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The birdcage is open, but will the bird fly?

How interactional and institutional trust interplay in public organisations

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In the wake of New Public Management reforms, the prospect of increasing task performance by building trust within public organisations has awoken renewed interest in the public sector. The focus has, however, predominantly been on strengthening leaders' trust in employees by offering the latter greater autonomy, while employees' decisions to accept and return trust have received less attention. The purpose of this article is to develop a conceptual framework for studying how interactional and institutional trust interplay when employees in public organisations respond to leaders' attempts to build trust by offering them greater autonomy. The conceptual framework is applied to a case study conducted in Copenhagen Municipality, which is actively engaged in a reform to strengthen trust. The results support the proposition that the optimal conditions for employees to accept offers of greater autonomy occur when they experience both high interactional and high institutional trust. However, the case study also illustrates that other factors such as horizontal trust, professional confidence and available resources also affect employees' willingness to accept offers of greater autonomy.

Introduction

"It is no use opening the birdcage if the bird is not willing to fly".

(Leader, Social Department)

A well-functioning public sector with the ability to respond to ongoing changes plays a crucial role in society as a whole. In recent years, trust has become a vital issue in debates about the development of the public sector. The main focus of interest in trust has traditionally been on the importance of citizens' trust towards the public sector, and vice versa (Christensen & Lægreid, 2005; Høyer & Mønness, 2016; Van de Walle, 2017). However, trust *within* the public sector among civil servants working together to handle organisational challenges is receiving growing attention in the wake of New Public Management reforms (Bouckaert, 2012; Edelenbos & Eshuis, 2012). Theorists inspired by the New Public Governance approach claim that a growing number of 'wicked', complex problems require

the public sector to heighten collaboration both internally and with actors outside formal organisations in order to develop new, innovative solutions (Klijn, 2016; Osborne, 2006; Six & Sorge, 2008; Torfing, 2016). This aspiration, it is argued, requires trust in public employees, who must be delegated a greater degree of autonomy in order to flexibly handle these new, complex tasks (Edelenbos & Eshuis, 2012). Autonomy in this context can be defined as the discretion delegated to employees to make decisions (Verhoest & Peters, 2004).

Trust in the context of public administration is mostly connected with leaders' delegation of autonomy, while it is mainly assumed that when leaders offer public employees trust by granting them autonomy, they will automatically use it (Edelenbos & Eshuis, 2012; Pollitt & Bouckaert, 2011; Verhoest & Peters, 2004).

However, contemporary trust research shows that building vertical trust is fundamentally a reciprocal process that involves risk – not only for the leader granting autonomy, but also for the employee accepting that autonomy (Long & Sitkin, 2014; Rousseau & Sitkin, 1998; Six, 2018). Therefore, offering trust in the form of autonomy is no guarantee that public employees will take the risk of accepting it. Trust may even be regarded as a 'poisoned chalice' (Skinner, Dietz, & Weibel, 2014).

Several factors are at stake in employees' decisions about whether to return the invitation to trust. A substantial part of the trust literature conceptualises the development of trust as a micro-level, interactional phenomenon based on direct contact between employees and leaders (den Hartog, 2003; Dirks & Ferrin, 2002; Lane, 1998; Rousseau & Sitkin, 1998). However, research has pointed out that processes of building vertical trust within organisations are also institutionally embedded (Bachmann & Inkpen, 2011). Although the importance of both interactional and institutional aspects of trust is acknowledged in the trust society literature (Sitkin & George, 2005; Six, Nooteboom, & Hoogendoorn, 2010; Vallentin & Thygesen, 2017), only a few studies address trust at more than one level (Jonwicz-Panjaitan & Noorderhaven, 2009; Kroeger, 2013). Both conceptual and empirical studies that can shed light on how institutionally generated trust impacts behavioural practices in organisations are scarce (Bachmann, 2018). The process of introducing greater autonomy for public employees has been studied by some scholars (Borg, Verdonk, Dauwerse, & Abma, 2017; Deci & Ryan, 2000; Langfred, 2004). However, the interplay between interactional and institutional aspects of trust that is at stake when employees must decide how to respond to

leaders' offers of greater autonomy has been understudied in the context of public organisations.

The purpose of this article is to help fill this research gap. The article explores how interactional and institutional dimensions of vertical trust interplay when public employees are offered more autonomy and must decide whether or not to return leaders' invitations to trust. By integrating existing research on interactional and institutional aspects of vertical trust, the article develops a conceptual framework (Vertical Trust Model) that outlines four different conditions that shape whether employees accept offers of greater autonomy. The conceptual framework is applied to a case study from Copenhagen Municipality, that is actively engaged in an internal reform of trust. The case is extreme in the sense that Denmark is a high trust society (Bjørnskov, 2006; Svendsen & Svendsen, 2016). However, the case also offers rare insights into dynamics of vertical trust building that are relevant to many Western countries, which are similarly under pressure to reform the public sector in the wake of NPM reforms.

