Pursuit of organisational trust: Role of employee engagement, psychological well-being and transformational leadership

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ABSTRACT

Both practitioners and scholars have shown a great deal of interest to study the trust factors that compels for establishing cordial interpersonal relations across society. However, in the context of organisation, the study on trust stands challenged for manifold reasons: lack of clarity between trust and productivity, lack of specificity on interventional mechanisms and the validity between trust and its possible antecedents. Therefore, the objective of this research is twofold: *firstly*, to identify the direct effect of employee engagement on organisational trust and *secondly*, to investigate the indirect effect of psychological well-being and transformational leadership on the relationship between employee engagement and organisational trust. Bootstrapping technique (Hayes, 2012) in addition to the mediation process through PRODCLIN2 was carried out during SEM analysis. The findings indicate that executives have a higher level of trust when they are able to perceive meaningful employee engagement, transformational leadership and psychological well-being from their respective employer.

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1. Introduction

Modern day organizations are seeking explanations from academicians and scholars to explore the factors that may improve willingness and involvement of employees for realizing organisational tasks (Jones & George, 1998). In this age of knowledge, fulfilling the higher order needs of employee is a priority and is primarily realized through establishing trust among employees and organisation. Earlier studies have evinced the fact that, trustworthy relations endorses cooperation (Schoorman, Mayer, & Davis, 2007); information sharing (Aryee, Budhwar, & Chen, 2002) and also recompenses the limited abilities among employees (Laschinger & Finegan, 2005) through fostering group dynamics.

Employees demonstrate their trust and commitment when they are engaged properly in their work assignments (Baumruk, 2004) as it galvanizes self-motivation to perform their role efficiently. The significance of engagement as a prima-facie to organisational trust need to be acknowledged (Macey, Schneider, Barbera, & Young, 2009; Rich, Lepine, & Crawford, 2010) and is warranted for further empirical confirmation. Engagement is attaining importance among practitioners worldwide as it has become an established belief that meaningful work engagement connects employees to their organisation (May, Gilson, & Harter, 2004; Macey & Schneider, 2008; Jena & Pradhan, 2017), by fostering a sense of ownership and loyalty. Supporting this proposition, Thayer (2008) has urged future researchers to explore the factors that will promote trust and satisfaction among employees. Engagement is a driver of business success, as an engaged employee perseveres to achieve organisational goal through displaying their proactive attitude (Schaufeli & Bakker, 2004) amidst adverse situations.

Recent years have observed a shift in research emphasis from dysfunctional obsession for productivity even at the cost of human dissatisfaction to focus on psychological well-being and inclusive growth (Kahneman, 1999, pp. 3–25; Ryff & Singer, 1998). Psychological well-being promotes creative thinking and demonstrates pro-social behavior as it combines feeling good and working effectively (Huppert, 2009) when there is a meaningful work engagement (Schaufeli & Bakker, 2004). On the other hand,

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transformational leadership is a pragmatic approach to improve employee's attitude (Wofford, Goodwin, & Whittington, 1998) and performance (Judge & Piccolo, 2004) in a work setting. Transformational leadership plays a crucial role (Dvir, Eden, Avolio, & Shamir, 2002) in instilling confidence in an engaged employee to perform beyond expectations. Therefore, it is plausible that psychological well-being and transformational leadership can help engaged employee to derive organisational trust. Although this proposition sounds logical and pragmatic, there is a paucity of studies that verify a systematic association among employee engagement and organisational trust.

Building on earlier research works, we have attempted to make two key contributions in this present study. *First,* we have investigated a probable effect of employee engagement on organisational trust building. Previous studies on employee engagement have focused on job attitude like job satisfaction, without inquiring their psychological attachment and perception towards their sustainable job relations. The present study on exploring the relationship between engagement and trust will clarify the cognitive and affective engagement of employees towards their organisation. *Second,* we have tried to examine the mediating role of psychological well-being and transformational leadership in explaining the effect of the interaction between employee engagement and organisational trust. Our assertion is that both these mediators might help us explain the relationship between employee engagement and organisational trust. This investigation will provide theoretical and practical significance of clarifying the challenges associated with the intervention mechanisms to foster organisational trust.

