

CHAPTER 1

Introduction

There is no denying the fact that structural reform after the liberalization has brought significant changes in organizational structure, functions, process, and behaviour of employees. Organizations have undergone major changes in response to the challenges of technology, globalization, international competition, and economic reforms. Companies have switched over from hierarchical to team-based structure. Downsizing, de-layering, restructuring, and economic rationalism have become buzz-words. With the structural reforms, it has been marked that there has been a general decline in trust among the employees. Further, within work organizations, the nature of work itself is also changing. Work is increasingly centered on intellectual labour, and depends heavily on the willing engagement of employees. In response to these challenges, facilitating workforce effectiveness and building and maintaining a trusting relationship are critical to effective organizational functioning. Organizations are searching for new ways to promote collaboration and cooperation among employees and groups to enhance the value they create. Therefore, it is not surprising that interest in the concept of trust and, in particular, ways of promoting it is increasing (Kramer & Tyler, 1996). Golembiewski and McConkie (1975) stated very pertinently, "*There is no single variable which so thoroughly influences interpersonal and group behavior*". Trust is increasingly being recognized as an important determinant of organizational success, stability, and wellbeing of employees in a turbulent business environment (Cook & Wall, 1980; Shaw, 1997; Tyler & Kramer, 1996). Given the widely held view that trust is central to effective organizational functioning, this study proposes to understand the dynamics of trust and its impact on employees' attitude and behavior.

The thesis has overall 4 chapters. The first chapter examines the literature, states the objectives, and hypothesis formulates the research questions. Chapter 2 incorporates methodology, which includes sample, measures, and the procedure. Chapter 3 discusses the results obtained from statistical analysis and accepts or refutes the hypothesis. Chapter 4 summarizes the findings, implications, contributions, limitations of the study and suggestions for future research. First of all, a framework for general understanding of trust, and further, its dimensions in particular will be provided through literature review.

1.1 The concept of trust

Trust is a complex phenomenon because it encompasses many facets and levels that need to be carefully examined. Although scholars have shown a great deal of interest in trust, its study in organizational settings has remained unclear because of the problems with the definition of the construct itself (Hosmer, 1995). Researchers have defined trust in different ways. Kramer (1999) noted that trust entails a state of perceived vulnerability or risk that is derived from individuals' expectations regarding the motives, intentions, and prospective actions of others on whom they depend. Cook and Wall (1980) defined trust as "*the extent to which one is willing to ascribe good intentions to and have confidence in the words and actions of other people*". Lewis and Weigert (1985) characterized trust as the "*undertaking of a risky course of action on the confident expectation that all persons involved in the action will act competently and dutifully*". Similarly, Robinson (1996) defined trust as a person's "*expectations, assumptions, or beliefs about the likelihood that another's future actions will be beneficial, favorable, or at least not detrimental to one's interest*". However, the most common definition of trust is given by Mayer, Davis, and Schoorman (1995), who described it as "*the willingness of one party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular*

action important to the trustor, irrespective of the ability to monitor or control that other party”.

Rousseau et al., (1998) found several commonalities amongst different definitions, namely: (I) Trust means putting oneself at risk that the other will act in a manner detrimental to the trustor, (II) the action or goal must be important enough to the trustor to willingly put oneself at risk, and (III) an expectation that the other will act in a good faith. Beyond defining trust as a psychological state, it also focuses on understanding what people are willing to do under conditions of uncertainty and risk. The present study argues that conditions of uncertainty and risk are implicit in relationship among employees, and between employees and management. Senior management reserves the power and authority at their discretion, significantly influencing employment condition. Apart from this, employees in modern organizations work in teams that require greater interdependency and cooperation. Furthermore, although most researchers defined trust as unidimensional, McAllister (1995) found support for two-dimensional conceptualization of trust: The cognition-based perspective implies that employees draw inferences about the trustees' characteristics, whereas in the affect-based approach the emphasis is on relational issues.

Trust is viewed as a dynamic phenomenon that takes on a different character in the early, developing, and maturity stage of a relationship (Lewicki & Bunker, 1996). According to this view, trust changes with the passage of time as individuals begin to feel more comfortable with one another, and develop improved awareness over time. Based on this argument, Lewicki and Bunker (1996) suggested three types of trust (I) Calculus based trust- grounded in the rewards or punishment to be derived from pursuing the relationship, (II) Knowledge based trust- relying on information one has about others, and (III) Identification based trust- characterized by mutual understanding among parties to the point that each can effectively act for the other.

Trust is a multidimensional variable. An employee may trust his coworkers but distrust his supervisor or top management. Fox (1974) made the distinction between vertical and lateral trust. The lateral trust refers to trusting relationship among coworkers/peers (or equals) who share a similar work situation, whereas the vertical trust refers to trust in subordinates, trust in supervisors or the top management. Further, Cural and Epstine (2003) characterized trust to be fragile.

A second stream of literature discusses the basis of trust or how trust is derived (e.g., Shapiro, Sheppard & Cheraskin, 1992; Brewer, 1981; Williamson, 1993). Trust can be deterrence-based, knowledge-based, institutional-based, or personality-based. In knowledge-based trust, an individual is willing to be vulnerable to the action of another individual because the trustor knows and understands the trustee, and therefore, feels as though s/he can predict the likelihood of harm. Institution-based trust is present when an individual is willing to trust others because there are rules and regulations that will protect the trustor if s/he is harmed by the trustee. Finally, personality-based trust is found when an individual trusts the trustee because of trustor's nature to trust others – it is not based on an evaluation of the trustee's worthiness of trust.

Another stream defines different types of trust. For instance, Morris and Moberg (1994) made the distinction between personal and impersonal trust. Personal trust is based on person-to-person interactions, whereas impersonal trust is based on positions (e.g., job titles, offices) and not the actual person. Another distinction made within the trust literature relates to the target of trust. Interpersonal trust and organizational trust (e.g., Rotter, 1967; Gilbert & Tang, 1998) are the most common ones identified. Other targets of trust are trust in groups, and trust in institutions (Rousseau, et al., 1998).

Considerable theory and research have focused on identifying the determinants of trust within organizations (Creed & Miles, 1996; Lewicki & Bunker, 1995; Sheppard & Tuckinsky, 1996; Mayer et. al, 1995; Zucker, 1986). Researchers have attempted to explicate antecedent conditions that promote the emergence of trust, including psychological, social, and organizational factors that influence individuals' expectations about others' trustworthiness and their willingness to engage in trusting behavior when interacting with them. Determinants of trust are behaviour and factors that increase the likelihood of trust developing.

