applied due to a subjective bias, a lack of time, or a conflict with the values of the organization.

3. *Controls can encourage untrustworthy behavior:* Two interviewees described how control mechanisms may undermine trustworthiness when implemented in a way that incentivized dishonesty and "playing the system" for individual gain. For example, a senior manager in a Swiss IT firm described how the control system in his organization (which heavily incentivized sales and customer service) reduced the organization's ability to deliver on commitments:

   "It [the control mechanism] ends up putting a large burden on the employee because it's a very sales driven system. Too much is sold

and that leads to a situation where we can't deliver anything, which damages trust." (Case 20, Swiss senior manager, large IT services firm)

Discussion

This third study corroborates and extends the findings from Studies 1 and 2. It provides further evidence for the proposed model indicating that well-implemented organizational control systems (including process, output, and normative controls) positively affect trust in the organization by (a) enhancing the organization's reputation and competence (i.e., organizational prestige) and (b) facilitating the fair, consistent, and supportive treatment of employees (i.e., procedural fairness). Importantly, while supporting the positive relationship between well-implemented controls and trust in the organization, this study also extends understanding by revealing that poorly implemented controls can undermine trust in the organization—namely, when control systems are implemented in an inconsistent, opaque, or overly strict manner, or in a way that (unintentionally) produces untrustworthy behavior.

Well-implemented organizational control systems (including process, output, and normative controls) positively affect trust in the organization by (a) enhancing the organization's reputation and competence (i.e., organizational prestige) and (b) facilitating the fair, consistent, and supportive treatment of employees (i.e., procedural fairness).

Overall Discussion

In this article, we proposed a novel conceptual model of how organizational controls relate to employees' trust in their organizations. This model, derived from an initial exploratory qualitative study (Study 1) and existing literature, proposed that organizational controls—namely, output, process, and normative controls—impact on employees' trust in their employing organization via two mechanisms: facilitating procedural fairness and enhancing organizational prestige. The model was supported through both a large quantitative survey study (Study 2) and in-depth interviews (Study 3).

To our knowledge, this is the first article to examine how a broad set of organizational controls relates to employee trust in the organization, and to explore mediators of this relationship. The study responds to recent calls to clarify in whom the individual is trusting (Fulmer & Gelfand, 2012) and shows how control systems relate to employees' trust in their employing organization. In contrast, prior work examining the control-trust relationship has focused largely on interpersonal trust rather than on trust in the organization. The empirical findings from our three studies clearly suggest that having sound and well-implemented control systems is positively related to employees' trust in their employing organization.

Drawing on the insight that organizational controls are integral to organizational functioning (Snell & Youndt, 1995), we cannot support the view of some scholars who argue that with the "end of bureaucracy," trust will substitute for control (e.g., Heckscher & Donnellon, 1994). Rather, we find that, particularly in the aftermath of the recent financial crisis, control systems remain firmly in place as a central way of influencing employee behavior *and* trust continues to be viewed as an important organizational resource (see Adler, 2011, for an overview of this debate). Hence, it is pivotal that organizations understand how trust and control relate, and how the possible negative effects of controls on trust can be avoided.

Our results suggest that well-implemented organizational control systems enable trust in the organization directly (e.g., by signaling predictability and reliability), as well as indirectly (e.g., by facilitating perceptions of both fairness and the organization's prestige). Focusing first on the mediating role of procedural fairness, the results show that for employees, controls indeed seem to act as "protection from the arbitrariness of the system" (Weber, 1978). While this positive effect of control on trust via procedural fairness has long been theorized, our studies now provide empirical support. The results of our three studies consistently suggest that procedural fairness is a core variable in "translating" structural, more-system-related variables such as organizational control into individual attitudes such as trust in the organization. The qualitative data further illustrate that the importance of procedural fairness for employees extends beyond the boundaries of the organization—the fair treatment of customers and other stakeholders also affects employees' perceptions of the trustworthiness of their employing organization. To our knowledge, these spillover processes have not yet received much attention and provide a rich area for future research.

Our second mediated relationship shows that controls enable companies to gain and maintain a positive reputation with external stakeholders, which in turn affects employee trust. The interview data illustrated that employees consider how their employer is regarded by those outside the organization when assessing organizational trustworthiness, and that a solid reputation and prestige among external stakeholders, such as customers and regulators, relate positively to employee trust in the organization. There are two routes for further investigation arising from these findings. First, further exploration is warranted on how external evaluations of the organization impact on employees' attitudes toward their employer and their inner work life (see, for instance, Edwards, 2010; Lievens, Van Hoye, & Anseel, 2007). Second, while we find that control and prestige correlate positively, the assumption that controls might even restore organizational prestige and trust after a trust failure still needs to be tested empirically (Gillespie & Dietz, 2009; Gillespie, Dietz, & Lockey, 2014).

While all three studies clearly indicate that sound, *well-implemented* control systems positively relate to trust in the organization, the first and third studies nuance this finding by identifying that the *poor implementation* of control systems can undermine trust in the organization. The findings highlight the practical importance of carefully managing the implementation and design of control systems to ensure that: (1) controls are applied transparently and consistently (rather than inconsistently or in an overly strict manner), (2) the impact of the control system, both intentional and unintentional, incentivizes trustworthy, competent behavior (rather than giving leeway to untrustworthy behavior), and (3) the rationale for the controls (i.e., why they are used) is clear and focused on ensuring reliable goods and services and protecting and supporting stakeholders (rather than as an omnipresent surveillance tool to micromanage staff). For example, the findings show that control systems that are inconsistently implemented, because supervisors choose to execute these systems in highly varying ways, are perceived as unfair, which decreases trust.