The Vertical Trust Model builds on previous research which points out that both interactional and institutional trust have the ability to absorb the heightened risk connected with enhanced autonomy (Bachmann & Inkpen, 2011; Long & Sitkin, 2006; Six, 2018). Thus, the underlying proposition of the VTM is that employees are more likely to accept offers of greater autonomy under conditions of both high interactional and high institutional trust.

The results of this study support that proposition. However, the results also point to other explanatory factors that affect the decision to accept greater autonomy, such as civil servants' professional self-confidence, horizontal trust among colleagues, and limited resources. These findings help to explain when and why offers of autonomy can become 'poisoned chalices' for employees, and offer insights into how to optimise the conditions for developing vertical trust in public organisations.

The argument proceeds as follows: in the first section, the theoretical framework is developed, and existing research on interactional as well as institutional trust is outlined. Next, a conceptual model of vertical trust comprising four different configurations of interactional and institutional trust is developed. Following that, the selection of the case and methods are accounted for. The conceptual model is then applied to a case study of Copenhagen Municipality, that is actively aiming to enhance vertical trust between public leaders and their

employees. After the results have been presented, the limitations and potential of the findings, and their implications for future research as well as for practice, are discussed, and the results are summarised in the conclusion.

Theoretical framework

Trust can be defined as the willingness to accept the risk of making oneself vulnerable to another person or party. The decision to trust also depends on contextual risks that may affect the trustee's ability to live up to the trust offered to him or her (Hardin, 2002; Möllering et al., 2004; Nooteboom, 2003; Nooteboom, 2002). Giving trust involves expecting that things 'will be all right' even though there is a risk that expectations might not be met and that things may 'go wrong'. If there is no risk, trust is essentially not needed (Bachmann & Zaheer, 2013; Luhmann, 2017; Möllering, Bachmann, & Lee, 2004; Rousseau & Sitkin, 1998; Schoorman, Mayer, & Davis, 2007).

Trust relations in organisations can be categorised in terms of horizontal and vertical relations. A central difference between vertical and horizontal trust has to do with the balance of power between trustor and trustee (Eek & Rothstein, 2005). While horizontal relations of trust are characterised by equality in power, vertical trust relations, which are the focus of this study, are by definition asymmetrical regarding formal power. For example, trust between colleagues is horizontal while trust between a leader and an employee is vertical.

The reciprocity of trust

Trust can never be commanded but will always be dependent on the trustee's willingness to accept the invitation to trust (Frost & Moussavi, 2011; Luhmann, 2017; Martin, 1999). Therefore, understanding trust-building processes requires approaches which capture both the invitation to offer trust and the acceptance and return of trust (Möllering et al., 2004). Building trust is fundamentally a reciprocal process between two parties, and starts with the trustor deciding to give trust and thereby accepting a larger degree of vulnerability towards the trustee. Some scholars argue that leaders, who possess the power to define their subordinates' autonomy, have a special position when it comes to initiating the trust-building process (Luhmann, 2017; Mishra & Mishra, 2013). When a leader offers trust in the form of greater autonomy, the offer also involves increased complexity, potentially causing insecurity and a perception of heightened risk. Therefore, the consequences of trust are analysed by both parties. If trust is to grow, both must be willing to accept risk and engage in the trust-building process (Luhmann, 2017; Mayer, Davis, & Schoorman, 1995). Sometimes the trust that is

offered is unwanted and will be received as though it were a poisoned chalice (Skinner et al., 2014).

Vertical trust, seen from the point of view of the employee, involves an increasing generalisation of trust in which interactional trust in one's immediate leader is more concrete and built on interpersonal experience, while institutional trust in the organisation is more abstract, and draws more on generalised trust (Currall & Inkpen, 2002; den Hartog, 2003; Kroeger, 2013; Nachmias, 1985). In other words, employees' vertical trust will draw on elements of both interactional and institutional aspects of trust (Luhmann, 2017; Möllering, 2006; Newton & Zmerli, 2011).

Interactional trust

Trust as an interactional phenomenon between leader and employee has received substantial attention, with the focus predominantly on how to create trust in leaders (Dirks & Ferrin, 2002; Frost & Moussavi, 2011; Martin, 1999; Park, 2011; Searle et al., 2011; Six, 2004).