Literature in organizational psychology has also shown lack of specificity of trust referents leading to confusion about the levels of analysis. In line with the multi-foci approach, researchers have recognized the importance of specifying and examining a specific target of trust within the organization. (Dirks & Ferrin, 2002). Reichers (1985) argued that rather considering the organization as a single monolithic entity, it is more useful to view an organization in terms of its various constituencies. It is also evident that employees differentiate between multiple exchange partners at the workplace – management, supervisors, and coworkers (Becker, 1992; Reichers, 1985). Rousseau et al. (1998) recognized these difficulties noting that trust can be different depending on the focal object and the level (such as inter-organizational vs. interpersonal). Whitener (1997) argued that employees can develop trust at least in two different types of referents- specific individuals (supervisors and coworkers), and generalized representatives (employer). It has been argued that trust in workplace has multi-dimensional perspectives including both dyadic and institutional trust (McCauley & Kuhnert, 1992; Costigan, Itler & Berman, 1998). Studies have confirmed that employees' trust in their supervisor and organization had a differential impact on their attitude and behavior, even though they are argued to be related constructs (Tan & Tan, 2000; Ayree, Bhudhwar & Chen, 2002; Wong, Ngo & Wong, 2003).

Thus, focus on any particular type of referent will provide a limited understanding of dynamics of trust at the workplace. Studies have tried to look into and differentiate between trust in organizations and trust in supervisors (Aryee et al., 2002; Butz, Deitz, & Konovsky, 2001; Tan & Tan 2000; Stinglhamber, Cremer & Mercken, 2006), but hardly any empirical studies have examined trust in the context of multiple referents in both lateral (coworkers) and vertical (supervisors, management) relationships within a single study. In a nutshell, trust is a very complex construct, which has many targets, bases, states, and definitions.

In the present study, the concept of trust has been used in a broader sense. It is considered as a complex psychological state consisting of different foci. It looks at workplace trust from horizontal perspective (i.e., trust in co-workers) and vertical perspective (i.e., trust in seniors and trust in organization). Thus, a multi-dimensional approach to the study of trust has been presented and an effort made to identify their determinants and differential impact on employees' workplace attitude and behaviour. It is proposed to explore the differences among the variables between manufacturing and service organizations. First of all, the literature review on trust within workplace is presented by discussing the general research trends, and then the variables are identified.

Theoretical framework

Trust has received substantial attention in the management and in social science literatures. Tremendous research efforts have been made to understand the nature and forms of trust, contrasting trust and distrust, and investigating antecedents and the consequences of trust. Despite the theoretical acceptance of the importance of trust in organizations, our understanding of the concept is limited. The objective is to contribute to the broader understanding of the concept of trust within organizations that is to examine trust among peers, between employee,

supervisor, and management etc. An employee may trust his peers but not his supervisor. This investigation will concentrate upon trust in lateral and vertical relationships both at interpersonal and organizational levels. The current study reflects that interpersonal trust is determined by proximal variables such as interaction frequency, competence, and consistency in behaviour. The study tests the cognitive cues that engender trust in dyadic relationship, both lateral and vertical. Literature has identified two aspects of trust: cognitive and affective, but in a business setting, where achievement of personal and organizational goals are the guiding factors, cognitive cues play an important role in engendering trust, rather than affective ones. Mc Allister (1995) showed that cognition-based trust precedes affect-based trust, while Cummings and Bromiley (1996) found that trust is related to expectations and probability beliefs and is strongly characterized by cognitive factors. Therefore, this study is partly an extension of Paul Dunn's (2000) framework that tested these cognitive factors within controlled environment of laboratory and which might fetch better results if tested in organizational setting.

Further to our discussion of potential antecedent of trust in organization, it needs to be noted that Mayer, Davis and Schoorman (1995) identified additional factors such as integrity, benevolence, and competence directly influencing trust in senior management. In the backdrop of turbulent business environment, the present research, however, has attempted to identify macro level factors, which would directly affect the kind of relationship which would be shared between employer and employees. Companies providing job security in most unpredictable times, procedural justice adhered to despite inevitable changes in policies and procedures, perceived organizational support by the employees, and the kind of communication the company practises, would build trust with employees. Beyond the antecedents of trust, it is important to understand the potential consequences of trust. Interpersonal trust and organizational trust are

supposed to have a combined impact on workplace attitude and behaviour. In the present corporate environment, organizations which thrive on the voluntary cooperation of their knowledge workers and strive to retain their employees in a market flooded with vast career opportunity, it would not be unjustifiable to judge the most relevant behaviour such as knowledge sharing, organizational citizenship behaviour, affective commitment, and turnover intention as potential outcomes of trust. Therefore, it is important to understand the referents of trust and the important role played by these factors in organizational dynamics.

1.2. Interpersonal trust

Recent researches indicate the importance of interpersonal trust in relationships for promoting individual and organizational effectiveness (Bryk & Schneider, 2002; Butler, 1991; McAllister, 1995; Whitener et al., 1998). Cook and Wall (1980) cited that trust between individuals and groups within an organization are a significant factor in terms of long-term stability of the organization and the wellbeing of its employees. Most organizational goals, which are conceived at the organizational level, are implemented and accomplished at the unit level. Therefore, the success of an organization depends, in part on the effectiveness of relationship within the organization, more specifically between co-workers and between superiors and subordinates.

Porter et al. (1975) suggested that the presence of interpersonal trust among the members of the organization give them a positive feeling that other will not take their advantage. Luhmann (1979) asserted that interpersonal trust is associated with emotional connection between individuals, which deter them from capitalizing on short term gains at the expense of others, because the emotional pain of breaking the trust would be too distressing. High quality exchange relationships are characterized by mutual trust (Dienesch & Liden, 1986). Whitener, Brodt,

Korsgaard, and Werner (1998) found that managers are more likely to engage in trustworthy behaviour if employees also reciprocate. Spagnolo (1999) stated that interpersonal trust between employees lubricates the development of social capital within the organization. In this context, social capital refers to the inherent value found in constructive human relationships and connections within workplace (Cohen & Prusak, 2000).

Interpersonal trust is conceptualized in a variety of ways. Cook and Wall (1980) suggested 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.”* Many authors (Albrecht & Travaglione, 2003; Currell & Judge, 1995; Mayer & Davis, 1999) have extended their propositions by positing the “willingness to act” as a defining feature of trust. The present study considers the definition given by McAllister’s (1995) which consolidates these ideas identifying interpersonal trust as *“the extent to which a person is confident in and willing to act on the basis of the words, actions, and decisions of another”*. Lewis and Weigert (1985) suggested that interpersonal trust has both cognitive and affective underpinnings. Trust is cognition-based, because individuals choose those whom they will trust for certain things and under particular circumstances. However, others have asserted that certain fundamental elements such as competence, responsibility (Butler, 1991), dependability, and reliability (Johnson-George & Swap, 1982; Zucker, 1986) must exist to facilitate trusting relationship (McAllister, 1995). Shapiro (1987) made the argument that the absence of these elements provides the rational basis for individuals not to trust. On the other hand, affect-based trust involves a deep emotional investment in the relationship. A trustor's deep care and the concern of trustee characterize such a relationship. Therefore, it has been found that factors influencing interpersonal trust are more proximal in nature.

