

Mediating Role of Power Distance on the Association of Perceived Managerial Competency and Employee Trust in the Nigerian Manufacturing Industry

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Abstract: *This study empirically examined the mediating role power distance wields on the relationship between managerial competency and employee trust. Data collection was through structured questionnaire and the unit of analysis was the individual. Data was generated from a sample of 108 employees drawn from four selected manufacturing companies located in Rivers State. Three research hypotheses were postulated in the null form, two bivariate and one multivariate. The non-parametric spearman's rank order correlation test was used in the test for hypothesized bivariate relations; while the bootstrap test for mediation was used in the test for the hypothesized mediating effect of the contextual variable. The analysis showed that perceived managerial competency significantly correlates with both employee cognitive and affective trust, and that the organizations cultural power distance dimension partially but significantly mediates the relationship between perceived managerial competency and employee trust. Based on these findings, we therefore concluded and recommended that managers, as representatives of their organizations, ought to be well trained and experienced and also to conduct themselves in responsible and moral ways that befit their positions especially since such characteristics fall, from time to time, under the scrutiny of their subordinates who also may tend to reciprocate like-wise characteristics in the organization.*

Keywords: *Perceived Managerial Competency, Cognitive, Affective, Employee Trust, Power Distance.*

1. INTRODUCTION

Trust is a vital ingredient for organizational cohesion; like fertilizer to the soil of workplace relations; it nurtures and fosters understanding, agreeability and preferred member behaviour. With the growing levels of perceived job insecurity, unemployment, business failures and competition; it goes beyond fancy assurances, monetary incitements and employee support systems these days to achieve and sustain employee trust in the highly complex world of businesses. Not only do employees want to believe in the safety of their jobs as a result of the survival and success of their organizations, they actually want to see that management has “an idea” of what it is doing (Yilmaz & Kabadayi, 2000; Paleszkiewicz, 2011). Rousseau *et al.* (1998) made a distinction between two forms of trust; the interpersonal trust and the organizational trust.

The interpersonal trust is the type in which the trustee is another individual, possibly in the same department and level within the organization and the focus is not based on a title or position, while the organizational trust is one where the trustee is the organization itself, or in most cases, a representative of the organization such as a sales person or the manager. Sonnenwald (2005) studied the management of cognitive and affective trust in the support of collaboration. The study evaluated the integral role of cognitive and affective trust in organizations or institutions which

relied heavily on collaboration in the achievement of goals. In the study, distinctions were made between cognitive trust and affective trust. According to the study, cognitive trust relates to judgments of competence and reliability, while affective trust relates to interpersonal bonds and perceptions with regards to intentions, motivations, concern, ethics and citizenship.

Schoorman, Mayer and Davis (2007) in their study; an integrative model of organizational trust: past, present and future; made certain clarifications with respect to an earlier model and definition of trust (Schoorman, Mayer & Davis, 1995). They argued that trust as an aspect of relationships, varied within person and across relationships with ability as an antecedent which allowed for such variations but within a given trustee and across domains. According to McAllister (1995), managers and professionals in organizations require employee trust and confidence in order to achieve sustained effective mutual adjustments and actions which as argued, strengthen the organizational resolve and will under conditions of uncertainty and complexity. Citing competence and responsibility as central elements, the findings of the study revealed the need for affect-based trust relationships and the expressive qualities of interpersonal behaviour in the organization (McAllister, 1995).

Managerial competency entails the ability of the individual to perform according to expected standards and quality and also involves a change readiness attitude. It reflects an imagery of confidence, focus and flexibility with regards to the external and internal environment (Krajcovicova, Caganova & Cambal, 2012; Lodja, 2011). Gambetta (1988) succinctly described the trust condition as “the probability that an actor will perform an action that is beneficial or at least not detrimental to us is high enough for us to consider engaging in some form of cooperation with him” (p.217). It is a condition of reciprocity enamored with confidence, performance and skill.