While some research focuses on the conditions under which, and the extent to which, leaders can trust their employees (Brown et al., 2015; den Hartog, 2003; Six, 2018), other theories are preoccupied with what leaders can do to earn their followers' trust. There is relatively widespread agreement that subordinates who perceive their leader as competent, sensitive to his/her subordinates' needs, benevolent, and with high integrity, are more likely to trust him or her (Bachmann, 2003; den Hartog, 2003; Nooteboom & Six, 2003; Schoorman et al., 2007; Whitener, Brodt, Korsgaard, & Werner, 1998). Robust leaders who are able to handle risk are also more likely to earn their employees' trust (Connell, Ferres, & Travaglione, 2003; Dirks & Ferrin, 2002; Lewicki & Wiethoff, 2000; Searle et al., 2011). Accessible and dialogue-oriented leaders who delegate, engage with and involve employees also appear to build trust more easily with their employees (Bijlsma & Bunt, 2003; Nyhan, 2000; Searle et al., 2011). However, trust in leaders is also contextual: employees may trust their leader with regard to one task or context, but not another (Hardin, 2002; Long & Sitkin, 2006; Mishra & Mishra, 2013; Nooteboom, 2003).

Institutional trust

While a substantial portion of the trust literature conceptualises the development of trust as a micro-level, interactional phenomenon based on contact between trustors and trustees, other scholars draw attention to trust as an institutionally embedded phenomenon. While some

areas of the trust literature define institutional trust in terms of societal trust in institutions (Fukuyama, 1995; Høyer & Mønness, 2016; Van de Walle, 2017), Bachmann & Inkpen define institutional trust as the institutional environment in which a trust relationship is embedded (Bachmann & Inkpen, 2011). In other words, institutional arrangements can reduce the risk of misplaced trust through legal regulation, codes of conduct, standards of employment contracts, organisational control, or other formal or informal behavioural norms (Bachmann & Inkpen, 2011). This study draws on this latter definition of institutional trust.

Often, when a micro-level perspective is employed, macro-level factors such as institutional context are not recognised as more than external factors that perhaps have the capacity to disturb trust building between individuals. But both within trust research and neo-institutional theory, some scholars argue that the specific institutional setting in which people build trust with each other constitutes a vital, but often overlooked dimension of organisational trust (Bachmann & Inkpen, 2011;; Kroeger, 2013; Reed, 2001). Central to these perspectives on trust is the assumption that institutional trust plays a constitutive role to interactional forms of trust by providing both restrictive and formative elements.

The trust-control nexus

A sub-field of research on institutional trust focuses particularly on the relationship between trust and institutional arrangements like control and regulation. Although trust and control are similar in their ability to reduce complexity, the mechanism through which they do this differs significantly: trust reduces complexity by excluding negative possibilities from consideration, thereby absorbing risk and enabling action. Control, on the other hand, attempts to minimise complexity by regulating and reducing possibilities for action (Edelenbos & Eshuis, 2012; Möllering, 2006).

While the relationship between control and trust has received substantial attention, the findings diverge when it comes to explaining how these phenomena relate (Weibel, 2007). Some research indicates that trust and control are unavoidable opposites that are in a subsidiary relationship in which trust removes the need for control, and vice versa (Bijlsma-Frankema & Costa, 2005; Falk & Kosfeld, 2006; Grund & Harbring, 2009). However, a growing field of empirical research suggests that control and trust can complement each other constructively under certain conditions (Bijlsma-Frankema & Costa, 2005; Costa & Bijlsma-Frankema, 2007; Long & Sitkin, 2006; Mellewigt, Madhok, & Weibel, 2007; Vallentin &

Thygesen, 2017; Weibel et al., 2016; Weibel, Rost, & Osterloh, 2010). Public administration research on bureaucratic rules reaches similar conclusions about the dichotomy between trust and control: while some control is perceived as coercive ‘red tape’, other forms of control are better described as enabling ‘green tape’ (Adler & Borys, 1996; DeHart-Davis, Davis, & Mohr, 2014). Highly regulated workplaces may experience high trust, while minimally regulated institutions may complain about low trust (Bijlsma-Frankema & Costa, 2005; van Thiel & Yesilkagit, 2011; Verhoest & Peters, 2004). The central point is that employees’ perceptions of controlling and regulatory arrangements are key to understanding institutional trust.