Studies have identified a number of factors influencing interpersonal trust and its consequences in the organizational settings (Zucker, 1986; Mayer, Davis & Schorman, 1995; Butler & Cantrel, 1984; McAllister, 1995; Dunn, 2000).). It has been confirmed that interpersonal trust is associated with organizational variables like quality of communication, performance, citizenship behavior, problem solving, individual risk taking, and cooperation (Baier, 1986; Whitner et al., 1998). These outcomes are evident as coordinated action is only possible when interdependent employees work effectively together through trust (McAllister, 1995). In the present study, interpersonal trusts, both between coworkers (lateral relationship) and on supervisor (vertical relationship) have been explored.

1.2.1 Trust in supervisor

Trust in supervisor refers to employees' faith in supervisor, and the belief that ultimately the supervisor will act for the benefit of the employees (Podsakoff, et al., 2000; Pillai et al., 1999). Trust in supervisor is critical in such hierarchical, dyadic relationships, where subordinates are dependent and vulnerable to their supervisor (Hua, 2003). The reliability and dependability in previous interactions between subordinates and supervisors are an important source of this kind of trust (Rousseau et al., 1998). Trust in the supervisor is often described as interpersonal in nature that stems from day-to-day interactions (Costigan et al., 1998). An employee's evaluation of the immediate supervisor's trustworthiness may be based, primarily, on the supervisor's personal character and behaviour (Butz et al., 2001). Costigan et al. (1998) stated that such kind of vertical trust may lead to a positive social interaction with supervisor and positive affect at workplace. Tan and Tan (2000) related trust in one's supervisor to increased innovative behavior and satisfaction with supervisor. When the supervisor is perceived as trustworthy, and is able to create trusting organizational climate, employees feel safe and productive and respond with

loyalty to the organization (Davis et al., 2000). Trust in supervisor can also mediate the relationship between interactional justice and the work behaviors of task performance and individually and organizationally oriented dimensions of citizenship behaviour. (Aryee, Budhwar, & Chen, 2002).

1.2.2. Trust in co-worker

Consistent with earlier conceptualizations of trust (Cook & Wall, 1980; McAllister, 1995; Mishra, 1996), co-workers' trust stems from confidence that one's colleagues are competent and will act in a fair, reliable, and ethical manner. It is assumed that co-workers will support their peers and will not take advantage of them by withholding information. It also leads employees to act on the basis that they have faith in the words and action of their peers. Cook and Wall (1980) developed an instrument to measure trust in management and in peers, and found that job satisfaction also had a positive relationship with the trust at the peer level, as with organizational identification and organizational involvement. Further, findings of Ferres, Connell, and Travaglione (2004) revealed that co-worker trust was a significant predictor of perceived organizational support, lowered turnover intention, and greater affective commitment. The reason why trust in co-workers has assumed importance in today's work environment is due to the fact that most organizations have adopted team-based structure. Working together in teams calls for interdependency to achieve organizational goals which is not possible without trust. The importance of co-worker trust has been acknowledged by many researchers (Chattopadhyay & George, 2001; Cook & Wall, 1980, Costigan, Ilter, & Berman, 1998). Therefore, its determinants and its effect need more theoretical and empirical attention.

The present study assessed interaction frequency between trustee and trustor, competence, and consistency in the behavior of trustee as factors engendering trust in vertical and lateral

dyadic relationship. The consequences of interpersonal trust include knowledge sharing, organizational citizenship behaviour, turnover intention, and affective commitment.

1.3. Organizational trust

Gambetta (1998) defined organizational trust as “*the global evaluation of an organization’s trustworthiness as perceived by the employees*”. It is the employee’s confidence that the organization will perform an action that is meaningful or at least not detrimental to him or her. It is more impersonal in nature (i.e., less dyadic). Trust in management results from a social exchange process, in which employees interpret and reciprocate the actions of the management. The assumption taken here is that employees constantly monitor the work environment in order to assess whether they will trust top management or not. This aspect highlights the reciprocal property of trust (Fox, 1974, 1985). The study endorses the view that Management’s attitude towards its employees is communicated through the decisions and policies. Employees will reciprocate trust communicated by the management. Conversely, if the structures, roles, and climate of organization communicate lack of trust in employees by top management, employees will respond with distrust.

Trust in organization is associated with system-wide variables, which are more global in nature and are under the control of top management. McCauley and Kuhnet (1992) found that system-wide variables (such as the fairness of organization's performance appraisal system, and job security) explain additional and unique variance in trust in management over job and relational variables (such as job autonomy and supervisory support). McGregor (1967) stated that trust is influenced more by actions than by words. Higher level of trust motivates employees towards team and organizational goals rather than individual objectives (Mishra, 1996). Costigan, Ilter, and Berman (1998) reported that the focal employee's trust of the CEO and senior

management is highly and negatively correlated with employee's desire to leave the organization. This finding was further validated by Wong, Ngo, and Wong (2003) that trust in organization has a stronger affect on turnover intention than does trust in one's supervisor. The findings of Aryee et al. (2002) revealed that the three organizational justice dimensions (distributive, procedural, and interactional) were related to trust in organizations. The study of Mayer and Gavin (2005) provided evidence that trust in management was related to employees' ability to focus attention on value producing activities and this focus relates to organizational citizenship behaviour.

Researchers have suggested that a lack of predictability and safety in organizational relationship results in low organizational commitment (Hart, Caps, Cangemi, & Caillouet, 1986), decreased human relations and organizational performance (Cox, 1993), low employee morale and product quality (Cangemi, Rice & Kowalski, 1989), and increased absenteeism and turnover (Cangemi et al., 1989, Mishra & Morrissey, 1990). If employees feel betrayed by the management, they may engage in even more destructive organizational behaviors such as neglect, (Rusbult, Farrell, Rogers & Mainous, 1988), or sabotage in extreme cases.

The organization or system-wide variables influencing organizational trust, which were identified to be relevant in the present study include procedural justice, communication, job security, and perceived organizational support. The positive consequences of organizational trust, proposed to be examined in this study include knowledge sharing, organizational citizenship behaviour, affective commitment, and turnover intention.