This paper evaluates the relationship between perceived managerial competency and employee trust with emphasis on the role of power distance as a mediator in the relationship. In this light, employee trust is linked to the competency of the manager as a representative of the organization in handling uncertainty, risk, competition and other factors closely associated with change (Boon & Holmes, 1991). Much has been covered in the area of managerial competency and employee trust (Colquitt, Scott & LePine, 2007; Johnson & Grayson, 2005; Tzafrir, Harel, Baruch & Dolan, 2003) but little has been done as regards the role of power distance as a mediator in the relationship between perceived managerial competency and employee trust. This is made obvious by a dearth of literature or study in that area, therefore this study draws its relevance upon the basis of its content and context.

2. LITERATURE REVIEW

2.1 Perceived Managerial Competency

Competency has been described as observable behaviour, skill or knowledge which affects performance and the achievement of goals (Hronik, 2007; Krajcovicova *et al.*, 2012). It is that distinctive factor that qualifies the individual based on role expectations and shared experience. According to Spencer and Spencer (1993), it is “the underlying characteristic of an individual that is causally related to criterion-referenced effective or superior performance in a job or situation” (p.9) although skill, knowledge and ability have been described as aspects of competency which as argued is more behaviour-based, various indicators still point to a combination of these factors as important attributes for effective performance and task dexterity (McKenner, 2002).

Krajcovicova *et al.* (2012) opine that there is no consensus in the definition of managerial competency or of the components of competency. Perceived managerial competency for the purpose of this paper is defined as the opinions of subordinate staff with regards to how knowledgeable, exposed and skilled a particular manager is with respect to external and internal expectations, challenges and prospects (Krajcovicova *et al.*, 2012; Lojda, 2011). It dwells to a large extent on the observed behavioural characteristics and tendencies of the manager in situations requiring sound judgement, prompt decisions and unprecedented actions. Cardona and Garcia (2005) in their study proposed a competency framework which focused on three distinctive talent expectations from the manager. The first is the strategic talent which addresses the manager’s capacity for the development and implementation of effective strategies.

The second is the executive talent which entails the manager's ability to develop and sustain rewarding relationships with subordinates, and thirdly, the personal talent which addresses the manager's ability to coordinate subordinates through earned trust and a sense of mission which is built through exemplary behaviour. Guglielminio (1979) argued that managerial competencies should be classified based on the characteristics of behaviour. He further identified three managerial competency dimensions, firstly, the conceptual capacity for decision making, creativity and problem solving, secondly, the interpersonal capacity to interact, negotiate and communicate with people, then thirdly, the technical capacity to undertake the development and implementation of strategy and effective time management.

2.2 Employee Trust

Trust can be described as that fundamental ingredient in any relationship which binds, sustains and facilitates profitable outcomes in shared transactions and other partnerships (Paleszkiewicz, 2010). This is as Yilmaz and Kabadayi (2000) define trust as the belief in the other party or individual to be unselfish, ready to take risk and reliable to a considerable degree. It is concerned with the expectations held about other individuals, groups, institutions or corporate bodies to act respond or behave in certain ways as a result of our dealings with them (Paleszkiewicz, 2010; Sztompka, 1999). Organizations require employee trust to function effectively (Tzafirir *et al.*, 2003), and also depend on it for the transfer of knowledge (Boon & Holmes, 1991).

Trust can occur at two levels within the organization; the first is trusting in the individuals or people in the organization while the second is trusting in the organization itself (Blomqvist *et al.*, 2003). This is as Mistzal (1996) argues that, individual trust is trust deposited in an individual trustee who is the actual target of trust and not his title or office while organizational trust is trust deposited in the organization which in most cases would be deposited in a representative of the organization such as a sales person or a manager (Zaheer, McEvily, Perronne, 1998; Mistzal 1996). Boons and Holmes (1991) in their study emphasized on the concept of "risk" and "uncertainty" as vital factors in estimating trust situations without which such situations are of no consequence and hold no meaningful stance; this follows Rousseau's (1998) assessment of trust as intentions to undertake risk based on positive expectations of the actions and behaviour of others.