Factors at stake in the trust-control nexus

Recent research has further clarified some of the factors determining whether institutional arrangements are perceived as trust-supportive or trust-obstructive (Bozeman, 1993; Kaufmann & Feeney, 2012; Le Grand, 2003; Scott & Pandey, 2000; Weibel & Six, 2013). In other words, control or regulation that are perceived as legitimate ways of avoiding antisocial, sub-optimising behaviour do not have the same motivational costs as control that is perceived as illegitimate (Schnedler & Vadovic, 2011; Six, 2013). According to self-determination theory, employees’ responses to formal control will also depend on the extent to which basic human needs such as autonomy, competence and a feeling of relatedness are supported in processes of organisational control (Deci & Ryan, 2000; Ryan & Deci, 2000). In addition, informal and close relations between the controlling actor and the employee being controlled also create better conditions for building institutional trust (Six, 2013; van Thiel & Yesilkagit, 2011). Several results show that employee involvement and participation in the development, implementation and daily use of organisational control create opportunities to express concern, include professional input, and build vertical trust (Bruijn, 2002; Costa & Bijlsma-Frankema, 2007; Weibel, 2007).

Hence, institutional trust reflects the extent to which institutional arrangements support or obstruct processes of interactional trust building (Sitkin & George, 2005; Vallentin & Thygesen, 2017).

This article draws on this complementary understanding of control and trust, which means that employees’ subjective perceptions, rather than objective estimates of institutional control, are regarded as relevant in assessing institutional trust.

Conceptualisation: Vertical Trust Model

In the following, the two dimensions are combined in a conceptual model that distinguishes four different combinations of low or high interactional and institutional trust.

High interactional trust means that employees perceive their focal leader as trustworthy in a specific context, based on their competence, benevolent intentions, robustness and consistency. High interactional trust is expected to make employees more willing to make themselves vulnerable to the risk of heightened autonomy, compared to situations in which interactional trust in the leader is low.

When institutional trust is high, employees perceive institutional arrangements as legitimate, purposeful and supportive. Contrarily, low institutional trust is associated with employees' perceptions of institutional arrangements as being illegitimate, purposeless or unsupportive to processes of building trust.

The Vertical Trust Model (VTM) is illustrated in table 1 and shows how levels of interactional and institutional trust create four different conditions that shape employees' decisions about how to respond to leader's invitations to accept a greater degree of trust.

		INSTITUTIONAL TRUST (Employees' perception of how institutional arrangements support trust)	
		LOW (Obstructive)	HIGH (Supportive)
INTERACTIONAL TRUST (Employees' trust in the focal leader)	HIGH	Though interactional trust in the focal leader is high, employees perceive institutional arrangements as obstructive. Although interactional trust could absorb increased risk associated with accepting more autonomy, low institutional trust creates ambiguous conditions for employees doing so. AMBIGUOUS CONDITIONS	Both high interactional trust in the focal leader as well as high institutional trust helps absorb increased risk, creating optimal conditions for employees accepting offers of more autonomy. OPTIMAL CONDITIONS
	LOW	Interactional trust in the focal leader is low and institutional arrangements are perceived as obstructive to building trust. Since both low interactional and institutional trust cannot assist in absorbing increased risk, employees' conditions for accepting offers of more autonomy are poor. POOR CONDITIONS	Interactional trust in focal leader is low although institutional trust is high. Though high institutional trust may absorb the risk of more autonomy, low interactional trust creates ambiguous conditions for employees accepting such offers. AMBIGUOUS CONDITIONS

Table 1: Vertical Trust Model (VTM)

When both interactional trust and institutional trust are high, conditions for employees to willingly accept offers of greater autonomy are expected to be optimal, since high levels of both aspects of vertical trust help to absorb the perceived increased risk associated with expanded autonomy.

When interactional trust is high but institutional trust is low, employees may be willing to make themselves vulnerable to their focal leader, but since institutional arrangements are perceived as obstructive, offers of autonomy are perceived as riskier to accept. Similarly, high institutional trust and low interactional trust are expected to be received hesitantly: although institutional arrangements are perceived as supportive, low trust in the focal leader makes it risky to make oneself vulnerable. Since one level of trust can assist in absorbing increased risk associated with greater autonomy while the other levels cannot, the conditions for accepting offers of greater autonomy are ambiguous.

Finally, the combination of low interactional and institutional trust is expected to constitute the least optimal combination for employees to willingly accept the autonomy offered to them, since no aspects of vertical trust can contribute to bridge the perceived heightened risk associated with these offers.

The four combinations of employees' perceptions of high and low interactional and institutional trust, respectively, provide a structure for analysing the empirical data. First, however, the case and methods chosen are described.