1.4. Antecedents of interpersonal trust

The interpersonal trust in vertical and lateral dyadic relationship at workplace requires certain preconditions to develop. The factors considered to be important antecedents for trust in professional relationship are interaction frequency, competence, and behavioural consistency as discussed below.

1.4.1 Interaction frequency

Research on interpersonal trust development has largely focused on the role of accumulated first-hand knowledge of others and suggests that trust depends largely on the parties' interaction history (Lindsfold, 1978; Lewis & Weigert, 1985; Boon & Holmes, 1991). Kramer (1999) noted, *“Interaction histories give decision makers information that is useful in assessing others’ dispositions, intentions, and motives”*. This information, in turn, provides a basis for drawing inferences regarding their trustworthiness and for making predictions about their future behaviour. Trust is based on rational decision making, which requires a certain amount of knowledge. The authentic and first-hand knowledge about others can be gained if there is an interaction between the persons or the groups. Emotional and cognitive trusts are based on considerable knowledge acquired over time (Zucker, 1986). Lewis and Weigert (1985) argued that if we have complete knowledge of the other person, then the other can be relied upon and there will be no potential doubt about the behaviour of the other. On the other hand, if we are in total ignorance about the other, then there is no basis to decide whether or not to trust the other person. Trust is based on the sufficient knowledge about the other individual to rationally decide whether or to what extent to trust or not, which is acquired through prior dealings (Bromiley & Cummings, 1995; Zucker, 1986). Gulati (1995) found that inter-firm trust emerges when the same business partners have had prior alliances. Through repeated dealings, firms learn the

degree to which their partners can be trusted and thus reduce their contracting cost accordingly. At the individual level, Gabarro (1978) found that new and existing employees learn trust through day-to-day interactions. Dunn (2000) suggested that trust is like mutual expectations, developed over time, and the nature of trust becomes more concrete and differentiated as people come to know one another better. Wicks, Berman, and Jones (1999) argued that trust is a dynamic and continuous variable; which grows or get destroyed, as relationships unfold. McAllister (1995) found that, trust was positively associated with the frequency of interaction between the managers and the peers. Becerra and Gupta (2003) investigated the influence of frequency of communication on trust between managerial peers in a multinational corporation, confirming the findings of O'Reilly and Roberts (1976) and Whitener, Brodt, Korsgaard, and Werner (1998) that the frequency of communication positively correlates with perceptions of trustworthiness.

1.4.2. Consistency

Past trustworthiness is an important behavioural predictor of future trustworthiness. Consistency is the ability to predict a person's behaviour, and is dependent upon a consistent stable pattern of previous behaviour (Rempel, Holmes & Zanna, 1985). It is expected that individuals who consistently showed trustworthy behaviour in the past, will behave in a similar fashion in the future. Gabarro (1978) found that consistency is extremely important in developing trust. Currall and Judge (1995) found that willingness to engage in trusting behaviour between organizational boundary persons was based on the expectation that the target person would behave in a trustworthy way, as this expectation was driven by past experience with the trustworthiness of the target. In a similar vein, Ring (1996) argued that fragile trust is grounded in the belief about peer stability and dependability. In their study of factors that produce trust in 32 dyads, Butler

and Cantrell (1984) found that reliability, predictability, and good judgment all help to create trust in superior / subordinate relationships. The consistent behaviours of managers over time and in different situations, made them predictable in the eyes of employees (Whitener, Brodt, Korsgaard & Werner, 1998). Dunn (2000) in his study found that the consistency of the trustee's behavior is the most important element engendering trust within a dyad. Therefore, consistency in behavior leads to interpersonal trust.

Reliability, dependability, and predictability imply that there is consistency in other's behavior. In literature, these terms are used interchangeably to explain consistency that can be expected to occur in future. The prediction process was empirically examined by Doney and Cannon (1997) in the context of buyer and seller relationship, and by Brashear et al. (2005) in the context of manager salesperson relationship. It was concerned with whether or not the agent is reliable, consistent, and predictable in the consumer's eyes. When consumers can predict the agent's behavior, they may perceive the agent to be competent and to be less likely to take advantage of consumers or be dishonest. Therefore, consistency in trustworthy behaviour leads to interpersonal trust.

1.4.3. Competence

Competence refers to the extent that the trustee has the skill and resources needed to perform tasks and is an essential element in determining trust (Butler, 1991; Butler & Cantrell, 1984; Sitkin & Roth, 1993). No matter how diligent a team member is, if he or she does not have the ability to accomplish the goal, then the likelihood of the success is slim, and trust is not warranted. Consistent with Mayer and colleagues (Mayer et al., 1995) competence has been conceptualized as specific ability to perform tasks and handle situations rather than a generalized expertise.

The first focus on task in hand is based on the perception of others' competence to fulfil the role or task. Jeffries and Reed (2000) pointed out that without having emotional attachment it is possible to have respect for and trust in another's abilities. The existence of competence-based view of trust is uncontroversial, being widely supported within the literature (Mc Allister, 1995; Harrison, Dibben, & Mason 1997; Doney, Cannon, & Mullen, 1998). There is also a support for the view that trust based on competence emerges relatively quickly as it is cognitive in nature, and is not predicted by emotional attachment (Jeffries & Reed, 2000).

Podsakoff, Mackenzie, and Bommer (1996) found that the leader, who provided an appropriate role model, gave individual support, and fostered acceptance of group goals had higher trust ratings from subordinates. Butler (1991) found that a number of supervisory behaviour including competence and consistency facilitated the development of interpersonal trust. Thom and Campbell (1997) found that technical competence and interpersonal skills of physicians contributed to the development of trust. Ammeter (2000) found that greater ability (as perceived by the dyad partner) was associated with higher levels of cognition-based trust. In cross-functional global teams, Zolin (2002) found that perceived ability increased trust. When people are asked about trust or trust violations, they spontaneously describe behaviours that fall into the categories of competence including integrity and benevolence (Bies & Tripp, 1998; Gabarro, 1978; & Uzzi, 1997). The relationship between interpersonal trust and competent performance is important in organizations because achieving task goals is often a crucial part of relationship. Similarly, Dunn (2000) illustrated that having a task-specific competence positively influences the degree of trust that can be placed in the budget report of the peer.

Competence, the technical knowledge and skill required to do one's job, is often evident by individual's training, experience, and professional degree. For example, individuals with

professional qualifications or those with extensive work experience are perceived to be more trustworthy (Zucker, 1986). Neu (1991) noted that firms making an initial public offering of their stock use the management biography section of the prospectus to describe the management's qualification including their education and work experience. These biographies are designed to engender trust and provide the investor with a basis for forming positive expectations about the management's ability to successfully operate the company. Mcknight and Chervany (2005) in their study examining the factors influencing the system troubleshooters' trust in their supervisors found that trusting belief in competence predicted trusting intention. A troubleshooter can rely upon the supervisor in crucial situations only if s/he believed him to be competent. Komiak, Wang, and Benbasat (2005) in their study found that the process of trust building in salesperson was due to competence along with other factors.