Sonnenwald (2005) distinguished between two forms of trust namely: cognitive and affective trust. Cognitive trust can be described as trust which is concerned with evaluations and judgments of competence and dependability, while affective trust relates to interpersonal bonds among individuals and institutions, employees and their organizations, units and their groups. Johnson and Grayson (2005) describe cognitive trust as trust based on accumulated knowledge which allows for certain predictions regarding the nature of a trustee to be forthcoming as concerns certain expected obligations on the trustee's part. It is trust based on dependability as a result of experience or knowledge to some extent about the individual, group or organization. Whereas cognitive trust is knowledge-driven, affective trust, according to Rempel, Holmes and Zanna (1985) is relationship-driven and is trust which is based on a personal relationship and emotional involvement with the trustee. It is a form of trust which places confidence in the character and expected actions of the trustee as a result of personal relations and assumed emotional "history" with the trustee.

2.3 Perceived Managerial Competency and Employee Trust

In their study, Savolainen and Malkamaki (2011) argue the effectiveness of organizations which; through various leadership capacities; have obtained the trust of their employees. This, as they opine, fosters healthy work environments, sharing of ideas and knowledge as well as a high level of commitment from workers at the workplace. As further observed, when certain expectations are not met with; especially as regards managerial behaviour, there is a decline in trust and this is usually followed by a poor work attitudes and sometimes even insubordination. This observation follows in line with the opinion of Savolainen and López-Fresno (2012) who in their study described certain qualities which they argue are necessary for managers to attain and express in order to gain the trust of their subordinates. Qualities such as a deep knowledge and understanding in the organizations field of activity, integrity, a high capacity for understanding

and empathizing with people and the attitude of walking around. In their conclusion, they further emphasize the competency or ability of a manager as a fundamental dimension in achieving trustworthiness and in maintaining employee trust and followership.

In a similar view, Burke, Sims, Lazzara and Salas (2007) in their study, match the decision to trust against the right to earn trust. In that context, employees are judged as comparing their trust targets; the manager; against some expectation, goal, standard or referent such as effectiveness or knowledge in certain areas. This throws upon such a target (the manager) the necessity to be exemplary, knowledgeable and of sound judgement most importantly in situations when what is to be done is not yet known or when the situation is not of a usual kind. Although Akker, Heres, Lasthuizen and Six (2009) in their departure from previous studies focused on the role of ethical leadership or managerial behaviours as perceived by their subordinates which affects the subordinate's decision of trust in that manager or leader, they however, still noted the importance of managerial ability or competence and benevolence as two very important dimensions for leadership in achieving a trustworthy status.

2.4 The Mediating Role of Power Distance

Hofstede (2005) described power distance as the level of inequality that exists within societies which is accepted as normal and which, within the organizational context, carries certain implications for managerial practices within the organization. According to him, high power distance cultures reflect autocratic and controlling managerial structures where subordinates are simply expected to follow orders without questions, whereas, low power distances bear a more democratic undertone where employees are more involved in various decision making processes either directly or through representative mechanisms but as Santilli (2010) observed, despite the acceptance of such inequality and strict mode of governance, certain trust factors between managers and their subordinates could still be present which although may never be formally addressed, would still affect work processes. the author further argued that in high power distance societies, there is a strong dependence on and institutionalized acceptance of managerial authority and decisions while in low power distance societies; there are stronger interpersonal relations, communication flow and employee empowerment.

