Transformational Leadership, Cognition- and Affect-based Trust, and Other Orientation: An Exchange Relationship Perspective

Presenter: ZHU Yue
Department of Management
City University of Hong Kong
Trust plays a central role in the relationship between transformational leadership and followers’ extra-role behaviors (Bass, 1985; Yukl, 1989)

**Problems**
- Treat trust as a global construct without dimensions

**Trust has two dimensions** (McAllister, 1995)
- Cognition-based trust
- Affect-based trust
- Represent two types of social exchange: Negotiated & Reciprocal (Molm, Schaefer & Collett, 2009)
Contingent variables

- Does trust always produce high level of extra-role behaviors?
- Trust might interact with work motives to affect employees’ work outcomes jointly (Dirks & Ferrin, 2001)
- Not considered multidimensions of trust
- Never been integrated into transformational leadership model

Other orientation as a moderator

- “the extent to which employees value and experience concern for the well-being of other people” (Grant & Wrzesniewski, 2010)
- A proximal antecedent of extra-role behavior
Research Questions

Transformational Leadership

Cognition-based Trust

Affect-based Trust

Other Orientation

Extra-role Behavior
Literature Review & Hypotheses Development

- **Social Exchange & Trust**
  - **Negotiated exchange**
    - A more formal, explicitly negotiated, and contractual kind of exchange (Lau & Cobb, 2010).
    - Governed by the expectation of return from exchange partners.

- **Reciprocal exchange**
  - It is more open-end exchange and involves emotional bonds
  - It is regulated by the *reciprocity norm* (Gouldner, 1960).
• Negotiated Exchange → Cognition-base Trust
  • Self-interest, rational cognitive processing

• Reciprocal Exchange → Affect-based Trust
  • Reorganization of other’s intention, identification of other’s value, affective attachment

• The functions of two types of trust affecting behaviors (Dirks & Ferrin, 2002)
  • Cognition-based trust
    • Expected return
  • Affect-based trust
    • Relational orientation: follow reciprocal norm
• Cognition- and Affect-based trust mediate the relation between transformational leadership and followers’ extra-role behavior

• **Social exchange framework (Organ, 1980)**
  - If employees view their exchange as social, they will hold an **obligation to reciprocate** employers’ treatments by performing extra-role behaviors

• **Affect-based trust**
  - Represents a reciprocal exchange relation involving open-end and discrete exchange and mutual reciprocity obligation

• **Cognition-based trust**
  - **Instrumental aspect** of extra-role behavior (Bolino, 1999).
  - Perception of leaders’ good qualities provide a guarantee for expected return.
H1 a: Affect-based trust mediates the relation between transformational leadership and follower extra-role behavior

H1 b: Cognition-based trust mediates the relation between transformational leadership and follower extra-role behavior
Other orientation moderates the relation between trust and extra-role behavior

- The theory of other orientation (Meglion & Korsgaard, 2004)
  - How different motivational states (self-interest vs. other orientation) affect modes of reasoning or judgment processes underlying prosocial behavior.

- People who are motivated by self-interest will engage in rational cognitive process, while those motivated by other orientation tend to take heuristic processing by following social norms and influences.
• The interactive effect of affect-based trust and other orientation
  • Reciprocal norm is a universal norm which has been evolved through natural selection (Gouldner, 1960)
  • Followers’ actions are governed by **heuristic processing** instead of rational judgment.
  • Followers high in other orientation who are apt to rely on social influences may more conform to reciprocal norm embedded in affect-based trust.
The interactive effect of cognition-based trust and other orientation

- Followers with cognition-based trust rationally calculate their potential personal consequences.

- Followers low in other orientation are more likely to deliberatively process information reflected in cognition-based trust and utilize the calculation results to guide their actions.
H2 a: Other orientation moderates the relation between affect-based trust in leader and extra-role behavior. The higher the other orientation is, the stronger the positive association between affect-based trust and extra-role behaviors.

H2 b: Other orientation moderates the relation between cognition-based trust in leader and extra-role behavior. The lower the other orientation is, the stronger the positive association between cognition-based trust and extra-role behavior.
H3 a: Other orientation moderates the strength of the mediated relation between transformational leadership and followers’ extra-role behaviors through affect-based trust, such that the mediated relation will be stronger under high other orientation than under low other orientation.

H3 b: Other orientation moderates the strength of the mediated relation between transformational leadership and followers’ extra-role behaviors through cognition-based trust, such that the mediated relation will be stronger under low other orientation than under high other orientation.
Method

• Procedure

- Employees responded to survey questions on transformational leadership, cognition- and affect-based trust, and other orientation. Their immediate supervisor evaluated employees’ extra-role behavior.
- Separate questionnaires with a cover letter that guaranteed confidentiality were distributed among followers and supervisors.