1.5. Antecedents of organizational trust

Trust in organizations is believed to be influenced by certain system-wide variables, which reveal an organizations' attitude and approach towards its employees. In the present study, variables which have been treated as potential antecedents of organizational trust are job security, procedural justice, perceived organizational support, and communication. A brief description is presented below.

1.5.1. Job security

The relationship between job security and trust in organization is theoretically grounded in the psychological contract literature (Robinson & Rousseau, 1994), and social exchange theory (Blau, 1964). The psychological contract between the individual and organization is specific. It involves beliefs about the specific terms and conditions of the employment. The psychological contract comprises both transactional and relational elements (Morrison & Robinson, 1997). The

transactional elements include specific, short-term monetary obligations between employers and employees, while the relational elements refer to long-term obligations which may be based on commitment, loyalty, and trust. Therefore, psychological contract suggests that employees' feeling about job security would influence levels of organizational trust. In a changing business environment, restructuring and redundancy programmes undertaken both in public and private sectors, suggest that satisfaction with job security can potentially influence employee's attitude, more specifically trust in organization. Given that employees have implicit expectations about job security (Rousseau, 1989; Shore & Tetrick, 1994), any perceived threat to that security implies a possible violation of the psychological contract, which can trigger reassessment of the contract. Psychological distancing can be manifested in terms of a reduced trust between the parties (Parks & Kidder, 1994). In support of this argument, Ashford, Lee, and Bobko (1989) showed that the greater the perceived job insecurity, the lower would be the level of employees' trust in organization. Carnevale and Wechsler (1992) argued that "*the decision to trust the motives and intentions of organizational agents and to take risks in relation to the organization derive in part from belief about job security*". Individuals, who are confident that their jobs are secured, will be more likely to take risks and develop trusting attitudes than those who believe that their jobs are in jeopardy. The findings of Wong Ngo, and Wong (2000) suggested that in Chinese joint ventures, employees' trust in organization was directly affected by their perceived job security. In a study conducted by Chawla and Kelloway (2004), job security predicted trust directly and indirectly via procedural justice. Studies have validated that lack of job security had a major influence on the trusting relations in the organization and also becomes an important factor in influencing employee cynicism (Pate, Martin & Staines, 2000; Ingraham & Barrilleaux, 1983). Moreover, social exchange theory also suggests that when organization is committed to

providing job security for its employees, employees tend to feel obligated to reciprocate with greater commitment to, and trust in their employing organization (Mc Cauley & Kuhnert, 1992). Thus, job security was considered to be an important factor that can affect the level of trust in the organization. In the present dynamic business environment, where the survival of the fittest is the driving force, security of jobs is generally not vouched by the companies. Therefore, a question that needs to be answered in such a scenario is – Is there a positive relationship between job security and trust. The study propose to explore this relationship.

1.5.2. 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 procedural justice has evolved from equity theory (Adams, 1965), which is concerned with fair distribution of resources.

Since the conceptual development of procedural justice in the mid 1970's (e.g. Thibaut & Walker, 1975; Leventhal, 1976), several studies have demonstrated that the perception of procedural justice is positively related to the trust in leader or management. Trust not only depends on the perception of fairness of allocation and outcome, but also on the procedures used to arrive at such decisions. Folger and Konovsky (1989) found employees who felt that their supervisor who had conducted appraisal in a fair manner tended to trust them. Brockner and Siegel (1996) found that the individual's positive view of process and procedural justice was likely to be linked to higher levels of trust in an organization and in supervisor.

Fair procedure may also have a symbolic meaning i.e. it shows that the individuals are treated as ends rather than means. The employees may see fair procedure as reflecting institutional values. Outcomes are viewed as happening only once, procedures are considered to have a more

enduring quality (Tyler, 1989). The use of procedurally fair practices impresses higher order issues such as employees' commitment to the system and trust in its authorities. The use of fair procedures demonstrates an authority's respect for the rights and dignities of the employees.

Procedural justice is a typical metric for judging the fairness of social exchange. In terms of evaluating procedural justice, Leventhal (1980) proposed that procedures are judged based on their consistency of application, prevailing ethical standards, the degree of their bias, accuracy, correctability, and the extent to which they represent all people concerned. Furthermore, they claim that although the structural aspects of procedural justice can change, the nature of institutional forces suggests that they are more likely to be stable over time for an organization. Thus, if an organization uses fair procedures once, they are believed to use fair procedures always leading employees to believe that the organization can be counted on or trusted to operate this way in the long run (Brockner & Siegel, 1996; Knovsky & Cropanzano, 1991; Knovsky & Pugh, 1994).

Although all the three dimensions of justice (i.e. distributive, procedural and interactional justice) are hypothesized to predict trust, procedural justice 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 and not by any individual. Findings of Hubbel and Chory-Assad (2005) confirmed that procedural justice was the strongest predictor of organizational trust compared to other forms of justice. Procedural justice judgments were found to unwaveringly demonstrate positive and significant affect on the higher order attitudes of trust in head office management among the global strategic decision-making teams (Kim & Mouborgne, 1991). Folger and Knovsky (1989) have reported that procedural justice, not distributive justice, predicts trust in manager. In a study conducted by Aryee, Bhudwar, and Chen (2002), procedural justice was

found to be a stronger predictor of trust in organizations, compared to other dimensions of justice. Cohen-Charash and Spector (2001) contend that procedural justice perceptions are linked with trust in organization, because procedural fairness indicates that the organization acts fairly as a rule and hence can be trusted

The relationship between procedural justice and trust follows a social exchange perspective, and is also in line with group value model (Tyler & Lind, 1992). In this model, it is argued and demonstrated that people wish to have 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. A fair-acting authority, in case of an unfavorable outcome is believed to assure the favorability of the employees (Brockner, Siegel, Daly, Tyler, & Martin, 1997). 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 feeling towards the source of this favorable treatment.

In line with the above principles, trust has been examined as a mechanism through which justice affects employee outcomes (Aryee et al., 2002). In showing the mediating role of trust in justice outcome relationship, researchers have also provided evidence on how justice and trust specifically relate to each other. In multifoci approach, procedural justice has been found to be related with trust in organizations (Gopinath & Becker, 2000; Pearce, Branyiczki, & Bakacsi, 1994; Pillai et al., 1999). Aryee et al.'s (2002) findings showed that when procedures and their enactment are separated, procedural justice emerged as a better predictor of trust in organization.