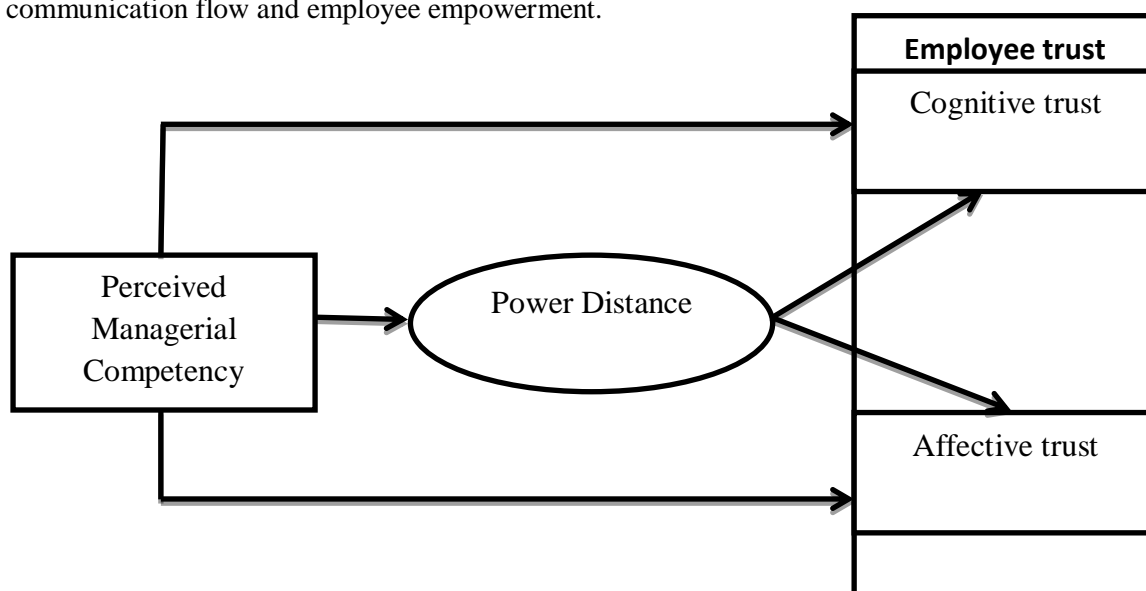


Fig 1. Hypothesized model showing the mediating role of power distance on the relationship between perceived managerial competency and employee trust

Hofstede (2005) noted that Organizations with a high power distance culture have hierarchical structures which frequently protect their “status” against attacks or challenges. Decisions may not be emotionally accepted by subordinates but have to be followed to the latter. The scenario is quite different in organizations perceived to have a low power distance culture. Such organizations tend to “avail” the manager for scrutiny and constructive inputs from subordinates. As a significant indicator of power distance, the manager-employee relationship demonstrates the centralization or de-centralization of power within the workplace (Hofstede, 2001). But as Wech

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(2002) argues, a major advantage for organizations today, especially with growing competition and leaps in technological development, is the transfer and utilization of knowledge which cannot be achieved effectively without a culture of active employee participation in the decision making process which would in turn enhance the trust between subordinates and their superiors at the workplace. Based on the foregoing discourse, we present the hypothesized model in figure 1.

Source: Authors' conceptualization.

Based on the hypothesized model depicted in fig 1, we therefore hypothesize that:

HO₁ There is no significant relationship between perceived managerial competency and employees' cognitive trust

HO₂ There is no significant relationship between perceived managerial competency and employees' affective trust

HO₃ The organizational power distance does not mediate the relationship between perceived managerial competency and employees' trust

3. METHODOLOGY

This study is correlational and data was generated from a sample of 108 employees drawn from a population of 153 staff of four selected manufacturing companies in Rivers State. The unit of analysis was the individual or employees within the target organizations. As a result of the homogeneity of operations and production processes in the selected companies, there was no need for sampling by stratification, therefore, the sampling method is the simple random probabilistic sampling method while the sample size was obtained using the krejcie and Morgan 1970 (Cited in Sekaran, 2003) population and sample size table.

Data for the study was collected through the administration of structured questionnaire. The independent variable (Perceived managerial competency) was measured on a 7 – item instrument adapted from Bosch, Lee and Cardona (2013). Two indicators each from the external and interpersonal dimension and three from the personal dimension, while for the dependent variable (employee trust), the two forms of trust; cognitive trust and affective trust (Sonnenwald, 2005) are measured on a 5 – item instrument each adapted from Johnson and Grayson (2003). For power distance, the study adopted a 7 –item scale as adapted from the work of Yoo, Donthu and Lenartowicz (2011). All variables are scaled on a 5 – point Likert scale ranking from (1) Strongly Disagree to (5) Strongly Agree (Sekaran, 2003).The reliability statistics for the study variables using the Cronbach alpha coefficient is illustrated in the following table.

