The Role of Managerial Trust in Enhancing OCB Among Employees

Ms. Astha Shukla 1, Dr. Vivek Singh Sachan [2]
[1]*Research Scholar, CSJM University Kanpur*
[2]*Associate Professor, CSJM University Kanpur*

***Abstract*—The present study has explored the relationship between certain organizational-level factors, such as perceived organizational support (POS), procedural justice (PJ) and communication, as determinants of organizational trust (OT) and their impact on organizational citizenship behaviour (OCB). The data were collected from 303 respondents from top, middle and lower managerial levels, belonging to various companies in manufacturing and services sector. Standard scales were used to assess OT and its antecedent and consequent factors. The results showed that antecedent variables did help in enhancing the level of OT. The presence of OT is positively associated with all the dimensions of OCB revealed by the members of the organization. Organizational trust also partially mediated the relationship between the organizational-level factors and OCB. In view of these results, it was suggested that organizations should facilitate the process leading to trust in management, so that employees are better engaged in extra-role behaviour resulting in increased individual and organizational effectiveness.**

***Index Terms*—Organizational trust, procedural justice, perceived organizational support, communication, organizational citizenship behaviour**

I. INTRODUCTION

Two decades of structural reforms have brought significant changes in organizational structure, functions, process and behaviour of employees. It has been noticed that there has been a general decline of trust in the organization among the employees due to organizational policies and structural adjustments. Shaw (1997) suggests that employees' trust is a vital component of competitive changes taking place in an organization for its success, and thus, for managers and professionals; building and maintaining a trusting relationship are critical to effective organizational functioning. Many studies have reported lack of trust and the consequent problems in all kinds of organizations (Ferris, Connell & Travaglione, 2004). Researchers have explored a number of factors associated with human element related to organizational effectiveness, such as organizational citizenship behaviour (OCB) (Konvosky & Pugh, 1994; Koys, 2001), organizational justice (Crorpanzano & Randall, 1993; Lind & Tyler, 1988; McFarlin & Sweeny, 1992) and perceived organizational support (POS) (Eisenberger, Fasolo & Davis-LaMastro, 1990). There is a lack of literature in the area of trust in organization/management and less attention has been paid on the relationship of organizational trust (OT), its antecedents and its consequences. Again, the literature does not provide enough evidence about the extent to which these variables are instrumental in determining OT, thus influencing the citizenship behaviour of employees. This study is expected to contribute to research and practice by expanding the knowledge base of OT and its relationship with organizational-level variables and its impact on OCB in Indian cultural context.

Organizational Trust

Gambetta (1988) defined OT as 'the global evaluation of an organization's trustworthiness as perceived by the employees. It is the employees' confidence that the organization will perform an action that is meaningful or at least not detrimental to them. Faith in management, assurance about their action, honesty and positive expectation form few of the similar components of the construct (Yilmaz & Atalay, 2009). It results from a social exchange process (Blau, 1964), where employees interpret and reciprocate the actions and constantly monitor the work environment to assess whether they should trust the top management. Seal (1998) advocated that trust in a person or a company arises by assessing their characteristics. And a trust relationship with an organization develops with personal interaction

between staff, particularly the key decision makers. The existence of a trustworthy culture guarantees that the promises are kept by the senior management, which reduces ambiguity and uncertainty to a great extent (Connell & Mannion, 2006). This aspect highlights the reciprocal nature of trust. The study endorses the view that the management's attitude towards its employees is communicated through its decisions and policies. Employees will reciprocate trust communicated by the management. Conversely, if the structures, roles and climate of an organization communicate a lack of trust in employees, they will respond with distrust. Shockley-Zalabak, Ellis and Wirogard (2000) indicated that organizations with high levels of trust are more successful, adaptive and innovative than those with low level of trust, which can be detrimental to organizations in many ways, such as decreased transaction cost and productivity and individual and group health (Whitney, 1994). Sonnenberg (1994) found that distrust may lead to poor decision making by teams, higher stress levels, employees losing focus on work and being less creative and innovative and avoiding challenges at the workplace.