Methods

Empirically, the study addresses the findings from a case study conducted in Copenhagen Municipality, which is the largest public organisation in Denmark. As described earlier, the trust reform in Copenhagen Municipality is an extreme case in the sense that Denmark is considered a high-trust country (Bjørnskov, 2006; Svendsen & Svendsen, 2016). However, dealing with red tape and dysfunctional control in the wake of NPM reforms is also a highly relevant challenge in the broader context of Western public sectors.

Copenhagen Municipality constitutes a unique case for studying attempts to build vertical trust in a public organisation given that, since 2012, the municipality has consistently pursued a so-called 'trust reform' which involves a clear ambition to build more vertical trust at all levels and across administrative areas. However, the sheer size of the bureaucracy in Copenhagen simultaneously creates difficult conditions for implementing such a reform,

providing an optimal case for studying dynamics of vertical trust building in which several actors are involved at several levels (Flyvbjerg, 2006).

Given the scarce existing research on dynamics between institutional and interactional trust, the study is exploring rather than testing the VTM. By exploring a tentative conceptual model, rather than just testing the model as a narrow hypothesis, the study is able to include and discuss factors beyond the two defined dimensions of the VTM. The study explores initiatives that attempt to build more vertical trust by expanding employees' autonomy. This involves, for example, removing the need to clock in, less detailed requirements concerning how to solve tasks, and more economic autonomy. The common trait among these initiatives is the ambition to delegate and enhance employees' discretion to make local decisions. Initiatives cover both large, centrally anchored projects, and smaller initiatives at the local level, and were studied across six administrative areas. The initiatives were located using the snowball method in which interviewed informants identified other relevant initiatives in the organisation. The selection of initiatives therefore reflects an ambition to maximise variation rather than to ensure representation. Thus, the data are rich in relation to the process of attempting to build vertical trust, but weaker when it comes to evaluating the ultimate effects of the various initiatives.

The qualitative study draws on 65 semi-structured interviews with leaders, employees, administration, politicians, shop stewards and union members. The starting point for the interviews was informants' experiences with concrete initiatives aimed at building more vertical trust. The interviews were semi-structured and constructed around a number of themes covering both institutional and interactional aspects. Interview guides were adjusted to fit the informants' different roles and contexts. While the interviewed employees and union members only have experience as subordinates, local leaders and administration typically have experience of being both subordinates and leaders. To strengthen the validity of the study, the interviews were combined with an analysis of formal documents from the municipality, and observations from meetings and informal dialogues.

The empirical data were coded in NVIVO. Given the specific focus in this article on employees' conditions for accepting offers of greater autonomy, the focus is solely on one side of the reciprocal process, namely the subordinate as the recipient of an offer of trust. In all the cases analysed, we entered the scene after leaders had already offered employees

greater autonomy. The analysis focuses on the decision faced by the subordinate. Specifically, it addresses how she or he assesses interactional and institutional aspects of vertical trust, and how this affects his or her conditions for accepting invitations of greater vertical trust.

Since the study focuses on employees' decisions about whether or not to accept trust, employees' reflections about institutional and interactional trust are at the heart of the coding. However, leaders' reflections on employees' conditions for accepting trust are included as valuable empirical material. The empirical data were coded along the two dimensions in focus here: institutional and interactional trust. In addition, this coding was assessed and coded into the categories 'high' or 'low' trust along each dimension. Thereafter, a matrix coding was conducted in which the two dimensions were crossed. Mapping the distribution of the four combinations of institutional and interactional trust is outside the scope of this study. Rather, the aim is to explore how institutional and interactional aspects of trust interplay in subordinates' decisions about whether to accept the autonomy offered by a leader. As variation and not representation was the central criterion for the selection of cases, the coding was solely used to illustrate dynamics in the four combinations of institutional and relational trust.

In the following, the empirical data will be analysed using the four different variants of the conceptual framework in order to illustrate how interactional and institutional dimensions of trust interplay and create different conditions for accepting offers of autonomy.

Findings

While the concept of trust in focal leaders is relatable to most employees, their understanding of institutional arrangements varies across welfare areas and workplaces. Not surprisingly, the most heavily regulated areas, such as the Social and Employment Departments, have a more comprehensive picture of the institutional arrangements they are exposed to. However, their reflections on the purpose of control are often more nuanced, despite the challenges they experience in relation to institutional trust. In other words, the data support established insights from the trust-control nexus which show that perceptions of control, rather than objective levels of control, are key to understanding institutional trust (Costa & Bijlsma-Frankema, 2007; Six, 2013; Weibel et al., 2016).