Table1. Reliability for Study Variables

Variable	No. of Items	Cronbach alpha coefficient
Perceived Managerial Competency	7	.938
Power Distance	7	.905
Cognitive Trust	5	.927
Affective Trust	5	.908

Source: Research Data, 2014

4. FINDINGS

4.1 Demographic Analysis

Analysis at this stage is concerned primarily with the nature and characteristics of the sample. This is described through a contingency table illustrating frequency and percentage characteristics for respondents' gender, qualification, age and tenure as shown below

Table 2. Characteristics of the Sample

Variable	Category	Frequency	Percentage (%)
Gender	Male	79	73
	Female	29	27

	Total	108	100
Qualification	Diploma	17	16
	First Degree	82	76
	Master’s Degree	9	8
	Total	108	100
Age	25 years or less	10	9
	26 to 35 years	38	35
	36 to 45 years	39	36
	46 to 55 years	14	13
	56 years and above	7	6
	Total	108	100
Tenure	5 years and less	11	10
	6 to 10 years	52	48
	11 to 15 years	41	38
	16 to 20 years	4	4
	total	108	100

Source: Research Data, 2014

The table above illustrates the findings from the demographic analysis. The findings indicate an unequal distribution of gender, a growing trend in the Nigerian manufacturing industry. The table also shows that most of the respondents are first degree holders, with others having diplomas and master’s degrees but no PhD, although that option was available in the questionnaire. The findings reveal also that most of the workers are young, possibly a requirement in the manufacturing industry due to the physical-energy –demanding nature of the work, which also could be a major factor influencing the gender distribution as well. For the tenure distribution, the table shows that most of the respondents have served their various organizations for more than 5 years with majority having been with theirs between 6 – 10 years. This shows a tendency for low employee turnover, which can be explained by either a prevalence of acceptable working conditions or the high level of unemployment in the Nigerian market and the continuance commitment of employees.

4.2 Univariate Analysis

In this stage, descriptive analysis is carried out univariately on each variable and distribution characteristics are expressed through mean scores, standard deviations, data distribution skewness and kurtosis. Based on the adoption of a 5 – point Likert scale ranking system, the study adopts a 3.5 value midpoint and a pointer to moderate variable presence, while $x < 2.00$ for no variable presence and $x > 3.5$ for high variable presence (Asawo, 2009). The descriptive statistics for the empirical referents of employee trust (cognitive and affective trust) are shown below.

Table 3. Descriptive statistics for empirical referents of employee trust

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
						Statistic	Std. Error	Statistic	Std. Error
Cognitive	108	1.20	5.00	4.1333	.78300	-2.371	.233	5.660	.461
Affective	108	1.00	5.00	4.1574	.76905	-2.300	.233	6.001	.461
Valid N	108								

Source: Research data, 2014

The above table shows that both cognitive and affective trust, have high mean scores and low standard deviations. The descriptive values support a high level of variable presence in the selected organizations based on the responses. This goes to show the substantial level of employee trust by most of the participants from the sampled organizations. Also the data

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distribution, from the skewness and kurtosis coefficients, reveals that the data for both variables are not normally distributed.

Table 4. Descriptive statistics for the study variables

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Competency	108	1.29	5.00	4.1442	.83608	-2.102	.233	3.946	.461
Power	108	1.14	5.00	4.0317	.73165	-1.948	.233	4.483	.461
Trust	108	1.20	5.00	4.1454	.76126	-2.415	.233	5.885	.461
Valid N	108								

Source: Research data, 2014

The table above is used to describe the descriptive statistics for the study variables; perceived managerial competency (predictor), power distance (Mediator) and employees' trust (Criterion). All three variables have high mean scores ($x > 3.5$) and low standard deviations thereby implying the substantive presence of all three variables in the selected organizations. Also the data distribution for all three variables is not normal, this is as a result of the skewness and kurtosis coefficients.

4.3 Bivariate Analysis

In this stage, analysis is carried out on all previously hypothesized bivariate relations using the non-parametric Spearman's rank order correlation coefficient. The confidence interval is set at 95% implying a 0.05 level of significance. The basis for the rejection or acceptance of all bivariate null hypotheses is the $p < 0.05$ and $p > 0.05$ criterion. Rho values are here presented as indicators of the direction and strength/weakness of the relationships.

