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Focusing the mediating role of institutional trust: How does interpersonal trust promote organizational commitment?



Young Min Baek^a, Chan Su Jung^{b,*}

^a College of Communication, Yonsei University, 50 Yonsei-ro Seodaemun-gu, Seoul 120-749, South Korea

^b Department of Public Policy, City University of Hong Kong, Tat Chee Avenue, Kowloon, Hong Kong Special Administrative Region

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ABSTRACT

Numerous organization scholars point out that trust is crucial for well-functioning organizations. However, trust in organizational settings could differ according to the objects of trust. This study compares two conceptually different models: main-effect model and mediation-effect model. The main-effect model assumes that both interpersonal trust and institutional trust promote organizational commitment independently, but the mediation-effect model assumes that institutional trust is cultivated by interpersonal trust and increases organizational commitment. The results of structural equation modeling (SEM) show that the mediation-effect model fits better than the main-effect model and that the structural coefficients of the mediation-effect model are neatly interpreted by social scientific studies of trust. This study's findings have two important implications: First, there seems to be sequential order between different types of trust in organizational settings. Second, interpersonal trust promotes organizational commitment only if it facilitates institutional trust, providing an explanation for the inconsistent findings of previous studies.

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1. Introduction

Numerous organization scholars have emphasized the importance of trust in organizational settings. A recent work reviewing the literature on trust in organizational research (McEvily & Tortoriello, 2011) reported that at least 171 peer-reviewed journal articles, excluding books, book chapters, and conference proceedings, dealt with this issue, relying on empirical data. One of the interesting findings in the empirical studies of trust is that the effect of interpersonal trust on measures of organizational effectiveness and work attitudes, including workers' organizational

commitment—the central topic of this study—is detected only among about 70% of studies but not observed or negative in the other 30% (Dirks & Ferrin, 2001, 2002). Thus, it is worth investigating why the findings are inconsistent.

Possible reasons for the inconsistent findings may include inconsistency of measures, differences in organizational settings, and multidimensional traits of trust (Mayer, Davis, & Schoorman, 1995; McEvily & Tortoriello, 2011; Schoorman, Mayer, & Davis, 2007). Taking a different perspective, this study examines whether the inconsistent findings regarding the effect of interpersonal trust on organizational commitment can be traced to the role of institutional trust with the expectation that institutional trust mediates the relationship between interpersonal trust and organizational commitment.

* Corresponding author. Tel.: +852 3442 8154; fax: +852 3442 0413.
E-mail address: csjung@cityu.edu.hk (C.S. Jung).

Specifically, this study proposes and tests two conceptually different models. The first model, termed main-effect model, suggests that interpersonal trust, including trust in supervisors and trust in co-workers, and institutional trust directly and distinctively affect organizational commitment (Braun, Peus, Weisweiler, & Frey, 2012; Cho & Park, 2011; Zaheer, McEvily, & Perrone, 1998). In the results of the main-effect model, for example, the regression coefficient is interpreted as the effect of interpersonal or institutional trust on organizational commitment, after controlling for the other trust's influence. In the main-effect model, the potential influence of interpersonal trust on institutional trust, or vice versa, is not considered because the correlation between two trusts is treated as a correlated error, which should be controlled. However, the second model, referred to as the mediation-effect of institutional trust model, assumes that interpersonal trust influences institutional trust (Luhman, 1988; Putnam, 2000), which in turn affects organizational commitment following theories on trust. Comparison of the two models helps to determine which trust influences which trust, and to find a possible reason for the inconsistent relationships between interpersonal trust and work attitudes, in particular, organizational commitment.

To select the most plausible between the two models, this study mainly relies on structural equation modeling (SEM) by using Korean government survey data containing measures of interpersonal and institutional trust and organizational commitment (Cohen, 1999; Mayer & Schoorman, 1998). Also to warrant the generalizability of our findings across different contexts such as cultures, organizations, or time periods, both the main-effect and mediation-effect models are replicated in a different set of data gathered from blue-collar workers in the United Kingdom in 1973 (Cook & Wall, 1980), based on the re-analysis of the descriptive statistics and correlation matrix. Based on the results, both theoretical and methodological implications of the research on the role of trust in organizational settings are discussed along with several limitations of the study.

2. Types of trust and their relationship

While trust is defined and operationalized differently across and within disciplines, organizational research nearly unanimously adopts Rousseau, Sitkin, Burt, and Camerer (1998) definition (Colquitt, Scott, & LePine, 2007; Mayer & Schoorman, 1998; McEvily & Tortoriello, 2011; Nooteboom, 2002) of trust as a “psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviors of another” (Rousseau et al., 1998, p. 395). Based on this definition, the trustee's ability, benevolence, and integrity are generally conceptualized and investigated as multi-dimensional traits comprising trust (Dirks & Ferrin, 2001; Mayer et al., 1995; Schoorman et al., 2007). Although organizational researchers agree on the conceptual definition and have cumulatively reported the differentiated effects of multiple traits of trust on a variety of measures of organizational effectiveness and work attitudes, it is surprising that there is a dearth of research

investigating the inter-relationship between trust and different trustees—that is, reference groups of trustor.

In organization studies, the issue of trustees—as trusted objects—should be considered seriously for two reasons. First, there must be two types of trustor-trustee relationships in an organization: interpersonal and institutional trust. In face-to-face settings, trustees in organizations become members, who usually construct interpersonal trust. According to the hierarchical ranks of trustees in an organization, interpersonal trust is further classified as (1) trust in supervisors and (2) trust in co-workers (Cho & Park, 2011; Cook & Wall, 1980; Costigan, Iiter, & Berman, 1998; Errol & Bruce, 2005). However, in the workers-organization relationship, the workers' trustee must be faceless. In other words, institutional trust must be impersonal because the trustee is a faceless entity. As such, impersonal trust should be conceptually separated from personal trust (Gambetta, 1988; Luhman, 1988; Putnam, 2000). Hence, the types of trustee are important.

Second, the level of interpersonal trust, conceptually speaking, is not equated with that of institutional trust; while interpersonal trust measures personal assessment of individual entity, institutional trust measures that of collective entity. The difference in the conceptual level matters when estimating the effect of trust on measures of work attitudes, such as organizational commitment whose target is also collective entity. Because the benefits of trust in organizations are found at the collective level, it is reasonable to expect a stronger correlation between such benefits and collective-level trust, rather than individual-level trust. Therefore, due to the difference in the conceptual levels of trustees, this study distinguishes institutional trust from interpersonal trust.

Although different types of trust adopt the same definition of concept level and are measured based on the same structure of multiple traits, such as ability, benevolence, and integrity, trust types should be distinguished according to the type and level of trustee in an organization. For example, it is possible to expect that workers in an organization may trust co-workers, such as union members, but not trust supervisors. Under such a scenario, it is natural to expect strong horizontal communication and solidarity, and weak vertical communication and solidarity in the organization. Additionally, workers in an organization may trust their colleagues and supervisors but may not trust the organization because the codes or logistics in the organization may not be perceived as reasonable and beneficial. Of course, it is also possible that the three types of trust may resonate with the trustor's commitment to the organization, which is this study's purpose.

Regarding trust differentiation in organizational settings, trust research in social sciences such as sociology and political science is productive to understand the difference between interpersonal and institutional trust because the research thoughtfully distinguishes individual-level trust from societal-level trust. Social scientists adopting a macro-level perspective have approached trust from the societal perspective (Giddens, 1990; Luhman, 1988; Putnam, 2000) and have highlighted the difference in individual- and societal-level trust. According to the nature of the trustee, social scientists also divide trust into

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