1.1. Employee engagement and organisational trust

Single minded dedication, vigor and gratifying state or absorption in one's work assignment are some of the essential prerequisites for employee engagement (Albrecht, 2010; Schaufeli, Salanova, Gonzalez-Roma, & Bakker, 2002). Engagement starts from the process of induction of an employee to an organisation and then is followed through relevant learning and development opportunities to do the job assignment as well as receiving a support structure from the leadership hierarchy (Macey et al., 2009). Work engagement is evidential when an employee enjoys autonomy while making decisions without much consulting with the superiors. Also, superior authorities allow them without meddling much when they have trust and confidence on their subordinate's ability and competencies.

Trust is regarded as an inclination (Farris, Senner, & Butterfield, 1973), susceptibility through experiencing the socialization (Clarke & Payne, 1997) process and presumes mutual reliability (Mayer, Davis, & Schoorman, 1995). Engagement is an indication that the employee trusts the organisational values and hence is keen on contributing to it in order to attain business goals. The trust factor gets enhanced when it is perceived that the organisational engagement norms are fair in having a defined reward, recognition and succession planning in the organisation. Schaufeli and Bakker (2004) posited that engagement improves employees' reliance towards organisation and lowers the tendency to quit. We endorse the views of Towers Perrin (2003) which acknowledges that emotions and rationality are core constituents of trust. It is presumed that emotions are an offshoot of trust, satisfaction and a sense of fulfillment and in an organisation it is derived from one's productive engagement.

A perpetual difficulty that has impeded earlier research work on trust has been the dearth of clarity and lack of identifying the organisational factors that contribute to promulgate trust (Cook & Wall, 1980). Earlier researchers have considered trust as a comprehensive understanding to carry forward a relationship and trust as the binding glue (Lewis & Weigert, 1985). In organisational context, these broad understandings do not offer much clarity especially, on why an employee would trust its employer and continue to be in the same organisation for a long time.

We are of the view posited by Cook and Wall (1980) to define trust as, "the extent to which one is willing to ascribe good intentions to and have confidence in the words and action". Sitkin and Roth (1993) proposed the norm of value congruence to be the foundation of trust and defined it as, "the compatibility of an employee's beliefs, values and engagement with the organisation's vision and strategic goals". In their meta-analysis of trust, which includes 132 studies related to the same topic, Colquitt, Scott, and LePine (2007) came to an understanding that, "trust is a vital component of effective working relationship". Later studies have also empirically confirmed that trust reposed by the employer and co-workers affect lower turnover (Ferres, Connell, & Travaglione, 2004), higher commitment (Tan & Tan, 2000) and higher perceived organisational support (Sousa-Lima, Michel, & Caetano, 2013). Similar claims were also made by Shantz and Alfes (2015), reporting a negative association between employee engagement and employee's turnover intention.

Nyhan and Marlowe (1997) defined organisational trust as having trust in one's organisation and their leaders by creating an intra-organisational value chain both horizontally and vertically for realizing organisational goals. Trust is a feeling of confidence and is created on the belief of meaningful engagement. Our proposition of trust for this study is through considering trust as a systems form rather than considering it as an interpersonal one and is primarily based on the derivation from the structure and process of organisational values and system. To strengthen our proposition, we quote the empirical study of Katou (2013) which has used samples from Greece public and private organizations to investigate the effect of HRM system on employee engagement. Considering the fact that very few empirical investigations (Katou, 2013) have tested the relationship between employee engagement and organisational trust, this study will make significant contribution theoretically as well as will have practical implication for the organizations. To strengthen our proposition, Mondalek (2013) stated that highly engaged employees are more likely to promote organisational trust. Similar assertion can also be drawn based on industry reports like Edelman's Trust Barometer survey (Jiang, 2016), which suggest that employee engagement is key to building employee trust. In addition, Nelson (2015) has clearly emphasized how employee engagement leads to organisational trust for improving employee's flexibility and responsiveness. In the light of this argument, the first hypothesis of our study is:

H1. Employee engagement is positively related to organisational trust.

1.2. Employee engagement, organisational trust: Psychological well-being as a mediator

The construct of psychological well-being is theoretically different from happiness as it encompasses intrapersonal features (Garcia, 2011) associated with adaptation and self-actualization. The multi-dimensional model of psychological well-being proposed by Ryff (1989) comprises of the following dimensions: "positive relationship, environmental mastery, self-acceptance, autonomy, personal growth and purpose in life". Marlatt (2002) in his empirical findings proved that meaningful engagement reduces despair, anxiety and hostility while it enhances one's psychological well-being.

Therefore, it is apparent that cultivating attention and mindfulness in an engaging atmosphere may likely to breed trust. The