



Revisiting the relationship of supervisor trust and CEO trust to turnover intentions: A three-country comparative study

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ABSTRACT

Dirks and Ferrin (2002) conducted a landmark meta-analysis that addressed many questions about the antecedents and effects of the employee's trust in their direct leader and in the organization's leadership. There are still some unanswered research questions. The present study addresses direct-leader trust and organization-leadership trust in the international setting (U.S., Russia, and Poland) while employing a refined research design that minimizes range restriction. The results show that trust of the firm's CEO and top management is more highly correlated with turnover intentions than is trust of the supervisor. In-group collectivism dimension did not moderate these trust and turnover-intentions relationships.

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1. Introduction

Griffeth, Hom, and Gaertner (2000) found that antecedents, such as the employee's intention to stay or leave the organization, remain the best predictors of voluntary turnover. Harris, Kacmar, and Witt (2005) added that it makes more sense to study these antecedents of turnover than actual voluntary turnover. Identifying predictors of quit intentions can allow the firm to correct the conditions that spur thoughts of quitting so that the firm's voluntary turnover rate can be better managed. Also the poor attitudes that are likely to be held by an employee with an intense intention to leave (Griffeth et al., 2000; Harris et al., 2005) can be contagious, negatively affecting the morale of others. For these reasons, research into the conditions that affect employee quit intentions should prove beneficial. Though there are numerous factors that can influence one's turnover intentions, such as job dissatisfaction and labor-market perceptions (Mobley, Griffeth, Hand, & Meglino, 1979), the present study focuses attention on two trust antecedents that have appeared in the turnover-intentions

literature (Dirks & Ferrin, 2002): employee's trust of their direct leader and trust of the organization's top leadership.

1.1. Leader trust

The two types of leader trust differ in their nature. Trust of the direct leader is more commonly understood in that it is formed in a dyadic interpersonal relationship with the supervisor. Trust of top management, on the other hand, is based more on the reputation of the organization's top leadership than on information gained through a direct interpersonal relationship. Unless the organization is small, most employees usually have at most a limited direct relationship with their top managers. Fox (1974) referred to top management trust as institutional trust. Scott (1980) found that top-management trust is related to the perceived value of a management-by-objective program. Carnevale (1988) reported that workers monitor organizational processes and outcomes to decide whether top management can be trusted. McCauley and Kuhnert (1992) added that CEO and top-management trust is determined more by the efficiency and fairness of organization-wide systems and practices than by the personal characteristics of the top managers. Costigan, Ilter, and Berman (1998) explored the relationship between top-management trust and the organization's reward practices.

As a result, the makeup of these trust constructs (i.e., trust of the direct leader and trust of top management) differs radically; the extent to which they differ depends on the amount of direct personal contact between the trustor and the trustee. Like the foci-of-commitment research (e.g., Becker, 1992) which has shown that

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there are multiple kinds of employee commitment (i.e., commitment to top management, commitment to supervisor, and commitment to workgroups) with different associations to outcomes such as turnover intentions, there are also multiple referents of employee trust (e.g., trust of the boss, and trust of the CEO and top management) that perhaps relate differently to turnover intentions (e.g., Dirks & Ferrin, 2002). Though the nature of our study's trust constructs differs of necessity, we believe that it is beneficial to use these two trust constructs to determine whether the employee's trust of the supervisor or the employee's trust of the CEO and top-management team has a stronger association with that employee's turnover intentions. The answer to this research question can help with the management of turnover.

Dirks and Ferrin's (2002) commented that there has not been enough research that has distinguished between trust-in-direct leader versus trust-in-organizational leadership, and the respective implications and consequences of each type. In their meta-analysis, which included nine trust-in-direct-leader studies (e.g., direct supervisor) and seven trust-in-organizational-leadership studies (e.g., trust of the CEO and top management, trust of the employer, and trust of management), they reported that there was no difference in the strength of the relationship between each kind of trust and turnover intentions. Their meta-analysis correlation showing the relationship of the employee's trust in the direct leader to intention to leave is $-.38$ while the correlation between the employee's trust in the firm's leadership and intention to leave is $-.41$. Notwithstanding these nearly equivalent results, Dirks and Ferrin suggested that future studies should continue to assess the extent to which both trust constructs account for unique variance in outcome variables. Our study addresses this suggestion and, because our data enables us to do a comparison, it provides the opportunity for examining possible differences in the relationship of both kinds of trust to quit intentions, which was not possible in the studies reviewed by Dirks and Ferrin.

