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Do your employees (collectively) trust you? The importance of trust climate beyond individual trust

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ABSTRACT

Current conceptualizations of trust focus largely on the individual level of analysis; neither theory nor empirical study has explored group-level trust on individual-level outcomes. Using a multilevel framework, we hypothesized that both individual-level trust in management and unit-level trust climate would be positively associated with employee job satisfaction, affective commitment, job security, service motivation, and work engagement, and negatively associated with turnover intentions and burnout. Moreover, trust climate would moderate the relationships between individual-level trust and those job-related outcomes. Data collected from 468 faculty members nested in 41 departments at a large university supported our hypotheses. Multilevel analyses revealed that trust climate explained variance in employee outcomes beyond that accounted for by individual trust, and the positive relationship between individual trust and job security was stronger and the negative relationship between trust and burnout was weaker in departments with higher trust climate. These results underscore the theoretical importance of considering the cross-level influence of trust climate and suggest that organizations should focus on creating a positive climate promoting trust beyond fostering individual trust.

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“The glue that holds all relationships together – including the relationship between the leader and the led – is trust.”—Brian Tracy

Despite the importance of trust, substantial data indicate that a lack of trust is pervasive among today's employees. For example, Coats (2005) found that 88% of employees had no confidence in the abilities of their senior management, and only 40% of employees felt that senior management had a clear vision of their future strategy. Drawing upon longitudinal data from 1999 to 2004, Pate, Beaumont, and Stewart (2007) concluded that the “problem associated with trust in senior management is enduring and cannot be thought of as a short term, inconsequential matter” (p. 464). In the wake of the most recent global recession, a recent survey found that only 10% of employees trust management to make the right decision in times of uncertainty, and a mere 14% of employees believe that their company's leaders are ethical and honest (Maritz, 2011). Not surprisingly, a lack of trust in management exerts adverse effects on employee job-related attitudes. Indeed, a loss of trust in their employer based on how

decisions were made during the recession was rated as the top one reason for employees' turnover (Tanner, 2011). Declining morale was also rated as the most affected outcome when an employee distrusts his or her employer (Tanner, 2011).

Much of work on trust has focused on the positive influence of trust on organizational effectiveness (McCauley & Kuhnert, 1992). Other work has focused on fostering perceptions of trust, usually accomplished by promoting organizational justice (Brockner & Siegel, 1996; Konovsky & Pugh, 1994), providing organizational support and decision making opportunities, or practicing transformational, charismatic, and transactional leadership (Kirkpatrick & Locke, 1996; Podsakoff, MacKenzie, Moorman, & Fetter, 1990). Still other work has focused on relationships between trust and important job-related outcomes. For example, trust in leadership has been linked meta-analytically to job satisfaction, organizational commitment, job performance, organizational citizenship behaviors, and intention to quit (Dirks & Ferrin, 2002).

Despite its increasing breadth, the trust literature has one important limitation. Given its roots in social exchange theory (Konovsky & Pugh, 1994), it is not surprising that trust has been conceptualized and examined at the individual level of analysis. More recently, however, some trust researchers have recognized the influence of contextual elements on trust dynamics (Chan, 1997; Lewicki & Bunker, 1996) and the importance of examining

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trust across levels of organizational analysis (Schoorman, Mayer, & Davis, 2007). In light of such recognition, it is puzzling that there has been little systematic effort to understand trust as anything other than an individual level phenomenon (see Brahm & Kunze, 2012 for an exception). As such, Schoorman et al. (2007) posited that “one of the weaknesses in much of the current trust research is that it is limited to relationships at a single level of analysis, considering either dyadic trust relationships within organizations or trust between organizations” (p. 345). Therefore, to respond to calls for examining trust at both the macro and micro levels within an organization (Currall & Inkpen, 2006; McEvily, Perrone, & Zaheer, 2003; Rousseau, Sitkin, Burt, & Camerer, 1998), the present study was designed to investigate the impact of aggregate, collective beliefs within work units about managerial trustworthiness (referred to as *trust climate*) derived from beliefs regarding the dependability of, predictability of, and faith in management. That is, we examined whether trust climate is predictive of employee job-related outcomes beyond what would be predicted by their individual levels of trust in management, and whether trust climate might moderate the relationships between individual-level variables.

Below, we first define trust in management and propose its relationships with job-related outcomes; next, we present the rationale for considering trust climate as a contextual variable unique from individual-level trust. Finally, we present the results of a multilevel design to investigate our hypotheses.