The empirical material offers several examples of all the four different configurations of interactional and institutional trust. However, there are only a few examples of the

combination of low interactional and low institutional trust. This is perhaps not surprising given that the study draws on initiatives from frontrunner workplaces that are actively pursuing trust.

In table 2, empirical examples in the form of quotes are presented to illustrate the various combinations of low and high interactional and institutional trust.

		INSTITUTIONAL TRUST (Employees' perception of the how institutional arrangements support trust)	
		LOW (Obstructive)	HIGH (Supportive)
INTERACTIONAL TRUST (Employees' trust in the focal leader)	HIGH	"The way we are regulated doesn't feel like we are trusted, but I actually have a good and trustful relationship with my leader" <i>(Employee in Children & Youth Department)</i> "There are many barriers to trust in my daily work. Not so much in relation to my leader, whom I trust, but in relation to documentation and control" <i>(Employee in Social Department)</i>	"I really appreciate how we are invited to challenge rules that don't make sense. I think it is exciting to get more professional freedom. And I know that there is enough trust between us... that my leader will support me." <i>(Employee from Employment and Integration department)</i> "I have a good leader that I can count on (...) I actually enjoy working in a system with a lot of rules because they make sense." <i>(Leader in Social Department)</i>
	LOW	"The way we are controlled is grotesque and things are far too centralized. And honestly I don't trust my superior to back me up if I took the chance. This is all a sham" <i>(Leader in Culture and Leisure Department)</i> "I think it has been a pseudo process. (...) We still have to follow the same rigid procedures and my leader...well, I am not sure she is able to handle it if somebody makes a mistake." <i>(Employee in Elder Care Home)</i>	"Most of the control is there for a reason(...) If you remove rules without giving the employees the back-up they need from their leader, you risk that they reinvent new rules on their own." <i>(Employee in Social department)</i> "You don't necessarily create more trust by removing rules, if there is not enough trust in the relationship between leader and employee." <i>(Employee in Rehabilitation Center)</i>

Table 2: Empirical illustrations of the four quadrants in the Vertical Trust model.

Generally, the results support the fundamental proposition of this study: that a combination of high interactional and institutional trust creates more fertile conditions for employees to accept leaders' invitations to build trust by offering them greater autonomy. However, as we shall see, levels of vertical interactional and institutional trust are not the only factors at stake in employees' decisions about whether or not to accept such offers of autonomy.

First, however, we will dive into each quadrant to explore the conditions that shape employees' decisions about whether or not to accept offers of greater autonomy.

High interactional trust – high institutional trust

We start out in the upper right quadrant, which is characterised by high interactional trust in focal leaders, as well as high institutional trust. Generally, employees who experience a combination of high trust in both dimensions are positive about the increase in autonomy. In many cases, employees appear to have accepted the autonomy and have already made use of their new discretion: *“I really appreciate that the field I can play on ... is bigger now. Now it is easier doing the things that make sense* (Employee in the Health and Care Administration)

In an employment center, meetings with unemployed citizens were formerly regulated in detail, with set standards about how many meetings should take place, and how long they should last. The leader changed this practice and instead gave employees the autonomy to conduct meetings flexibly according to their professional judgement. An employee explained that she was excited about this new opportunity and had already started making use of her increased autonomy both because the control system had been adjusted to support the new flexible meetings and also because *‘I know that there is enough trust between us... that my leader will support me.’* In this and many other examples, employees who make use of the autonomy offered to them emphasise the simultaneous importance of trust in their leader as well as supportive institutional arrangements.

The way in which breaches of trust are handled is emphasised as crucial to employees’ willingness to accept offers of autonomy. Several employees stress the importance of leaders “having one’s back” in case they make mistakes. A leader in the social department elaborates: *“It is essential that they feel they can come to me if they make a mistake. That they know they won’t get in trouble but that we will figure things out together”*. Trusted leaders are described as avoiding blame and sanctions, while ensuring collective learning from critical incidents.

Institutional arrangements are seen as trust supportive, because they assist employees in handling high risks in their jobs: *“Documentation helps creates a safety net for us. I also think documentation and control help us to learn and create transparency about what we are doing.”* (Employee in Social Department). A key factor appears to be how leaders engage in dialogue with employees about institutional arrangements such as organisational control. A leader in an employment center reflects on this: *“You need to mobilise their (the employees’)*

resources and tap into the experience they have. We need to involve them profoundly when we figure out how we should document things”

Both employees and leaders, in these cases, stress that they debate, adjust and challenge institutional arrangements that they perceive as obstructive to their tasks.