Trust in an organization is associated with system-wide variables, such as fairness of an organization's performance appraisal system and job security, which can explain the variance in trust in management over job and relational variables (such as job autonomy and supervisory support) (McCauley & Kuhnet, 1992). Higher level of trust motivates employees towards team and organizational goals rather than individual objectives (Mishra, 1996). The study proposes to examine the relevant organization or system-wide variables influencing OT, such as procedural justice (PJ), POS and communication, and the association of trust with OCB.

Procedural Justice

Procedural justice is concerned with the impact of the fairness of decision-making procedures on the attitude and behaviour of people involved in and affected by those decisions (Korsgaard, Schweiger & Sapienza, 1995). Research on PJ has evolved from equity theory (Adams, 1965), which is concerned with fair distribution of resources.

Since the conceptual development of PJ (e.g., Leventhal, 1976; Thibaut & Walker, 1975), several studies have demonstrated that the perception of PJ is positively related to the trust in leader or management. Trust depends not only on the perception of fairness of allocation and outcome but also on the procedures used to arrive at such decisions. Brockner and Siegel (1996) found that an individual's positive view of process and PJ was likely to be linked to higher levels of trust in an organization and the supervisor.

Although all the three dimensions of justice (i.e., distributive, procedural and interactional justice) can predict trust, PJ is expected to be the strongest predictor, as it is more likely to be controlled by, or at least constrained by, the larger organizational system. The findings of Hubbell and Chory-Assad (2005) confirm that PJ was the strongest predictor of OT compared to other forms of justice. Judgements based on PJ demonstrate a positive and significant effect on the higher-order attitudes of trust in strategic decision-making teams (Kim & Mauborgne, 1991). Cropanzano, Prehar and Chen (2002) demonstrate that PJ in performance appraisal determines trust in an organization. Gopinath and Becker (2002) find that high PJ in divestment in an year is associated with a higher level of trust and commitment among new shareholders. Stinglhamer, De Cremer and Mercken (2006) established a direct relationship between PJ and OT, even when the effect of POS is taken into account. The relationship between PJ and trust follows a social exchange perspective, and is also in line with group value model (Tyler & Lind, 1992), which argues that people wish to have a good relationship with their authority and as such they consider benevolence and trustworthiness of this authority. One way by which this trust is communicated is enactment of fair procedures. In sum, perceived justice represents favourable work conditions, displayed by the organization or its agent, that give rise to positive reaction from employees in terms of trust in the source of this favourable treatment.

Perceived Organizational Support

Perceived organizational support refers to the extent to which employees perceive that they are valued by their organization and that it cares about their well-being (Eisenberger, Huntington, Hutchison & Sowa, 1986). It assures that help will be available from the organization when needed to carry out one's job effectively and to deal with stressful situations

(George, Reed, Ballard, Colin & Fielding, 1993).