Table 5. The test for hypotheses one (H_{O1}) and two (H_{O2})

			Competency	Cognitive	Affective
Spearman's rho	Competency	Correlation Coefficient	1.000	.693	.518
		Sig. (2-tailed)	.	.000	.000
		N	108	108	108

Source: Research Data, 2014

The results reveal strong and significant levels of relations in all bivariate relationships. For hypothesis one (H_{O1} : there is no significant relationship between perceived managerial competency and employee trust) the results reveal a significant relationship with $\rho = .693$ and $p\text{-value} = .000$ therefore based on the adopted criterion ($p < 0.05$ and $p > 0.05$) for the rejection or acceptance of hypothetical statements, we reject the null hypothesis (H_{O1}) and restate that: there is a significant relationship between perceived managerial competency and employee cognitive trust.

The results also reveal that for hypothesis two (H_{O2} : there is no significant relationship between perceived managerial competency and employee affective trust) the findings show a significant relationship with $\rho = .518$ and $p\text{-value} = .000$ therefore following the previously adopted and stated decision rule ($p < 0.05$ and $p > 0.05$) for the acceptance or rejection of previously stated hypothetical relations, we hereby reject the null hypothesis (H_{O2}) and restate that: there is a significant relationship between perceived managerial competency and employee affective trust.

4.4 Multivariate Analysis

In this stage, analysis is carried out on the multivariate relationship between perceived managerial competency, power distance and employee trust. The intent is to determine the mediating role of organizational cultural power distance dimension on the relationship between perceived

managerial competency and employee trust. The study adopted the bootstrapping test for mediation method which is also non-parametric (Preacher & Hayes, 2004). The output of the analysis is shown in the model below

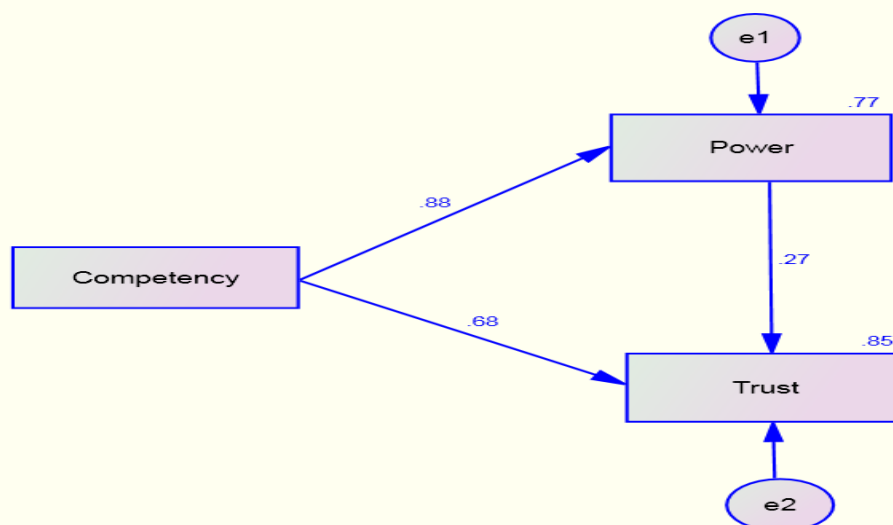


Fig2. Bootstrapping for mediating effect of power distance on relationship between perceived managerial competency and employee trust

The finding of the multivariate analysis reveals that power distance partially but yet significantly moderates the relationship between perceived managerial competency and employee trust with a standardized indirect effect of 0.235. This is further illustrated in the table below

Table 6. The output of the analysis

Variable	Indirect effect - Lower bounds	Indirect effect – upper bounds	significance
Competency > Power > Trust	.063	.599	.011

Source: Research Data, 2014

Based on the criterion of $p < 0.05$ as well as the correlation coefficient of 0.235 indirect effect of competency on trust through power distance, we therefore reject the previously stated null hypothesis of no significant mediating role of power distance on relationship between perceived managerial competency and employee trust and hereby restate that: the cultural dimension of power distance in the organization partially but significantly mediates the relationship between perceived managerial competency and employee trust.