1.2. Trust referents

Dirks and Ferrin (2002) claimed that employees can distinguish between an individual target of trust and a collective, system-wide target of trust. Considering the operational definitions of their referent constructs, we are not convinced of this. As defined in the studies in Dirks and Ferrin's (2002) meta-analysis, employee trust in the direct leader and employee trust in the organization's leadership appear to be overlapping constructs. A few examples of this overlap are provided next.

Though Korsgaard et al. (2000) work was coded as a trust-in-organization-leadership study in Dirks and Ferrin's (2002) meta-analysis, a respondent's rating on items such as "I trust the management of this plant" may reflect trust in the organization's leadership as well as trust in the immediate supervisor. Similarly, Parra's (1995) scale included items such as "XYZ (name of the organization) has a poor future unless it can attract better managers." The lack of clarity as to the precise target of trust in these items leaves the rater with a challenge. The ratings in these instances might reflect one's distrust (trust) of managers at all levels of the firm, including (or not including) the direct supervisor.

Matthai's (1989) operational definition of trust in management presents a different obstacle. She combined the trust-in-supervisor items with the items assessing the employee's "trust in management in general," forming a hybrid trust measure. Though Matthai's measure falls in Dirks and Ferrin's (2002) trust-in-organization-leadership classification, its complex makeup is a more obvious example of the confusion that surfaces in the literature.

In defense of Dirks and Ferrin's (2002) classification of the two sets of trust studies, they did not claim that these trust constructs (i.e., trust in the direct leader and trust in the organization's leadership) are independent. They were only interested in knowing which of the two constructs had a stronger relationship with turnover intentions. The present study provides a clearer separation of the two trust referents and then attempts to give a more definitive answer as to whether trust of the direct leader or trust of the organization's upper-level leadership is more highly correlated with turnover intentions.

Our study's operational definition of this direct-leader trust construct has two dimensions. More specifically, trust of the supervisor in the present study is a composite of McAllister's (1995) scales for cognition-based trust and affect-based trust constructs. Just as Dirks and Ferrin (2002) had operationally defined *overall trust* of the direct leader to have "affective and cognitive forms" (p. 616), we also have both aspects in our overall trust measure. Cognition-based trust, which is one kind of interpersonal trust, refers to a more rational decision to trust or to withhold trust of another employee (McAllister, 1995). This decision is grounded on the employee's history in performing responsibly and competently among others. The employee's reliability and dependability are also a part of this decision to trust or not to trust. Affect-based trust is more emotional than rational. It evolves over a period of time into a deep workplace relationship with another. Both the trustor and trustee make an emotional investment in each other's well-being (McAllister, 1995). Care and concern for persons in the relationship typify this form of trust. Both parties believe in the intrinsic value of a close interpersonal relationship with the expectation of goodwill and exchanges benefiting the two parties in the relationship. In this study, both cognition-based trust and affect-based trust are combined to form the trust-in-supervisor variable.

The CEO and top management were chosen as a second referent of trust for a couple of reasons. Two of the seven organization-leadership studies in Dirks and Ferrin's meta-analysis (i.e., Costigan et al., 1998; Rhee, 1996) focused explicitly on trust of the CEO and top managers. Two other studies (i.e., Konovsky & Cropanzano, 1991; Robinson, 1996) implied that top management was the target of trust. Examples of Konovsky and Cropanzano's (1991) and Robinson's (1996) scale items are, respectively: "The people who run this company are very honest" and "I believe my employer has high integrity." Other Dirks and Ferrin's studies (Matthai, 1989; Parra, 1995) operationalized this construct with items assessing the employee's trust of the firm's management in general. Hence, four of seven of the studies in their meta-analysis define trust-in-organization-leadership more precisely. A second reason for focusing on CEO and top-management trust is the recent top-manager scandals and bankruptcies for which CEOs and top managers are responsible. Simply put, CEO trust is on people's minds.

In sum, the trust referents in our study are clearly identified and distinguishable: that is, the employee's overall trust of the supervisor (i.e., direct leader) and the employee's trust of the organization's CEO and top managers (i.e., organization's leadership). This clear separation of trust referents allows for a fair assessment of the relationship between the employee's trust of their direct leader and the employee's trust of the CEO/top management as a predictor of turnover intentions.

1.3. Research design

Of the 16 studies in Dirks and Ferrin's (2002) meta-analysis that examined the relationship between trust and turnover intentions, only one (i.e., Rhee, 1996) distinguished between trust-in-direct leader and trust-in-organization leadership in the same study. The

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