Recent HR literature makes the distinction between the HR policies and practices that are espoused or intended (the "HR policies on paper") and those that are actually implemented in the organization by management (e.g., Nishii & Wright, 2008). However, this distinction has not yet been discussed in the literature on organizational control (systems), for which it is also relevant. While organizations may have centralized HR policies and practices (as one example of control systems), line managers usually have some freedom in the way they implement such practices and thus are likely to differ from one another in how they implement them (for example, how strictly they monitor, how specifically they formulate and measure performance goals, etc.). Subsequently, different employees in an organization might receive and perceive different practices (e.g., Den Hartog & Boon, 2013). In line with this, studies examining HR managers', line managers', and employees' views of HRM show that these perspectives are often at best moderately correlated and that it is not the intended or espoused practices but rather the practices that are implemented that affect employee perceptions, attitudes, and performance-related outcomes (e.g., Den Hartog, Boon, Verburg, & Croon, 2013; Liao, Toya, Lepak, & Hong, 2009). Our findings suggest that a stronger focus on how controls are implemented or enacted by different managers is also relevant for the control literature. In particular, we advocate for further research examining the transparency and consistency of implemented controls, the perceived intent behind these implemented controls, as well as their perceived consequences of controls.

Study Limitations

The findings should be considered with the following limitations in mind. Due to the cross-sectional nature of the Study 2 quantitative data, the direction of causality cannot be tested. If we use causal or directional terms, we infer the directionality from theory, not the data. However, the interview data suggest that interviewees "theorize" the relationships similarly. Thus, while we assume in this article that organizational control helps build and maintain trust in the organization, based on our data we cannot preclude the possibility that there may be bidirectional influences: those who trust their organization more may perceive the control system in a more positive way (e.g., they may infer more positive intentions behind the controls than those who trust less). Future research using longitudinal or experimental designs is recommended to clarify and test causal direction.

A solid reputation and prestige among external stakeholders, such as customers and regulators, relate positively to employee trust in the organization.

Another limitation stems from our sampling. While our respondents come from a broad range of industries and companies of different sizes, the sample across the three studies is skewed toward males and employees with managerial responsibilities. Hence, it is important to replicate our findings with a sample that includes more females and employees without management positions.

Our quantitative results may suffer from common source variance (Podsakoff & Organ, 1986). Some researchers dispute the magnitude of overestimation from same-source data (Crampton & Wagner, 1994); however, we cannot rule out that the magnitude of the reported relationships between control, procedural fairness, prestige, and trust in Study 2 may be inflated. It is recommended that future research adopt different sources for assessing control also because at present only a limited understanding exists of how the objective properties of control systems translate into employees' perceptions of the controls.

Conclusion

To conclude, the three studies reported here consistently suggest that organizational controls, when well executed, have both a direct positive influence on employees' trust in the organization and an indirect positive influence by enhancing employees' perceptions of procedural fairness and organizational prestige.

Notes

1. To contextualize these responses, the majority of respondents (68%, $N = 42$) perceived their employer as trustworthy.
2. To additionally control for the potential influence of employee tenure on the relationship between controls and trust, we repeated the analyses reported in Table IV controlling for tenure, using the sample of respondents who completed the tenure question ($N = 240$). Tenure had no significant influence on competence ($b = -.03$, $p > .05$) or goodwill trust ($b = .00$, $p > .05$), and the same pattern of significant results was found.
3. Specifically, it allows a test of multiple mediator models, does not rely on the assumption of a normal distribution, and the number of inferential tests is reduced, thus attenuating the probability of type 1 errors (Preacher & Hayes, 2008; Shrout & Bolger, 2002).
4. It is noteworthy that almost half (42%) of the identified reasons for a negative relationship between trust and control were hypothetical in nature. That is, it had not been directly experienced or observed by the interviewee in their workplace. For example, interviewees described that "if" the control system was implemented inconsistently, or "if" the system became too strict, "then" it would have a negative impact on trust, or that "They could imagine that . . ." and "You could argue that . . ." suggesting these were anticipated rather than observed consequences.

ANTOINETTE WEIBEL is a professor of human resource management and the director of the Institute for Leadership and Human Resource Management at the University of St. Gallen, Switzerland, and director at the Institute for Leadership and Human Resources Management. Her research interests include trust inside organizations and in companies, motivation, HRM, and, more generally, designing workplaces using insights from positive psychology. Her work has been published in leading international journals (e.g., *Organization Science*, *Organization*, and the *Journal of Public Administration Research and Theory*), and she has written books and chapters on these topics. She is president of the First International Network on Trust (FINT)—an international network of leading trust researchers.

DEANNE N. DEN HARTOG is a professor of organizational behavior and the head of the HRM/OB section in the Amsterdam Business School of the University of Amsterdam, the Netherlands. Her research interests include leadership, HRM, proactive and innovative work behavior, culture, teams, and psychological states such as trust at work. She has written many academic articles in high-quality journals (e.g., the *Journal of Applied Psychology* and *Journal of Management*), as well as books and chapters on these topics; sits on several editorial boards; and has served as a board or executive committee member for several associations (e.g., the Organizational Behavior Division of the Academy of Management and the International Association of Applied Psychology).