Communication

Professionals and researchers seem to believe that employees, who perceive the communication climate in their organization in a positive manner, would develop positive perceptions towards their work and organizations. Evidence suggests that management's action can substantially influence employees' perception of communication climate (Kulhavy & Schwartz, 1981). Loomis' (1959) research examined the role of communication in a trusting relationship and concluded that communication is positively related to perceptions of trust, and the level of trust increases with communication (Loomis, 1959; Mahajan, Bishop & Scott, 2012). Many communication variables contribute to trust formation. Cufaude (1999) found that frequency, timeliness and forthrightness of communication are conducive to trust. Gilbert and Tang (1998) emphasized that communication provides increased levels of information. Two important aspects which make the communication meaningful are openness and accuracy, and are considered to be the essential factors determining trust. Companies with open and accurate communication (OP & ACC) give contextually relevant information to employees about the company, explain the rationale behind the management and human resource (HR) decisions, encourage employees' involvement and communicate the company's values (Caudron, 2002). Elsbach and Elofson (2000) advocated that employees who are well informed about organizational achievements are more likely to develop a higher level of cognitive-based trust in the top management. This enhances transparency and faith between employees and management. Gilbert and Tang (1998) found that if an individual is part of the channel, providing essential information, then he/she is more likely to experience OT. The communication climate encouraging employee openness and participation helped employees to better identify with their organization (Smidts, Pruyn & Van Riel, 2001). Employees who are informed about organizational achievements are more likely to develop a higher level of cognitive-based trust towards the organization (Elsbach & Elofson, 2000) which is indicative of employee faith in the ability of top management. Korsgaard, Brodt and Whitener (2002) found that the negative outcome of a disagreement between an employee and a manager does not necessarily result in low trust, when managers communicated openly with and in a transparent manner and demonstrated concern. In general, trust can be developed through increasing the quantity and/or quality of communication over time. The relationship between communication and trust is guided by social exchange theory, where communication gives employees a positive feeling about the company, and they reciprocate with improved trust in management. Nevertheless, research to date presents inadequate understanding of which communication factors will bring about greater employee trust on management. Studies of OT from communication perspective are scant as most of the studies have focused on interpersonal trust. Therefore, the present study aims to investigate the two broad aspects of communication, that is, openness and accuracy, in relation to trust on organization/management.

Organizational Citizenship Behaviour

Extra-role performance refers to work behaviour that is beyond formal job descriptions. The extra- role performance is operationalized as OCB. Organ (1988) described five categories of OCB, which include (i) Altruism—helping other members of the organization in their tasks (e.g., voluntarily helping less skilled or new employees, assisting co-workers who are overloaded or absent and sharing work strategies), (ii) Courtesy—that an employee treats others with respect and prevents problems arising from the work relationship, (iii) Sportsmanship—indicates that employees do not complain but have positive attitudes (e.g., petty grievances), (iv) Civic Virtue—suggests that the employees responsibly participate in the political life of the organization (e.g., attending meetings/functions that are not required but are helpful for the organization, keeping up with the changes in the organization and taking the initiative to recommend how procedures can be improved) and (iv) Conscientiousness—means that employ- ees carry out in-role behaviour well beyond the minimum required levels (e.g., working long days, voluntarily doing things besides duties, following the organization's rules and never wasting time). Furthermore, Williams (1988) divided various citizenship behaviours under two categories, namely benefits directed towards the organization (OCBO),

which include sportsmanship, civic virtue and conscientiousness, and benefits directed towards the individual in the organization (OCBI), which include altruism and courtesy.

The link between trust in an organization and OCB has been examined in a number of studies. Social exchange theory (Blau, 1964) accounts for OCB by encouraging the employees to behave in ways that are not strictly mandated by their employers (Rousseau & Parks, 1993). Organ (1990) argued that social exchange is necessary for OCB because the mutual trust that underlies social exchange relationships ensures that OCB will be reciprocated in the long run. Dirks and Ferrin (2002) reported that trust in an organization has a positive relationship with altruism, civic virtue, conscientiousness, courtesy and sportsmanship. Lester and Brower (2003) found that subordinates' perceptions of their leaders' trust in them influenced their performance and OCB. In a Chinese joint venture, the OCB of employees was affected by their trust in the organization as well as their trust in the supervisor (Wong, Ngo & Wong, 2006). Findings of Tyler and Blader (2003) and Gould-Williams (2003) found that trust significantly influences extra-role behaviours. However, only few studies have examined the impact of OT on various dimensions of OCB in Indian organizations which needs further exploration.

Thus, it is evident from the literature that OT is positively related to PJ, POS, communication and OCB. However, the role of trust in the Indian context with PJ, POS and dimensions of communication as predictors and OCB as outcome remains unexplored. Therefore, the main objective of the study was to examine the effect of PJ, POS and communication in determining OT. In order to examine the relationship between OT and OCB, the following hypotheses were formulated.