Low interactional trust - High institutional trust

In other cases, institutional trust is high while interactional trust in the focal leader is low. In these cases, employees generally perceive institutional arrangements as purposeful and legitimate. However, in these cases trust in the focal leader is simultaneously low. For some employees, low trust in leader is based on concrete experiences of their leader as being either incompetent or not benevolent. A leader of a Health Care Centre describes her superior in the Administration: *“It feels like she doesn’t care about us or the citizens. It’s all numbers. The relationship is so important!”* Although leaders’ incompetence is also mentioned as a reason for low trust, lack of benevolence appears to be especially detrimental to employees’ trust in their leader.

In other cases, low trust in a leader is simply a result of not knowing him or her well enough, either because the leader in question is perceived as distant, or simply because she or he is new to the organisation. An example of this pertains to a new leader in the Social Department who, in order to show trust, decided to stop requiring employees to clock in. Although this offer of greater autonomy was intended as a way of showing trust, a number of employees chose to keep registering their hours anyway because *“Honestly, I don’t yet know if I can trust her”*. Similarly, a physiotherapist who had been granted a greater degree of discretion to design training sessions more flexibly still followed the former detailed instructions that have now been formally abolished, because she was not sure if her leader would support her if she made a mistake.

This and many other examples show that offering autonomy, even when institutional trust is high, is still received hesitantly if interactional trust is low. Employees may even hold on desperately to rules and procedures as a form of individual protection. Paradoxically, offering more autonomy can trigger the escalation of self-created restrictions and self-imposed controls, if trust in the leader is low. Thus, offers of autonomy without interactional trust appear to be only hesitantly accepted or are even rejected by employees, despite institutional trust being high.

High interactional trust - Low institutional trust

In other cases, trust in the focal leader is high. Employees believe that their leader would (potentially) back them in case of trouble, and perceive him or her as competent and benevolent. However, institutional arrangements are perceived as obstructive, creating low institutional trust. This is the case, for instance, if control is perceived as time-consuming or simply not conducive to solving the tasks they have to undertake. In a number of cases, this is also associated with a fear of making mistakes: *“Every time there is just a hint of something that could become a bad case in the press, the administration escalates common rules. This has created a culture of fear that still permeates the walls here” (Leader in the Social Department).*

Although several employees claim that they do trust their leader, they tend to find ways to decline offers of greater autonomy. *“It is not only a question of having trust in my leader, but also the backup we get from the system”*, a health care employee explains. Although they may feel backed up by their focal leader, they perceive the institutional arrangements to be unsupportive and fear that they might expose themselves to risky criticism if they accept offers of greater autonomy.

Low interactional trust – Low institutional trust

In a few cases, employees experience a combination of both low interactional trust in their focal leader and low institutional trust in organisational control. *“We have experienced distrust from the administrative system and that, combined with bad local leadership, has created a really bad situation.”* (Employee in a local cultural institution). When employees neither trust neither their leader nor perceive institutional arrangements to be supportive, offers of greater autonomy are usually received with scepticism or are simply disregarded. There appears to be little inclination to risk the vulnerability associated with greater autonomy. For some employees, the ‘pretty words’ about trust at the level of policy ambitions stand in contrast to their daily experience of organisational life. An employee who has been offered extended autonomy in the form of more flexible documentation expresses his view on the Trust Reform: *‘This trust reform is “the emperor’s new clothes”!’* When both interactional and institutional trust are low, offers of greater autonomy are increasingly perceived as ‘poisoned chalices’ by employees, who see little point in accepting leaders’ invitations to build more trust (Skinner et al., 2014).

Other factors at stake

Although employees certainly emphasise interactional and institutional trust as important foundations for accepting offers of more trust, the empirical data offer insights into a number of other factors at stake.

An interesting finding is that the extent of the autonomy offered, may, in itself, affect the conditions for accepting such offers among employees. In some cases, the autonomy offered is perceived as so insignificant that is not worth paying attention to. An employee in the Culture and Leisure department says: *“These offers of more freedom end up being little things like letting us document stuff in a new system. If they want me to get on board it needs to be a little sexier than that!”* When offers of autonomy are perceived as too trivial, this can cause disengagement or disregard among employees, regardless of interactional or institutional trust. Modest offers of autonomy can even appear insulting if employees feel that they contrast too starkly with high ambitions about trust expressed by leaders. This dynamic appears to be reinforced if employees have previously been exposed to offers of autonomy which have been perceived as too insignificant to invest effort in.