NICOLE GILLESPIE is a senior lecturer in management in the UQ Business School at the University of Queensland. She previously held faculty positions at the Warwick Business School and Melbourne Business School. Her research focuses on trust in team and organizational contexts, particularly developing trust, designing trustworthy organizations, repairing organizational trust, and managing stakeholder trust. Her research appears in leading international journals (e.g., *Academy of Management Review*, the *Journal of Management*, and *Business Ethics Quarterly*). She has written commissioned reports on trust for the Institute of Business Ethics and the UK Parliament and serves on the editorial boards of *Leadership Quarterly* and the *Journal of Trust Research*.

ROSALIND SEARLE is a professor of organizational behavior and psychology at Coventry University. She is particularly interested in employee trust and the role of HRM, especially recruitment and selection and performance management systems; understanding trust violation and repair processes; and the impacts of external regulation versus internal controls for organizational trust. Her research has appeared in leading international journals (e.g., the *International Journal of Human Resource Management*, *Human Resource Management*, and *Long Range Planning*). She has written commissioned reports on trust for the Institute for Personnel and Development, the Royal Colleges of Medicine, and UK government departments, and serves on the editorial boards of the *Journal of Management* and the *Journal of Trust Research*.

FRÉDÉRIQUE SIX, MBA, is an assistant professor in the Department of Political Science and Public Administration at VU University Amsterdam, the Netherlands. She researches public governance puzzles with special theoretical focus on the relationship between trust and control. She applies this within organizations to how frontline workers do their work with clients and internal governance issues; and to regulatory enforcement and inspections. Her work has been published in the *Journal of Management Studies*, *Public Management Review*, and the *International Journal of Human Resource Management*, and she has written the book *The Trouble with Trust* and edited *The Trust Process in Organizations* (with Bart Nooteboom), both published by Edward Elgar.

DENISE SKINNER is the executive dean of postgraduate strategy and development and a professor of human resource management at Coventry University, UK. Her research interests include trust in the context of the employment relationship, the management of change, diversity and work-life balance. Her work has been published in a number of leading journals, including *Organization*, the *International Journal of Human Resource Management*, the *British Journal of Management*, and *Human Resource Management Journal* and in two co-edited books, *Trust and Human Resource Management* (2011, Edward Elgar) and *Organizational Trust: A Cultural Perspective* (2010, Cambridge University Press). She is a board member of FINT.

References

Adler, P. S. (2011). Perspective—The sociological ambivalence of bureaucracy: From Weber via Gouldner to Marx. Organization Science, Articles in Advance. doi: 10.1287/orsc.1100.0615

Alfes, K., Shantz, A., & Truss, C. (2012). The link between perceived HRM practices, performance and well-being: The moderating effect of trust in the employer. Human Resource Management Journal, 22, 409–427. doi: 10.1111/1748-8583.12005

Argyris, C. (1952). The impact of budgets on people. New York, NY: Controllership Foundation.

Bachmann, R. (2001). Trust, power and control in trans-organizational relations. Organization Studies, 22, 337–365.

Bachmann, R., Knights, D., & Sydow, J. (2001). Trust and control in organizational relations. Organization Studies, 22(2), v–viii.

Barkema, H. G. (1995). Do job executives work harder when they are monitored? Kyklos, 48, 19–42.

Barney, J. B., & Hansen, M. H. (1994). Trustworthiness as a source of competitive advantage. Strategic Management Journal, 15(Special Issue Winter), 175–190.

Bies, R., & Tripp, T. (1996). Beyond distrust: "Getting even" and the need for revenge. In R. Kramer & T. Tyler (Eds.), Trust in organizations: Frontiers of theory and research (pp. 246–260). Thousand Oaks, CA: Sage.

Bijlsma, K. M., & van de Bunt, G. G. (2003). Antecedents of trust in managers: A "bottom up" approach. Personnel Review, 32, 638–664.

Bijlsma-Frankema, K., Sitkin, S. B., & Weibel, A. (forthcoming). Distrust in the balance: The emergence and development of intergroup distrust in a court of law. Organization Science.

Boon, S. D., & Holmes, J. G. (1991). The dynamics of interpersonal trust: Resolving uncertainty in the face of risk. In R. A. Hinde & J. Groebel (Eds.), Cooperation and prosocial behavior (pp. 190–211). New York, NY: Cambridge University Press.

Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. Qualitative Research in Psychology, 3(2), 77–101.

Byrne, Z. S., Pitts, V. E., Wilson, C. M., & Steiner, Z. J. (2012). Trusting the fair supervisor: The role of supervisory support in performance appraisals. Human Resource Management Journal, 22, 129–147. doi: 10.1111/j.1748-8583.2012.00193.x

Cardinal, L. B., & Sitkin, S. B. (2009). A configurational theory of control. In S. B. Sitkin, L. B. Cardinal, & K. Bijlsma-Frankema (Eds.), Control in organizations: New directions in theory and research (pp. 51–79). Cambridge, UK: Cambridge University Press.

Challagalla, G. N., & Shervani, T. A. (1997). A measurement model of the dimensions and types of output and behavior control: An empirical test in a salesforce context. Journal of Business Research, 39, 159–172.

Chenhall, R. H., Hall, M., & Smith, D. (2010). Social capital and management control systems: A study of a non-government organization. Accounting, Organizations & Society, 35, 737–756.