H1: Procedural justice, POS and OP & ACC from the employer would result in trust towards the organization.

H2: Organizational trust would significantly predict OCB.

H3: Organizational trust would mediate the relationship between PJ, POS, OP & ACC and factors of OCB.

II. METHOD

Sample

The sample consisted of 303 managers from top, middle and lower managerial levels from manufacturing and service organizations through stratified random sampling. The organizations were located in metropolitan and capital cities, such as Bangalore, Hyderabad, Calcutta, Delhi, Mumbai, Jaipur, Jamshedpur and Durgapur, where most of the manufacturing and information and technology and information technology-enabled services (IT&ITES) corporate offices are situated. The data were collected in person with the support of the HR department and some data were even collected through mails. A total of 500 survey instruments were distributed, out of which 360 (72 per cent) were returned. The response rate was considered satisfactory for self-report survey of this type (Babbie, 2001; Miller, 1991; Yammarino, Skinner & Childers, 1991). Out of these questionnaires, 57 had to be rejected because of missing data or high response bias, leaving an overall sample size of 303. Out of the total sample, 24 per cent managers belonged to top levels, 34 per cent belonged to middle levels and 42 per cent belonged to lower levels of hierarchy. The percentage of graduates, postgraduates and doctorates was 56, 40 and 4, respectively. The average age of the participants was 37 years. The tenure of the participants with the present employer was 10 years, whereas the tenure of participants in the present career was 13 years.

Participants were assured of confidentiality and that the data would be reported in aggregate. No administrative personnel had access to the study data at any point in time in the data collection process.

Measures

The questionnaire administered in the survey consisted of 106 items using different scales on a 7-point Likert scale. The items were selected from standardized scales and few of them were modified as per the requirement of the study. Brief descriptions of measures are given below.

Organizational Trust: This variable was assessed with a nine-item scale developed by Pearce, Branyiczki and Bakacsi (1994) to measure employees trust in the organization to take care of their interests. The Cronbach's alpha for the scale was 0.82.

Procedural Justice: Procedural justice was measured using the seven-item formal procedures scale developed by Moorman (1991). This was consistent with the conceptualization of the PJ construct in the present study. The Cronbach's alpha of this scale was 0.92.

Perceived Organizational Support: In order to measure the POS, a scale developed by Eisenberger et al. (1990) was used. The reliability of this scale based on Cronbach's alpha was 0.89.

Communication: Communication was measured with a 10-item scale developed by O'Reilly and Roberts (1976). The scale covered two dimensions of communication, namely accuracy and openness. Each of these dimensions had five items. After item analysis, one item was dropped from this scale, as it showed very poor correlation (i.e., < 0.30) with the item total. The reliability coefficient was 0.80.

Organizational Citizenship Behaviour: OCB was measured using the five-dimension scale consisting of 20 items developed by Podsakoff and Mackenzie (1989). Each of the five dimensions—altruism, courtesy, sportsmanship, conscientiousness and civic virtue—had four items describing the specific behaviour, and managers indicated their agreement on each item for employees working with them. The Cronbach's alpha for this scale was 0.88.

III. RESULTS AND DISCUSSION

The study was conducted in an exploratory framework to examine the strength of the association between determinants of OT and further its impact on the dimensions of OCB. All the variables identified in the study were factor analyzed using principal component with varimax rotation. The items which loaded highly were considered to be the representatives of the respective scales showing the construct validity of the scales. Factors of all the scales obtained from factor analysis were further subjected to statistical analysis to draw the inferences. The summaries of factor analysis result of the scales used are as follows.

Inter-correlations among all the variables were computed to examine the degree of relationship among them. The results showed that multicollinearity was not a problem as the correlation coefficient of all the variables was not very high and was below 0.75 The results indicated a positive relationship of PJ, POS and OP & ACC with OT. Further, OT also showed a positive correlation with all the dimensions of OCB.