1.5.3. Perceived organizational support

Perceived organizational support refers to the extent to which employees experience that they are valued by their organization and that the organization cares about their wellbeing (Eisenberger,

Huntington, Hutchison, & Sowa, 1986). Perceived organizational support would be valued as an assurance 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). The theoretical linkages with perceived organizational support and trust are, again, based on social exchange theory (Blau, 1964). The positive work experiences provided by the organization (e.g. fair treatment) would make the employees believe that the organization values his or her contributions and cares for their wellbeing, which generates trust towards the organization. Research has indicated that employees with high perceived support are more committed to fulfil their job requirements and less inclined to leave the organization (Farrell & Rusbult, 1981). In accordance with this view, Eisenberger, Huntington, Hutchison, and Sowa (1986) proposed that the perceived organizational support would be significantly related to a variety of employee attitudes and behaviours including trust. A study by Albrecht and Travaglione (2003) revealed that perceived organizational support was a significant determinant of trust in public-sector senior management. Tan and Tan (2000) also found that organizational support is a potential antecedent of trust in management. Recent researches have further confirmed the findings of prior research that perceived organizational support and trust in organization are strongly correlated. Eisenberger, Fasolo, and Davis-LaMastro (1990) suggested that trust in management mediates the relationship between employee perception of the organization's support and their commitment response. This finding was further supported by Whitener (2001), who reported that trust in management partially mediated the relationship between perceived organizational support and organizational commitment. Several studies have looked into other kinds of perception (e.g. procedural justice or individuals' support), that generated similar results consistent with this notion. Perceived organizational support has been linked with other

variables, especially procedural justice, and supported by past studies. The relationship between perceived organizational support and organizational trust has significantly received less attention from researchers especially in the Indian context. Thus, it can be said that perceived organizational support may be considered as an important predictor affecting organizational trust.

1.5.4. Communication

In the complex and changing contemporary organizational environment, communication is a critical ingredient. DeCharms (1968) found that individuals want their organizational environments to be more supportive/open. Professionals and researchers alike 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 is also available that management's action can substantially influence employees' perception of communication climate (Kulhavy & Schwartz, 1981). Using Deutsch's (1949) trust and cooperation framework, Loomis (1959) examined the role of communication in a trusting relationship and concluded that communication is positively related to perceptions of trust, and the levels of trust increases with communication. Many communication variables contribute to trust formation. Sekhar and Anjaiah (1996) investigated the relationship between communication and interpersonal trust in organizational setting and concluded that trust and number of communication facets (adequacy, amount, quality, frequency, informality and direction) were positively related. Cufaude (1999) found that frequency, timeliness, and forthrightness of communication are conducive to trust. Gilbert and Tang (1998) emphasized that the communication provides increased levels of information. They describe mentoring, informal network centrality, and work group cohesion as some of the possible means for establishing a

continuous information flow. Whatever may be the method of communication, two important aspects, which makes the communication meaningful are openness and accuracy, and considered to be the essential factors determining trust. Companies with open and accurate communication give contextually relevant information to employees about the company, explain the rationale behind the management and HR decisions, encourage employee's involvement, and communicate company's values (Caudron, 2002). 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 organizational trust. In general terms, trust can be developed through increasing the quantity and/or quality of communication exchange over time. Study of Roberts and O' Reilly (1974) showed that accuracy in information flow had the strongest positive relationship with trust compared to other variables. Open communication in which managers exchange thoughts and ideas freely with employees, enhances the perception of trust (Butler, 1991; Farris, Senner & Butterfield, 1973; Gabarro, 1978). In addition, employees see managers as trustworthy, when their communication is accurate (Folger & Konovsky, 1989; Konovsky & Cropanzano, 1991). Mishra and Morrissey (1990) determined that open communication and sharing of critical information were related to trust. Korsgaard, Brodt, and Whitener (2002) showed the importance of open communication and of expressing concern in developing trusting relationship. They found that the negative outcome of disagreement between an employee and manager does not necessarily result in low trust, when managers communicated openly in a transparent manner and demonstrated concern. Barker and Camarata (1998) found that sharing of information and promoting openness and dialogue facilitated positive organizational transformation.

Communication is the reflection of organizational culture. Organizational communication is positively correlated with organizational effectiveness (Baruch & Gebbie, 1998). According to Randolph (1995) and Whetten and Cameron (1998), sharing information raises the level of employees' trust in management. In a similar vein, Shaw (1997) and Weatherup (1997) suggested that high trust culture requires the encouragement of openness and minimizing the amount of political behaviour. The relationship between communication and trust is guided by social exchange theory, where open and accurate communication gives employees positive feelings about the company, and they reciprocate with improved trust on management. As Bowen and Lawler (1995) commented that organizational communication generates the big picture for employees, helping them understand the role of self within the organization. Furthermore, employers that help their employees gain general and specific knowledge about the organization, also show their willingness to invest in their employees. This exchange process leads to an atmosphere of openness and confidence, which in turn generates trust. Findings of Tzafrir, Harel, Baruch, and Dolan (2003) also confirm that manager's openness in communicating with employees had significant positive influence on the higher levels of employees' trust. Nevertheless, research to date presents inadequate understanding of which communication action of management will most probably bring about desired result such as greater employee trust in management. Studies of organizational trust 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 i.e. openness and accuracy in relation to trust in management.

1.6. Consequences of interpersonal and organizational trust.

The presence of trust is believed to have a positive impact on employees' attitude and behaviour. The present study has made an effort to examine knowledge sharing, organizational citizenship behaviours, affective commitment and turnover intention as some of the consequences of trust at interpersonal and organizational level.

1.6.1. Knowledge sharing

Knowledge is a "justified true belief" (Nonaka, 1991), or stock of expertise (Starbuck, 1992). Knowledge is the capacity for effective action (Senge, 1997). Bartol and Srivastava (2002) considered knowledge to include information, ideas and expertise relevant for tasks performed by individuals, teams, work units, and organization as a whole. Senge (1997) explained that knowledge sharing is not about giving people something or getting something from them (it is only valid for information sharing). Knowledge sharing occurs when people are genuinely interested in helping one another.