Chenhall, R. H., & Morris, D. (1995). Organic decision and communication processes and management accounting systems in entrepreneurial and conservative business organizations. Omega, 23, 485–497.

Child, J., & Möllering, G. (2003). Contextual confidence and active trust development in the Chinese business environment. Organization Science, 14, 69–80.

Cohen-Charash, Y., & Spector, P. E. (2001). The role of justice in organizations: A meta-analysis. Organizational Behavior and Human Decision Processes, 86, 278–321.

Coletti, A. L., Sedatole, K. L., & Towry, K. L. (2005). The effect of control systems on trust and cooperation in collaborative environments. Accounting Review, 80, 477–500.

Colquitt, J. A. (2001). On the dimensionality of organizational justice: A construct validation of a measure. Journal of Applied Psychology, 86, 386–400.

Colquitt, J. A., Conlon, D. E., Wesson, M. J., Porter, C., & Ng, K. Y. (2001). Justice at the millennium: A meta-analytic review of 25 years of organizational justice research. Journal of Applied Psychology, 86, 425–445.

Colquitt, J. A., & Rodell, J. B. (2012). Justice, trust, and trustworthiness: A longitudinal analysis integrating three theoretical perspectives. Academy of Management Journal, 54, 1183–1206.

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

Coyle-Shapiro, J. A.-M., Morrow, P. C., Richardson, R., & Dunn, S. R. (2002). Using profit sharing to enhance employee attitudes: A longitudinal examination of the effects on trust and commitment. Human Resource Management, 41, 423–439.

Crampton, S. M., & Wagner, J. A. (1994). Percept percept inflation in microorganizational research—An investigation of prevalence and effect. Journal of Applied Psychology, 79, 67–76.

Das, T. K., & Teng, B. (1998). Between trust and control: Developing confidence in partner cooperation in alliances. Academy of Management Review, 23, 491–513.

Dekker, H. C. (2004). Control of inter-organizational relationships: Evidence on appropriation concerns and coordination requirements. Accounting, Organizations and Society, 29, 27–49.

Den Hartog, D. N., & Boon, C. (2013). HRM and leadership. In S. Bach & M. Edwards (Eds.), Managing human resources (pp. 198–217). Chichester, UK: Wiley.

Den Hartog, D. N., Boon, C., Verburg, R. M., & Croon, M. A. (2013). HRM, communication, satisfaction, and perceived performance: A cross-level test. Journal of Management, 39, 1637–1665.

Dietz, G., & Den Hartog, D. N. (2006). Measuring trust inside organisations. Personnel Review, 35, 557–588.

Dirks, K. T., & Ferrin, D. L. (2001). The role of trust in organizational settings. Organization Science, 12, 450–467.

Edwards, M. R. (2010). An integrative review of employer branding and OB theory. Personnel Review, 39(1), 5–23. doi: 10.1108/00483481011012809

Efron, B., & Tibshirani, R. (1993). An introduction to the bootstrap (Vol. 57). Boca Raton, FL: Chapman & Hall/CRC.

Falk, A., & Kosfeld, M. (2006). The hidden costs of control. American Economic Review, 96, 1611–1630.

Flamholtz, E. G., Das, T. K., & Tsui, A. S. (1985). Toward an integrative framework of organizational control. Accounting Organizations and Society, 10, 35–50.

Fleiss, J. L. (1981). Statistical methods for ratios and proportions (2nd ed.). New York, NY: Wiley.

Frey, B. S. (1997). A constitution for knaves crowds out civic virtues. Economic Journal, 107, 1043–1053.

Fulmer, C. A., & Gelfand, M. J. (2012). At what level (and in whom) we trust. Journal of Management, 38, 1167–1230.

Geer, J. G. (1991). Do open-ended questions measure "salient" issues? Public Opinion Quarterly, 55, 360–370.

Ghoshal, S., & Moran, P. (1996). Bad practice: A critique of the transaction cost theory. Academy of Management Review, 21, 13–47.

Giddens, A. (1990). The consequences of modernity. San Francisco, CA: Stanford University Press.

Gillespie, N., & Dietz, G. (2009). Trust repair after an organization-level failure. Academy of Management Review, 34, 127–145.

Gillespie, N., Dietz, G., & Lockey, S. (2014). Organizational reintegration and trust repair after an integrity violation: A case study. Business Ethics Quarterly, 24, 371–410.

Gittell, J. H. (2000). Paradox of coordination and control. California Management Review, 42(3), 101–117.

Gittell, J. H. (2001). Supervisory span, relational coordination and flight departure performance: A reassessment of postbureaucracy theory. Organization Science, 12, 468–483.

Gould-Williams, J. (2007). HR practices, organizational climate and employee outcomes: Evaluating social exchange relationships in local government. International Journal of Human Resource Management, 18, 1627–1647.

Guest, G., Bunce, A., & Johnson, L. (2006). How many interviews are enough? An experiment with data saturation and variability. Field Methods, 18, 59–82.

Hartmann, F., & Slapnicar, S. (2009). How formal performance evaluation affects trust between superior and subordinate managers. Accounting, Organizations and Society, 34, 722–737. doi: 10.1016/j.aos.2008.11.004

Heckscher, C., & Donnellon, A. (Eds.). (1994). The post-bureaucratic organization: New perspectives on organizational change. Thousand Oaks, CA: Sage.