1. Individual-level trust in management

Cook and Wall (1980) posit that trust is “the extent to which one is willing to ascribe good intentions to and have confidence in the words and actions of other people” (p. 39). Trust is characterized by predictability (i.e., the ability to foretell specific behavior), dependability (i.e., another can be relied upon when it counts), and faith (i.e., the other party is caring and responsive; Rempel & Holmes, 1986). Specifically, employees’ trust in management describes positive expectations that managers will behave in a competent, beneficial, and just manner towards them (Gillespie & Dietz, 2009) which are “obtained from internal organizational rules, routines, and procedures or by observing the behaviors of (Eberl, Clement, & Moller, 2012, p. 343)” managers.

Importantly, Lewis and Weigert (1985) maintain that trust also incorporates the extent to which individuals are confident during times of risk and ambiguity. According to Deutsch (1958) (see also Lewicki & Bunker, 1996), individuals are confronted with the choice of whether to trust when “(a) there is an ambiguous course of action in the future, (b) outcome occurrence depends on the behavior of others, and (c) the strength of the harmful event is greater than the beneficial event” (p. 116; Lewicki & Bunker, 1996). In the current study, employees experienced greater uncertainty because their employer had to make decisions regarding future budget cuts, potential layoffs, and program closures. Although employees were invited to provide input on these issues, the ultimate decision-making authority rested with upper-level management.

Due to their positions of hierarchical advantage and greater access to critical information, management tends to be primarily responsible for making decisions with significant bearing on employees (e.g., work assignments, downsizing, restructuring, layoffs; Dirks & Ferrin, 2002). Employees who trust management tend to view such situations as more predictable and dependable rather than uncertain and unreliable (Rempel & Holmes, 1986). Moreover, they believe that top management is concerned for their well-being, will aid in their career development, and values their contributions (Rempel & Holmes, 1986). This sense of being valued

and cared for by management is expected to bolster employees’ work attitudes and motivation.

Based on social exchange theory (Blau, 1964), when employees believe that management demonstrates care and concern, they will reciprocate this in the form of desired attitudes and behaviors. Indeed, meta-analytic research from 34 independent samples found that trust in leadership is highly correlated with job satisfaction ($r_c = .65$; Dirks & Ferrin, 2002). Additionally, employees who trust management are more likely to report higher levels of positive job-related attitudes (e.g., Cunningham & MacGregor, 2000), affective commitment (e.g., Laschinger, Finegan, Shamian, & Casier, 2000), retention intentions (e.g., Aryee, Budhwar, & Chen, 2002), work engagement behaviors (Chughtai & Buckley, 2013; Macey & Schneider, 2008), productivity-related outcomes (Argyris, 1964), and motivation (Dirks & Ferrin, 2001).

In addition to outcomes related to job attitudes and motivation, we also tested the relationship between trust and an important indicator of well-being, namely burnout. As noted above, trust represents a positive assumption about the motives and intentions of another party (McEvily, Perrone, & Zaheer, 2003), facilitates positive interpretations of another’s behavior (Dirks & Ferrin, 2001), and constitutes an important source of social capital within social systems. In organizational settings, management uses power and authority to, at their discretion, significantly influence the employment situation of their subordinates. Therefore, employees who trust management are likely to feel safer and more positive about management making important decisions. Conversely, having a low level of trust in management is likely to be psychologically stressful when management has power over important aspects of one’s job (Dirks & Ferrin, 2002).

During times of organizational change, a lack of trust in management may make an already difficult situation even more ambiguous and unpredictable. As such, the implication here is that greater trust in management should be associated with lower burnout because trusting employees can expect consistency, integrity, and concern from management. In support of this, Harvey, Kelloway, and Duncan-Leiper (2003) found that trust in management was associated with lower levels of burnout among a sample of accounting employees. Based on social exchange theory, as well as previous empirical and meta-analytic findings (e.g., Dirks & Ferrin, 2002), we similarly predicted that:

Hypothesis 1. Individual-level trust in management will be positively related to job satisfaction, job security, affective commitment, motivation to provide service, and work engagement, and negatively related to turnover intentions and burnout.

Although the main effects of individual-level trust in management have been well-established in the literature, less is known regarding the effects of aggregate group-level perceptions of trust on these outcomes. Below we introduce the concept of trust climate and discuss the rationale for expecting this to explain unique variance above individual-level trust perceptions.

2. Trust climate: collective beliefs about managerial trustworthiness

As noted earlier, trust climate consists of collective beliefs within work units about managerial trustworthiness. There are several mechanisms that help explain the development of trust climate within work groups. The first derives from the social interactions, socialization processes (Eberl et al., 2012), and social influence (Fisher, 1986) experienced within workgroups. Trust perceptions might be primed and amplified by social information processing as employee expectations are shaped by the discussion of their experiences, shared rumors, and organizational stories.

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