Edvinson and associates (2004) suggested that developing an organization-wide system of knowledge-base and managing it with effective utilization and creation of new knowledge is important for innovation and performance. An organization can develop its knowledge-base and competitiveness with an effective sharing process. (Andrews & Delahaye, 2000; McEvily et al., 2000). Researchers expressing their concern said that effective sharing of knowledge among individuals or teams may not take place in an organization (Fisher & Fisher, 1998; Tobin, 1998). French and Raven, (1959) identified knowledge (expertise) as a source of power, the disclosure of which might lead to erosion of individual power, thereby partly explaining an individual's reluctance to share it with others. Davenport (1993) said, "*Sharing and using knowledge are often unnatural acts because the natural tendency of human is to hoard.*" It is for this reason that

trust plays an important role in knowledge sharing. The employees must trust one another to share information and knowledge (Connelly & Kelloway, 2000). Trust is essential because it provides an open system necessary for knowledge development (Boussoara & Deakins, 2000). The foundation of trust provides faith that the knowledge shared will not be misutilised. Complex knowledge sharing is suggested to be a spiral process, which starts at the individual level and expands to greater organizational communities. Therefore, encouraging knowledge sharing within dyadic relationship would be the first step towards building a sharing culture, organization wide.

Several scholars (Hedlund & Nonaka, 1993; Nonaka, 1994; Zand, 1981) recognized the importance of interpersonal trust in teams and organizations for creating an atmosphere in which people share knowledge. Interpersonal trust is a central characteristic of relationship that promotes effective knowledge creation and sharing in network (Tsai & Ghosal, 1998). Researchers reported that high levels of trust between managers and employees are correlated with more open communication (Ruppel & Harrington, 2000), fostering generative learning. An IBM study found that it was trust, not the presence of strong ties that led to effective knowledge sharing (Levin, Cross, Abrams & Lesser, 2003). Findings of Chowdhury (2005) suggest that trust within dyads in the teams significantly predicted the extent of complex knowledge sharing. March and Olsen (1990) suggest that learning between partners and decisions to exchange knowledge are also based on trust. The findings of Lin (2006) also indicated that trust exerted the most significant effect on intention to facilitate knowledge sharing among the senior executives in Taiwanese organizations. It has been found that the propensity to share tacit knowledge can migrate upward and downward depending on trust and motivation created and maintained in a relationship (Kaser & Miles, 2001). Empirical studies have demonstrated that collaborative

problem solving in organizations presupposes interpersonal trust (Atkinson, 1995; Davenport & Prusak, 1998), more specifically co-worker trust. The strong relationship between confidence in peers and communication/problem understanding suggested that it was the “confidence” and ability of co-workers that encourage members of self-managing teams to gather new information and knowledge in order to develop useful decisions in relation to problem solving (Politis, 2003). Trust is equally important for knowledge to be acquired and put it to further use. Kotter (2003) said that *"if people don't trust the information they are getting from you they won't necessarily act on it; they won't pass it on as if it is credible, and that's a killer"*.

Organizational trust plays an important role in optimizing the amount of knowledge sharing in the organization. Individuals who do not trust one other in organizations can still partake in knowledge sharing due to trust in organization. The recommendation of Von Krogh et al., (2000) supports the development of all types of trust in this regard. Management of the company cannot force employees to trust one another, as interpersonal trust is based on the relationships of two individuals, their perceptions and willingness but they do have influence over policies and procedure, with the help of which a more trusting culture can be cultivated to boost knowledge sharing. With organizational trust, the employees have an understanding that there are safety nets protecting their interest related with the risk of divulging their knowledge. Knowledge sharing practices get a "booster shot" with the presence of both interpersonal and organizational trust, as individuals will be more likely to share a higher quality of knowledge rather than a large quantity of common knowledge (Ford, 2001). The findings of Renzel (2006) also confirm that trust in management increases knowledge sharing within and between teams through reducing fear of losing one's unique value and improving willingness to document knowledge. However, most of the studies have revealed the impact of interpersonal trust on knowledge sharing. Therefore, it

requires empirical evidence to find out the impact of organizational trust on knowledge sharing. The present study addresses this gap and examines the impact of both interpersonal and organizational trust on knowledge sharing.

1.6.2. Organizational citizenship behaviour.

Extra-role performance refers to work behaviour that is beyond formal job descriptions. Researchers have noted the importance of extra-role performance for the overall functioning of an organization (Barnard, 1938; Katz & Kahn, 1966; Organ, 1988). The extra-role performance is operationalized as organizational citizenship behaviour (OCB) (Bateman & Organ, 1983; Organ, 1988; Smith, Organ & Near, 1983). 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, and assisting co-workers who are overloaded or absent and sharing work strategies), (II) *Courtesy* - that 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 that is helpful for the organization, keeping up with the changes in the organization, taking the initiative to recommend how procedures can be improved), and (V) *Conscientiousness* - means that employees carry out in-role behaviour well beyond the minimum required levels (e.g. working long days, voluntarily doing things besides duties, keeping the organization's rules and never wasting time). Furthermore, Williams (1988) divided various citizenship behaviour under two categories such as 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 organization and OCB has been examined in a number of studies. Knovosky and Pugh (1994) defined trust as a manifestation of social exchange, where social exchange refers to relationships that entail unspecified future obligations and generates an expectation of some future return for contributions. Social exchange theory (Blau, 1964) accounts for organizational citizenship behaviour 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 (Mengue, 2000; Organ, 1990). Various studies have shown a strong and positive relationship between trust and OCB. Dirks and Ferrin (2002) reported that trust in 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. The trust in supervisor significantly predicted OCB both at the individual and organizational levels (Wech, 2002). The findings of Mackenzie, Podsakoff, and Rich (2001) suggested that sales managers' transformational leadership style had a positive impact on salespersons OCB, which was mediated by the trust. In a Chinese joint venture, the OCB of employees were affected by their trust in organization as well as their trust in supervisor (Wong, Ngo & Wong, 2006). The trust in supervisor had a dominant effect on OCB among Turkish academicians, directed both towards individual and organization (Erturk, 2006). Similarly, Wong et al. (2003) ascertained that trust in supervisor significantly mediates the relationship between perception of organizational justice and OCB. However, there is lack of studies examining the

impact of co-workers trust on OCB. The present study will look into this aspect along with trust in supervisor, and management.

1.6.3. Affective commitment

The foundational concept of workplace commitment is identified along multiple foci, including commitment to one's work, career, job, union, and organization (Mueller, Wallace & Zanna, 1992). Organizational commitment has three major dimensions: affective, continuance, and normative commitment. The most prevalent theme is manifested in affective orientation, in which commitment is considered as an affective or emotional attachment to the organization. Employees with strong affective commitment work in the organization because "they want to". Greenberg (1999) saw affective commitment as strength of the people's desire to continue working for an organization because they agree with its underlying goals and values. More than continuance or normative commitment, affective commitment has positive influence on a number of variables related to organizational wellbeing such as job satisfaction (Meyer et al., 2002), perceived organizational support (Rhoades & Eisenberger, 2002), job involvement, job performance, and OCB (Allen & Meyer, 1996). Owing to this positive relationship, employees with strong affective commitment contribute more to the accomplishment of organizational goals.