Highhouse, S., Lievens, F., & Sinar, E. F. (2003). Measuring attraction to organizations. Educational and Psychological Measurement, 63, 986–1001.

Hodson, R. (2004). Organizational trustworthiness: Findings from the population of organizational ethnographies. Organization Science, 15, 432–445.

Jaworski, B. J., Stathakopoulos, V., & Krishnan, H. S. (1993). Control combinations in marketing—Conceptual framework and empirical evidence. Journal of Marketing, 57, 57–69.

Kang, S.-C., Morris, S. S., & Snell, S. A. (2007). Relational archetypes, organizational learning, and value creation: Extending the human resource architecture. Academy of Management Review, 32, 236–256. doi: 10.2307/20159290

Keh, H. T., & Xie, Y. (2009). Corporate reputation and customer behavioral intentions: The roles of trust, identification and commitment. Industrial Marketing Management, 38, 732–742.

King, N. (2004). Using templates in the thematic analysis of texts. In C. Cassell & G. Symon (Eds.), Essential guide to qualitative methods in organizational research (pp. 256–270). London, UK: Sage.

Kramer, R. M., & Lewicki, R. J. (2010). Repairing and enhancing trust: Approaches to reducing organizational trust deficits. Academy of Management Annals, 4, 245–277. doi: 10.1080/19416520.2010.487403

Kurland, N. B., & Egan, T. D. (1999). Telecommuting: Justice and control in the virtual organization. Organization Science, 10, 500–513.

Lane, C., & Bachmann, R. (1998). Trust within and between organizations: Conceptual issues and empirical applications. Oxford, UK, and New York, NY: Oxford University Press.

Langfield-Smith, K. (2008). The relations between transactional characteristics, trust and risk in the start-up phase of a collaborative alliance. Management Accounting Research, 19, 344–364.

Langfred, C. W. (2004). Too much of a good thing? Negative effects of high trust and individual autonomy in self-managing teams. Academy of Management Journal, 47, 385–399.

Liao, H., Toya, K., Lepak, D. P., & Hong, Y. (2009). Do they see eye to eye? Management and employee perspectives of high-performance work systems and influence processes on service quality. Journal of Applied Psychology, 94, 371–391.

Lievens, F., Van Hoye, G., & Anseel, F. (2007). Organizational identity and employer image: Towards a unifying framework. British Journal of Management, 18, S45–S59. doi: 10.1111/j.1467-8551.2007.00525.x

Maguire, S., & Phillips, N. (2008). "Citibankers" at Citigroup: A study of the loss of institutional trust after a merger. Journal of Management Studies, 45, 372–401.

Malhotra, D., & Lumineau, F. (2011). Trust and collaboration in the aftermath of conflict: The effects of contract structure. Academy of Management Journal, 54, 981–998. doi: 10.5465/amj.2009.0683

Malhotra, D., & Murnighan, J. K. (2002). The effects of contracts on interpersonal trust. Administrative Science Quarterly, 47, 534–559.

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

Meyer, J. W., Scott, W. R., Strang, D., & Creighton, A. L. (1988). Bureaucratization without centralization: Changes in the organizational system of U.S. public education, 1940–80. In L. G. Zucker (Ed.), Institutional patterns and organizations: Culture and environment (pp. 139–168). Cambridge, MA: Ballinger.

Miles, M. B., & Huberman, A. M. (1994). Qualitative data analysis: An expanded sourcebook (2nd ed.). London, UK: Sage.

Möllering, G. (2006). Trust: Reason, routine, reflexivity. Amsterdam, the Netherlands, and Boston, MA: Elsevier.

Mooney, C. Z., Duval, R. D., & Duval, R. (1993). Bootstrapping: A nonparametric approach to statistical inference. Newbury Park, CA: Sage.

Neuman, W. (1997). Social research methods: Qualitative and quantitative approaches. Needham Heights, MA: Allyn & Bacon.

Niehoff, B. P., & Moorman, R. H. (1993). Justice as a mediator of the relationship between methods of monitoring and organizational citizenship behavior. Academy of Management Journal, 36, 527–556.

Nishii, L. H., & Wright, P. M. (2008). Variability within organizations: Implications for strategic human resources management. In D. B. Smith (Ed.), The people make the place: Dynamic linkages between individuals and organizations (pp. 225–248). Mahwah, NJ: Erlbaum.

Nooteboom, B., Berger, H., & Noorderhaven, N. G. (1997). Effects of trust and governance on relational risk. Academy of Management Journal, 40, 308–338.

Pearce, J. L., Branyiczki, I., & Bigley, G. A. (2000). Insufficient bureaucracy: Trust and commitment in particularistic organizations. Organization Science, 11, 148–162.

Pil, F. K., & MacDuffie, J. (1996). The adoption of high-involvement work practices. Industrial Relations, 35, 423–455.

Podsakoff, P. M., & Organ, D. W. (1986). Self-reports in organizational research—Problems and prospects. Journal of Management, 12, 531–544.

Preacher, K. J., & Hayes, A. F. (2008). Asymptotic and resampling strategies for assessing and comparing indirect effects in multiple mediator models. Behavior Research Methods, 40, 879–891.

Ramaswami, S. N. (1996). Marketing controls and dysfunctional employee behaviors: A test of traditional and contingency theory postulates. Journal of Marketing, 60, 105–120.