Conversely, there are also empirical examples of employees who find offers of autonomy too risky. While levels of interactional and institutional trust certainly appear to be part of this equation, several examples show that employees’ professional confidence to actually live up to the responsibility involved also plays a central role. An employee at a rehabilitation center says: *“Sometimes it can be liberating to have a leader say: Just follow these guidelines. You don’t have to worry about the rest.”* Thus, a central challenge for leaders is to ensure that offers of autonomy are significant enough for employees to want to get involved, while carefully tailored so that employees feel they are capable of handling the extra responsibility.

Another frequently mentioned factor is the importance of available resources in the organisation. *“Although they (the institutions) are keen to try out this new way of working more freely, they don’t necessarily have the resources to get started”* (Consultant in the Social Administration). Several employees feel that when the budget is tight and their resources to solve tasks are cut back, it is hard to find the time and energy to embrace and explore the possibilities offered by greater autonomy.

Both leaders and employees point out that willingness to accept autonomy also depends on horizontal trust relations in the organisation. A leader in the Health and Care Department

explains: *“It is not just about leadership, but also a question of the employees trusting each other. When I delegate a task, the employee needs to trust that her colleague, who is involved in the task, is also competent to solve it. It is also a matter of building trust horizontally”*.

This is a reminder that vertical trust is not isolated in the organisational context, but coevolves with trust in other important relations.

Discussion & Conclusion

This article set out to explore how interactional and institutional aspects of trust interplay in shaping employees' conditions for accepting leaders' offers of autonomy, and develops and applies a conceptual model of vertical trust (Vertical Trust Model). The results support previous findings in trust research, which show that offers of trust are not always received positively (Skinner et al., 2014). However, the study also makes an important contribution by exploring how both interactional and institutional aspects of trust interplay in the development of vertical trust. The development of the VTM can also be considered a valuable contribution, given that conceptual work about how institutional trust impacts behavioural practices in organisations is especially scarce (Bachmann, 2018).

The Vertical Trust Model builds on previous research which points out that both interactional and institutional trust can help to absorb the heightened risk connected with enhanced autonomy (Bachmann & Inkpen, 2011; Long & Sitkin, 2006; Six, 2018). Thus, the underlying proposition of the VTM is that the likelihood of employees accepting offers of greater autonomy will be conditioned by levels of both interactional and institutional trust.

The results of this study support that proposition. A number of leaders and employees in the case study compared the trust reform to the metaphor of ‘opening the birdcage’ in order to ‘let the bird fly’. However, as some respondents who have been deeply involved in the implementation of the trust reform commented: *‘It is no use opening the birdcage if the bird is not willing to fly’*. Such experiences illustrate how it may be necessary, but not sufficient, to offer employees greater autonomy in order to build vertical trust. The results certainly show that if the ambition is to achieve high vertical trust, it would be helpful to strengthen both trust in leaders and institutional trust in order to ensure that employees actually make use of the autonomy offered and are willing to expose themselves to the risk of ‘flying out of the birdcage’.

The results help to explain why, and in which situations, offers of autonomy can become ‘poisoned chalices’ for employees, and they also confirm the importance of considering both interactional and institutional dimensions of vertical trust building in public organisations. However, the study also suggests that the relationship between vertical and horizontal trust warrants further attention.. For example, trust in colleagues also appear to be affect subordinates willingness to grant vertical trust to superiors. Could high horizontal trust, for example, absorb some of the risk connected with greater autonomy, even if trust in the leader is low (Costa, 2003; Costa & Peiro, 2009; Costa, Roe, & Taillieu, 2001)? Drawing on social capital theory, it would be valuable to gain more insight into the interplay between vertical and horizontal trust relations (Eek & Rothstein, 2005).

Inspired by the finding that limited resources also play a part in employees’ willingness to engage in offers of greater autonomy, inertia and path dependency could also be explored as relevant mechanisms to explain employees’ hesitancy to accept greater autonomy (Sarigil, 2015; Torfing, 2009; Weick & Quinn, 1999). Changes in well-established habits and procedures require focus and investment of resources, while continuing down a well-known path may appear easier and less stressful to some employees (Mahoney & Thelen, 2010; May & Winter, 2009). If employees perceive that available resources are too scarce, their willingness to engage in time-consuming change processes involving greater autonomy may also decrease (Lipsky, 2010). Future research is therefore encouraged to address these, and possibly other relevant factors in processes of building vertical trust, that are beyond the scope of this study.

Although the Danish case in this study is extreme in the sense that Denmark is known to be a high-trust country, many Western countries are experiencing similar challenges in the wake of New Public Management reforms. Thus, an improved understanding of multilevel processes of vertical trust building within the public sector is of broad relevance when it comes to supporting the development of public sector organisations in modern democracies.

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