• Sample

- Data were collected from 140 sales employees and 60 supervisors in retail industry and 208 service employees and 63 supervisors in manufacturing industry.
- Response rate was 70.0%
Measures

Independent variables
- Transformational leadership was measured using 20 items from Bass and Avolio’s (2000) Multifactor Leadership Questionnaire Form 5x-Short (α = .94).
- Cognition- (α = .84) and affect-based trust (α = .85) scales were adapted from McAllister’s (1995) study.
- Other orientation was used by Grant and Sumanth’s (2009) 5-item scale (α = .88).

Dependent variables
- Helping behavior was rated by supervisors using 7 items (α = .91) from Podsakoff, Ahearne, and MacKenzie’s (1997) helping behavior scale.
- Knowledge sharing was rated by supervisors rated their by using 3-item scale (α = .85) developed by Bock, Zmud, Kim and Lee (2005).
• **Control variables**
  - **Demographic variables**: age, education, industry, tenure with leader
  - **Positive affect**
    - Positive affect was a potential source of common method biases (Podsakoff, MacKenzie, Lee & Podsakoff, 2003)
    - De Cremer and Stouten (2005)’ scale was adopted

• **Data analysis**
  - Because followers were partially nested within supervisors, I examined the current hypotheses using **hierarchical linear model** (Raudenbush, Bryk, & Congdon, 2004). The nesting effect was accounted by allowing a random intercept (Gong, Huang, & Farh, 2009).
  - To assess **moderated mediation hypotheses**, we employed a procedure developed by Preacher, Rucker, and Hayes (2007).
Results mediation hypothesis

Transformational Leadership

Cognition-based Trust

Affect-based Trust

Helping Behavior

- .80**
- .35 **
- .83**
- .06
- .18†
- .19*

** Significant at p < 0.01
* Significant at p < 0.05
Transformational Leadership

Cognition-based Trust

Knowledge Sharing

Affect-based Trust

.80**

.34 **

.83**

-.11

.38**

.18
# Moderation Hypothesis (Hierarchical Linear Model)

<table>
<thead>
<tr>
<th>Predictor variables</th>
<th>Helping behavior</th>
<th>Knowledge sharing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Controls</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td>-.07</td>
<td>-.12</td>
</tr>
<tr>
<td>Age</td>
<td>.00</td>
<td>-.00</td>
</tr>
<tr>
<td>Industry</td>
<td>.11</td>
<td>.02</td>
</tr>
<tr>
<td>Education</td>
<td>-.06</td>
<td>-.06</td>
</tr>
<tr>
<td>Leader tenure</td>
<td>.00</td>
<td>.10</td>
</tr>
<tr>
<td>Positive affect</td>
<td>-.06</td>
<td>-.06</td>
</tr>
<tr>
<td>Transformational leadership</td>
<td>.00</td>
<td>-.13</td>
</tr>
<tr>
<td><strong>Main effects</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cognition-based trust</td>
<td>.20*</td>
<td>.21†</td>
</tr>
<tr>
<td>Affect-based trust</td>
<td>.15†</td>
<td>.32**</td>
</tr>
<tr>
<td>Other orientation</td>
<td>.13*</td>
<td>.09</td>
</tr>
<tr>
<td><strong>Moderating effect</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cognition-based trust × Other orientation</td>
<td>-.13 †</td>
<td>-.28**</td>
</tr>
<tr>
<td>Affect-based trust × Other orientation</td>
<td>.24*</td>
<td>.21*</td>
</tr>
</tbody>
</table>
## Moderated Mediation Hypotheses

<table>
<thead>
<tr>
<th>Moderator</th>
<th>Helping behavior</th>
<th>Knowledge sharing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Conditional indirect effect</td>
<td>SE</td>
</tr>
<tr>
<td>Affect-based trust</td>
<td>Low (-1 SD)</td>
<td>-.01</td>
</tr>
<tr>
<td></td>
<td>High (+1 SD)</td>
<td>.17</td>
</tr>
<tr>
<td>Cognition-based trust</td>
<td>Low (-1 SD)</td>
<td>.24</td>
</tr>
<tr>
<td></td>
<td>High (+1 SD)</td>
<td>-.06</td>
</tr>
</tbody>
</table>

Bootstrap sample size = 5000
Discussion

High other orientation

Transformational Leadership

Affect-based Trust

Cognition-based Trust

Extra-role Behavior

Low other orientation

Other Orientation
Theoretical Implication

- Confirms the mechanism that exchange relation with followers’ obligation to reciprocate leaders (characterized as affect-based trust) plays a more important role in transformational leadership process.
- Extends this notion by examining other orientation as a moderator.
- Challenges previous ones that emphasize the role of reciprocal relations (i.e., affect-based trust) over the role of negotiated relations (i.e., cognition-based trust) in the effectiveness of transformational leadership.
Practical Implications

- Use multiple strategies for stimulating followers’ extra-role behaviors depending on their other orientation.
  - Followers in high other orientation → personal relations
  - Followers in low other orientation → professional image

- Undertake some practices that are designed to identify followers’ other orientation
  - clarification of employees’ tendency helps leaders provide proper stimulation strategies
Thank You for Your Attention