5. DISCUSSION OF THE FINDINGS

This study as an empirical investigation examined, using inferential methods, the mediating role of power distance on the relationship between perceived managerial competency and employee trust. Three hypotheses were postulated, two bivariate and one multivariate. Our findings are discussed as follows

5.1 Perceived Managerial Competency and Employee Cognitive Trust

The finding which reveals a strong and significant correlation between perceived managerial competency and employee cognitive trust and shows the role a well-trained, knowledgeable and skilled manager has in enhancing the cognitive trust of the subordinates in his or her organization. Employee cognitive trust in the organization; as revealed by the analysis; is enhanced by employees’ perception of the manager as being knowledgeable, well experienced and well equipped to ferry the organization through various change and competition related factors (Johnson & Grayson, 2005). This finding further corroborates that of Savolainen and López-Fresno (2012) in which observed levels of distrust in certain cases were traced to poor managerial skills and a lack of business knowledge or knowledge of the industry. Although the authors also

noted that even though employees in such cases of distrust had lost confidence and trust in management, they still believed in themselves and in a future outside the organization and in their conclusions, the authors opine that the deeds and actions of the manager go a long way in securing the confidence and trust of the subordinates.

5.2 Perceived Managerial Competency and Employee Affective Trust

The findings also reveal a strong and significant relationship between perceived managerial competency and employee affective trust. This goes to show the role of perceived managerial competency in the enhancement of employee affective trust, which as observed, is mostly concerned with the interpersonal bonds between individuals in the organization. It is therefore important for managers to behave and act in a responsible, ethical and refined manner which would further promote and attract the reciprocity of desirable behaviours from subordinates in the organizations Rempel *et al.*, (1985). A notable corroborating observation is drawn from Hackman's (2005) study in which the charismatic ability of the manager to endear affection and trust from the subordinate is examined, although Williamson's (2001) delineation of the trust antecedents into two main categories of belief and affect based addresses affection from the point of group membership (vertical and hierarchical), it remains that a prevailing antecedent for affective trust in managers is expressed positive behaviour, interpersonal relations and good understanding of subordinate needs (Burke *et al.*, 2007).

5.3 The Mediating Role of Power Distance on the Relationship between Perceived Managerial Competency and Employee Trust

The findings reveal also that the organizations' cultural dimension of power distance partially mediates the relationship between perceived managerial competency and employee trust. This shows how important it is for interpersonal relations to thrive within the workplace and how important it is for managers to be accessible to their employees or subordinates. This is as Greer and Gebren (2008) argue that power distance in organizations to a significant extent affects the level of cooperation and relations. As observed by the authors, an organization with a low power distance culture has little trouble with settling conflicts and distrust issues since employees are "reasoned" with in various decision-making processes. Power distance within organizations affects the level of communication, willingness to contribute without fear of intimidation, job satisfaction, trust in the sincerity of management; especially as regards employee well-being and trust in organizational policies (Mead, 2003).

6. CONCLUSIONS AND RECOMMENDATIONS

In conclusion, the study finds strong and significant correlations between perceived managerial competency and employee trust, also, the organizations cultural dimension of power distance is revealed to be a significant factor in the enhancement of the relationship between perceived managerial competency and employee trust. The study specifically recommends that:

- i. More should be done with respect to organizational structuring, employee participative measures and workplace communication as this would foster a more cohesive and harmonious work environment where managers can depend to a considerable extent on the loyalty and reliability of employees as a result of a healthy exchange of trust and respect within the same work environment.
- ii. Efforts should also be directing to managing the manager's personal image, career profile and other necessary factors which may from time to time fall under the scrutiny and evaluation of subordinates.
- iii. Managers within this context are to be exemplary and should uphold sound moral principles which would serve to encourage employees and further endear both parties to each other.
- iv. There should be an increased level of employee participation or involvement in various decision making processes; especially as it affects their roles; increased communication flow and improved management-employee relations through joint consultations and organizational structuring.

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