Rousseau, D. M., Sitkin, S. B., Burt, R. S., & Camerer, C. F. (1998). Introduction to special topic forum: Not so different after all: A cross-discipline view of trust. Academy of Management Review, 23, 393–404.

Roy, S., Tarafdar, M., Ragu-Nathan, T. S., & Marsillac, E. (2012). The effect of misspecification of reflective and formative constructs in operations and manufacturing management research. Electronic Journal of Business Research Methods, 10, 34–52.

Sako, M. (1992). Prices, quality and trust: Inter-firm relations in Britain and Japan. Cambridge, UK: Cambridge University Press.

Sako, M., & Helper, S. (1998). Determinants of trust in supplier relations: Evidence from the automotive industry in Japan and the United States. Journal of Economic Behavior & Organization, 34, 387–417.

Schoorman, F., Mayer, R., & Davis, J. (2007). An integrative model of organizational trust: Past, present, and future. Academy of Management Review, 32, 344–354.

Searle, R., Den Hartog, D. N., Weibel, A., Gillespie, N., Six, F., Hatzakis, T., & Skinner, D. (2011). Trust in the employer: The role of high-involvement work practices and procedural justice in European organizations.

International Journal of Human Resource Management, 22, 1069–1092.
Shrout, P. E., & Bolger, N. (2002). Mediation in experimental and nonexperimental studies: New procedures and recommendations. Psychological Methods, 7, 422–445.
Sitkin, S. B. (1995). On the positive effect of legalization on trust. Research on Negotiation in Organizations, 5, 185–217.
Sitkin, S. B., Cardinal, L. B., & Bijlsma-Frankema, K. (2010). Control in organizations: New directions in theory and research. Cambridge UK: Cambridge University Press.
Sitkin, S. B., & George, E. (2005). Managerial trust-building through the use of legitimating formal and informal control mechanisms. International Sociology, 20, 307–338. doi: 10.1177/0268580905055479
Snell, S. A. (1992). Control theory in strategic human resource management: The mediating effect of administrative information. Academy of Management Journal, 35, 292–327.
Snell, S. A., & Youndt, M. A. (1995). Human resource management and firm performance: Testing a contingency model of executive controls. Journal of Management, 21, 711–737. doi: 10.1177/014920639502100407
Strickland, L. H. (1958). Surveillance and trust. Journal of Personality, 26, 200–215.
Suchman, M. C. (1995). Managing legitimacy—Strategic and institutional approaches. Academy of Management Review, 20, 571–610.
Thibaut, J., & Walker, L. (1975). Procedural justice. Hillsdale, NJ: Erlbaum.
Thompson, P. J., & Warhurst, C. (1998). Workplaces of the future. Basingstoke, UK: Macmillan Business.
Tremblay, M., Cloutier, J., Simard, G., Chenevert, D., & Vandenberghe, C. (2010). The role of HRM practices, procedural justice, organizational support and trust in organizational commitment and in-role and extra-role performance. International Journal of Human Resource Management, 21, 405–433. doi: 10.1080/09585190903549056
Tyler, T. R., & Blader, S. L. (2000). Cooperation in groups: Procedural justice, social identity, and behavioral engagement. Philadelphia, PA: Psychology Press.
vandenBos, K., Lind, E. A., Vermunt, R., & Wilke, H. A. M. (1997). How do I judge my outcome when I do not know the outcome of others? The psychology of the fair process effect. Journal of Personality and Social Psychology, 72, 1034–1046.
Weber, M. (1978). Economy and society: An outline of interpretive sociology, Volume 2. Los Angeles, CA: University of California Press.
Weibel, A. (2007). Formal control and trustworthiness—Never the twain shall meet? Group & Organization Management, 32, 500–517.
Weibel, A. (2010). Managerial objectives of formal control: High motivation control mechanisms. In S. B. Sitkin, L. B. Cardinal, & K. Bijlsma-Frankema (Eds.), Control in organizations: New directions in theory and research (pp. 434–462). Cambridge, UK: Cambridge University Press.
Whitener, E. M. (1997). The impact of human resources activities on employees' trust. Human Resource Management Review, 7, 389–404.
Whitener, E. M. (2001). Do "high commitment" human resource practices affect employee commitment? A cross-level analysis using hierarchical linear modeling. Journal of Management, 27, 515–535.
Whitley, R. (1999). Firms, institutions and management control: The comparative analysis of coordination and control systems. Accounting, Organizations and Society, 24, 507–524.
Zaheer, A., McEvily, B., & Perrone, V. (1998). Does trust matter? Exploring the effects of interorganizational and interpersonal trust on performance. Organization Science, 9, 141–159.
Zhang, A. Y., Tsui, A. S., Song, L. J., Li, C., & Jia, L. (2008). How do I trust thee? The employee-organization relationship, supervisory support, and middle manager trust in the organization. Human Resource Management, 47, 111–132. doi: 10.1002/hrm.20200