In order to examine the strength of association, a multiple regression analysis was carried out.

Perceived organizational support emerged to be the strongest predictor of OT (b = 0.32). This shows that employees value the relational aspects, such as care and concern, shown by the management and the work-related support given by the organization to perform their jobs effectively. Perceived organizational support goes a step ahead to explain the human approach shown by the management of the organization, and hence was valued more by the employees. Thus, it can be argued that trust, being relational in nature, is influenced more by the relational aspect of employment relationship. Studies did confirm a positive relationship between POS and trust. A study by Albrecht and Travaglione (2003) revealed that POS was a significant determinant of trust in public sector senior management. Tan and Tan (2000) and Narang and Singh (2012) also found that organizational support is a potential antecedent of trust in man- agement. The present study clearly indicates that the care dimension of POS had a strong influence on trust in an organization.

Procedural justice was another predictor which showed a strong association with OT (b = 0.27).

The mediation analysis was carried out based on certain assumptions (Baron & Kenny, 1986). The first step is to see that the independent variable affects the dependent variable (factors of OCB). The second step is to see that the independent variable affects the mediator (OT).

The results reinforce the social exchange basis of employee work behaviour where employees positively reciprocate fair, supportive and open approach shown by the management towards them. Rupp and Cropanzano (2002) report that justice from organizations is associated with extra-role behaviour beneficial to organization and that justice from supervisors leads to extra-role behaviour relevant to the supervisor. The weak mediation provided by OT could be attributed to a number of factors. In the current business scenario, there is cut-throat competition among the employers to follow the best HR practices to attract and retain the talent. On the flip side, there is competition among the employees to grab the best career opportunity available in the

market. Employees are more loyal to their profession than to the organization. Therefore, generally, organizations do adhere to fair, just and transparent practices, such as PJ, OP & ACC, care and support to the employees, which does not make them distinct from their competitors. Apart from this, with better career opportunity available, employee turnover is high which leaves less scope for the development of trust, which is a more time-bound process. Further, OT, being impersonal in nature, fails to make the required impact in comparison to interpersonal trust, which is more personal and plays a more important role in facilitating the relationship between the independent and dependent variable (Singh & Srivastava, 2009). Therefore, the system-wide variables identified in this study, such as PJ, factors of communication (OP & ACC) and POS directly contribute to the citizenship behaviour of the employees.

IV. CONCLUSIONS

The study endeavours to make both theoretical and practical contribution to the existing literature. First, it enhances our understanding of OT in Indian organizations. The study evaluates the impact of PJ, POS held by the employees and communication practices on OCB and trust. In the dynamic business environment where employees' extra-role behaviour is valued as it adds greater effectiveness to organizational performance, the study emphasizes the importance of OT in influencing all the dimensions of OCB. Practically speaking, knowing exactly which dimension of the predictor variable goes ahead to strongly affect OT and OCB allows practitioners to take appropriate action to improve the HR practices and organizational design. It has been shown that trust in an organization was experienced only when employees had higher levels of POS, PJ and accuracy in information communicated by the management and that trust also contributes towards OCB. Thus, with these findings, the management can adjust its policies and system to achieve the desired results.

Several limitations concerning this study need to be acknowledged. First, the common method variance is noted because all the data were obtained from a single questionnaire from employees. Future studies could overcome this problem by collecting data from multiple sources and by using a longitudinal design. The present study mainly emphasized quantitative data; though some interviews were con- ducted, they only examined a few specific issues. Understanding of this concept would be greatly enhanced through qualitative as well as quantitative data. Another limitation of this study was the lack of generalizability. The findings of this study cannot be extended to all types of service and manufacturing organizations, as only software, telecommunication and steel-manufacturing companies were included in the sample, while it is quite possible that these findings may or may not hold true in other manufacturing or service settings. Therefore, future research should include companies involved in various service and manufacturing activities to increase the generalizability of the findings.

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