APPENDIX 1 Study 2 Survey Items

Construct	Survey Items
Competence Trust	1. This organization is capable of meeting its responsibilities. 2. This organization is known to be successful at what it tries to do. 3. This organization does things competently.
Goodwill Trust	1. This organization is concerned about the welfare of its employees. 2. Employees' needs and desires are important to this organization. 3. This organization will go out of its way to help its employees. 4. This organization would never deliberately take advantage of its employees. 5. This organization follows commonly held ethical values.
Output Control (to be added to the Control Index)	1. Specific goals are established for my job. 2. The extent to which I attain expected goals is monitored. 3. I receive feedback from my work context (immediate supervisor or from team members) concerning the extent to which I achieve expected goals. 4. My career progression is dependent on my performance relative to expected goals.
Process Control (to be added to the Control Index)	1. There are written rules concerning many organizational activities. 2. Written rules are strictly enforced. 3. Written rules and procedures are followed. 4. There are clear formalized procedures for resolving conflict in this organization.
Normative Control (to be added to the Control Index)	1. When employees violate important norms, peer pressure is used to correct their behavior (e.g., if an employee is known to freeride, his colleagues will try to change her/his behavior). 2. Violations of unwritten norms are punished (e.g., employees who always gossip are shunned). 3. Employees who violate important organizational values/ethics are disciplined (e.g., they get issued a caution).
Procedural Justice	1. Job decisions are made in an unbiased manner. 2. Employees' concerns are heard before job decisions are made. 3. To make job decisions, accurate and complete information is collected. 4. Job decisions are applied consistently across all affected employees. 5. Employees are allowed to challenge or appeal job decisions made by management.
Organizational Prestige	1. Employees are proud to say they work at this organization. 2. This organization has a reputation of being an excellent employer. 3. The goods and services produced by this organization are well received. 4. This organization has a good reputation with its customers. 5. This organization has a good reputation with its suppliers.

APPENDIX 2 Study 3 Open-Ended Questions

Please take some time to reflect upon the following questions and give us as much information as possible in your examples to help us understand your perspective.

1. In your opinion, is your organization trustworthy?
   a) Please tell us why you think this is the case.
   b) How important is it to you that your organization is trustworthy? Why?
   c) How would you rate your organization's trustworthiness on a scale from 1 to 7 (1 meaning "to a very low degree" and 7 "to a very high degree")?
2. How does your organization control its employees' performance and the quality of their work?
   a) What processes/systems does it use? Could you give us some examples?
   b) Are there any other systems that are used?
3. How do these organizational controls impact on your assessment of your organization's trustworthiness?
   a) If respondent only described positive effects of controls, the interviewer asked, "Can you think of any negative impacts of these controls on the organization's trustworthiness or on your trust in the organization?" and "Can you provide any examples of these negative impacts?"
   b) If respondent only described negative effects of controls (i.e., undermines trustworthiness), the interviewer asked, "Can you think of any positive impacts of these controls on the organization's trustworthiness or your trust in the organization?" and "Can you provide any examples of these positive impacts?"

APPENDIX 3 Reasons for the Positive Impact of Organizational Controls on Organizational Trustworthiness*

Theme 1: Controls Enhance Organizational Reputation and Competence (70%, N = 19)

Subtheme 1: Controls provide information about organizational competence.

"It (standardized work conformations and performance appraisal system) helps me have a level of comfort in my organization. It demonstrates to me that they have a plan, that they know where they want to go, and I have a contribution to make to that." (#2, SM)

"There is some form of external rigid regulation on what you do, and that brings quality assurance to a number of issues. So in terms of technical performance, there are lots of things in place to make sure that you can rely on the standards within the firm, to make sure that things get done properly." (#6, SM)

"People know of course that we analyze the evaluation forms and the monitoring process regularly and use the information to make the service, so the training, better." (#24, SM)

Subtheme 2: Controls align employees with organizational goals enhancing competence.

"The controls that we have in place make us very reliable, and trustworthy in terms of 'Can I rely on this organization if I have a problem?' We have to pick up the phone in a certain number of rings. You will never get an answer machine. Some of our controls are there to make sure we deal with a ticket in a relatively short period of time. Our guarantee to the client is that you are going to get excellent service and fanatical support. So yes, those types of controls are there to increase trustworthiness." (#5, PM)

"Through these [quality control meetings] we have the chance to increase our quality and to check whether trust is justified." (#21, SM)

One employee described how his company adopted a stricter quality assurance testing process that enables small batches of coding to be checked regularly rather than at completion, in addition to a set procedure for understanding the client's expectations. He links this to the organization's trustworthiness by stating that it not only enables the programmers to develop software more efficiently and effectively, but it also facilitates the organization meeting its commitments: *"So you are not going to get to the end of a long process, think 'yes, I have completed it, done' and then the customer, or somebody internally, turns round and asks a question 'what about . . .?' and you find that you have actually missed the target. I think that has a positive impact upon the trustworthiness."* (#9, PM)

Continued

APPENDIX 3 Reasons for the Positive Impact of Organizational Controls on Organizational Trustworthiness* (Continued)

Subtheme 3: Controls demonstrate and protect organizational integrity.

"By being a bank, we are an organization that has to be honest, has to behave. That is paramount amongst staff. So we have an awful lot of cross meetings, both management down to the staff, and across staff and management, basically across the whole structure. It would be very difficult not to be trusted and trustworthy. It would become very obvious very quickly if people were doing things that were either underhand, or they were trying to hide things that were done." (#8, PM)

"We supply direct food contact packaging, so ultimately it [the quality control and conformance systems] is a question of consumer safety. So trustworthiness as far as the ability to not only produce legal products from a legislative point of view but also from a consumer point of view, there are ways to meet standards, and make the reasons behind the standards part of why you do what you do. And I think the difference there is that you can meet standards, by doing a series of things to make sure that you conform. But in terms of being truly trustworthy, trustworthiness is whether you would continue to do that even if the standards did not exist, and if there were no laws protecting consumer safety as regards packaging. Would you continue to do the right thing? And I feel that we would, because we believe in the logic of what we are doing. We do not feel that the legislation exists purely to create problems and hurdles for businesses, which is sometimes the view of business leaders (you know, that legislation can become too much). We try to be trustworthy, because part of being trustworthy is, I believe, deliberately seeking to find out as much information as you can, over and above that which is normally demanded by the standard, and seeking to do things better regardless of whether you are being told to in law, or whether best practice is forcing you to. So it's trying to set standards of improvement and standards of consumer safety, far and above those that are mandated." (#1, SM, emphasis added)

Theme 2: Controls Enable Fairness and Support (63%, N = 17)

Subtheme 4: Controls facilitate fairness and consistency.

"I think our quality controls are an important part of our trustworthiness… . Internally, a system of annual reviews lets employees trust that the organization is going to deal with them on a consistent, fair basis. So each has to go through that process and then they know that nobody is being targeted unfairly or is given favorable treatment." (#12, SM)

"So putting controls in place, in the end can only enhance trustworthiness because people can see that there is a consistent basis for decisions in the future." (#5, PM)

"Some of the factors measured are attributes, including caring, learning, sharing, social responsibility. So this is something that is measured across the organization. So people realize that, as a matter of trust, that it is not applicable to just one or two people, it is applicable to everybody in the organization, right from the CEO and chairman down to the newest employees. This consistency can make a difference. I think it goes a long way in enabling the trust in the organization." (#26, PM)

"There is a single control system. Because of this there is consistency in how the employees are monitored. As we have a global system, there is the possibility for comparison and if there were to be large discrepancies [in the way employees were assessed], you would be able to find this out relatively easily and correct it." (#27, SM)

When asked how controls influence organizational trustworthiness, one manager responded: *"I think a huge amount, because we all take it [performance appraisals, customer feedback processes and exit interviews] very, very seriously and everybody goes through a 360 degree process. So it's really having very open communication channels to enable people to express concerns that they have in terms of the behavior of the organization or its membership."* (#6, SM)

Subtheme 5: Controls support and protect employees.

"There are positive effects of monitoring. Through this monitoring system I can also offer support, so you can support someone with something where you know that this person perhaps has specific difficulties… . These organizational controls are taken in a positive way most of the time. Not so much 'I'm monitoring what you're doing' but in the sense of 'I am supporting you in what you are doing' and the fact that we are monitoring their work as well, is ancillary to that. What is in focus is the support given to employees or a group to help them meet targets." (#23, MM)

Notes: *Quotes are in response to the question of whether organizational controls influence organizational trustworthiness.
Case numbers < 12 indicate UK respondent, those > 12 indicate German/Swiss respondent.
SM = senior manager; MM = middle management; PM = project manager.

APPENDIX 4 Reasons for the Negative Impact of Organizational Controls on Organizational Trustworthiness*

Theme 1: Inconsistent or unfair implementation of controls (37%, N =10)

"The weakness is that this is people assessing people, and people's objectivity and scope is there. There are situations where the assessments are done truly and fairly and there are assessments which are perhaps subjective and false. And that can cause a lack of trust within certain divisions or amongst individual employees." (#27, SM)

"We have a different process for salaried employees and non-salaried employees. They should have annual appraisals, personal development plans, agreed objectives, interim reviews and we are hopeless at it. We are not consistent, and we don't manage poor performers well." She later describes that this lack of control negatively impacts on organizational trustworthiness, *"Because the organization accepts poor performance … rather than dealing with poor performers and asking them to leave, it just accepts them."* (#11, MM)

Theme 2: Over-control (30%, N = 8)

"At the end of the day there is a human being facing all of this [the control systems]. I personally think that too much control is counterproductive. It should always be within logical bounds. You should examine the people who you employ better. You should go on gut instinct. You should see that you have put together a sound team and then you should trust the team a little more instead of trying to control everything and everyone. That is discouraging." (#16, SM)

"For this reason, they [controls] are used only for very simple tasks where an organizational control has more value. It's different with highly qualified employees. I don't use organizational controls there. They are available but not used as much because it's counterproductive. That you learn relatively quickly … if you overload the organizational controls, it's completely counterproductive." (#23, MM)

"Before there was always a bit of slap dash, now it is more controlled, which has had to be forced through following a process. And I would say more than half of the company, because it is a small company, were a bit negative about having to follow any process. But then the process now is not followed to the nth degree. So there is a happy medium struck. If he [the new QA professional] follows it [the process] to the level of crossing every 't' and dotting the 'i's,' then I think it could end up being negative." (#9, PM)

"If you were to change how things are done and the company was led in a very top-down way and everything was monitored in terms of services rendered and progress made—in that case, I think that would certainly have a negative impact." (#18, MM)

Theme 3: Controls can encourage untrustworthy behavior (7%, N = 2)

In describing the system used to control the completion and feedback on tasks, a manager explained: *"For example, if someone tries to get round the system to look better in a crowd for example, they can make multiple tickets for one task. Or they could attribute themselves more tickets, so they won't complete a task to the highest quality in the hope that the customer will not be proactive with their feedback. Equally someone could try to keep quiet about mistakes because they don't want it to affect their rating."* (#15, CEO)

Note: *Quotes are in response to the question of whether organizational controls influence organizational trustworthiness.