The relationship between trust and organizational commitment has been studied quite extensively. The most compelling reason for interest in the relationship between trust and commitment is the importance of organizational commitment which has received substantial support as an antecedent to different effectiveness and performance indicators. Therefore, by establishing the link between trust and organizational commitment, it can be argued that trust affects organizational effectiveness and performance. In support of this argument, Hosmer

(1995) posited that organizational success is the union of trust, commitment, and effort. Treating people fairly creates trust, trust builds commitment, and commitment ensures effort, which if rationally directed and coordinated, leads to organizational success. Further, Morgan and Hunt (1994) argued that, since trust is so highly valued, individuals commit themselves to those they trust. Empowerment of staff nurses had influence on their trust in management and ultimately influenced affective commitment (Lashinger, Finegan, & Shamian, 2001). A study conducted on employees of Chinese joint ventures revealed that trust in organization mediated the relationship between affective commitment and its antecedent variable (Wong, Ngo, & Wong, 2002).

Apart from trust in management, commitment was also associated with trust in supervisor and colleagues. Geyskens and Steenkamp (1995) provided evidence that there is a positive association between the two variables in manager-salesperson relationship. Nyhan (1999) reported that there was a positive relationship between trust in the supervisor and affective organizational commitment across three public sector organizations, implying that increase in trust tends to produce commitment. Thus, it is evident that high supervisory trust might be associated with higher levels of affective commitment to the extent that the supervisor was identified with the organization. The findings in other sales and non sales setting did support the notion that trust in supervisor is a critical element, and has an important role to play in promoting organizational commitment, (Perry, 2004; Mulki, Jaramillo & Locander, 2006).

There is significant theoretical and empirical support to link organizational and supervisory trust and affective commitment. Nonetheless, limited attention has been given to co-worker trust in detailing affective commitment outcomes. Co-worker trust may be closely aligned with affective commitment. Processes of reciprocation that exist due to social exchange at work serve to initiate, strengthen, and maintain interpersonal relationships. Consequently, a co-worker may

begin to see a colleague as predictable and dependable and respond by developing trust. If the co-worker responds benevolently then commitment to the relationship and the organization could be fostered (Holmes & Rempel, 1989). Cook and Wall (1980) offered evidence to support this relationship, as they found that trust in peers correlated significantly with organizational identification and organizational involvement. Recently, the relationship was further validated by Ferrer, Connell, and Travaglioni (2004), who confirmed that one who shared a trusting relationship with co-workers was likely to be emotionally attached to the organization. In this study effort would be made to explore the referent of trust, which plays an important role in determining employees' affective commitment towards organization.

1.6.4. Turnover intention

Turnover intention is considered a conscious and deliberate willingness to leave the organization (Tett & Meyer, 1993). Elangovan (2001) defined it as the strength of an individual's conviction that he/she will stay with or leave the organization, in which she/he is currently employed. Intention to leave is probably the most important predictor of actual turnover. This is often measured with reference to a specific interval (e.g., within the next six months) and has been regarded last in the withdrawal cognition, consisting of a set of thinking of quitting and an intent to search for alternative employment (Tett & Meyer, 1993). Although some forms of turnover are desirable (e.g., losing poorly performing employees), most practitioners and researchers use the term as loss of valued employees, and treat it as a negative index of organizational effectiveness (Staw, 1980). Excessive employee turnover rate is related to the direct and indirect cost, affecting morale, productivity, reputation and survival of the organization (Hinkin & Tracey, 2000). Apart from this, over time, organizations invest substantial resources in their employees (Lee & Mitchell, 1994). Therefore, it is a matter of concern in the present competitive

environment for the organizations faced with lack of employee continuity. Identifying the causes of turnover intentions is important for understanding, and controlling such behaviour (Vandenberg & Nelson, 1999). Although there are different approaches to the study of turnover intentions, most of the studies include the possibility that turnover is motivated by the dissatisfaction of an individual with some aspect of the work environment including the job, co-workers, or the organization (Lee & Mitchell, 1994). Previous research on turnover intention have focused exclusively on job related variables (e.g. role conflict, role ambiguity, role overload, work conditions, job task and autonomy), and demographic variables (e.g. gender, age, tenure and education) as determinants affecting turnover intentions (Kim 1999; Lum, Kervin, Clark, Reid, & Sirola, 1998; Parnell & Crandell, 2003). This study extends the understanding of employees' cognitive attitude i.e. trust, both at individual and organizational levels and its effect on turnover intentions. The mediating role of dimensions of the trust between various individual and organizational related variables and turnover intentions needs to be examined.

A number of studies conducted in a variety of settings support the relationship between organizational trust and intention to leave. This line of thought is consistent with Fishbein and Ajzen's (1975) theory of reasoned action which postulates that attitude is consistently related to behavioural intention. Costigan, Ilter, and Berman (1998), and Mishra and Morrissey (1990) found that reduction in employee turnover was one of the advantages of trust. The increased collaboration, connection and effective communication stemming from trust would lead to positive social network, feeling of support and greater attachment to peer and organization. A meta-analysis showed that satisfied employees feel productive, contribute to organizational goals, and generally have lower turnover intentions (Harter, Schmidt, & Hayes, 2002). Studies have also shown that when a subordinate trusts the supervisor, he or she feels safer and develops

loyalty to the organization lowering their desire to leave it (Davis et al., 2000). The negative relationship between trust in supervisor and turnover intentions is supported by several studies both in sales and non-sales context (Brashear, Manolis, & Brooks, 2003; Dirks & Ferrin, 2002; Mulki, Jaramillo, & Locander, 2006). In the context of Chinese joint venture, workers' trust in the organization had a strong negative impact on intention to leave the organization (Wong, Ngo & Wong, 2003). Schnake and Dumbler (2000) reported that trust in organization was negatively and significantly related to turnover intentions. A recent finding by Hemdi and Nasuridin (2006) indicates that employees' turnover intentions were significantly reduced when employees had more trust in top management. Connell et al. (2003), and Bijlsma and Koopman (2003) also confirmed that a trustful relationship between employees and organization led to an increase in one's loyalty and a decrease in one's intention to leave the organization.

Studies have generally used managers, supervisors or the organization itself as the trust referent, but there has been a lack of studies exploring co-worker trust and intent to stay. Co-worker trust may be associated with lowered intention to leave for similar reasons as organizational trust motivates people to stay. Ferres, Connell, and Travaglione (2004) found that trusting relationship among the co-workers led to lowered intention to leave the organization. The present study seeks to understand better the impact of co-workers trust on turnover intention.

Trust in organization has been empirically reported as an important intervening variable affecting one's beliefs and behavioural intentions or outcomes. The findings of Hemdi and Nasuridin (2006) highlighted the importance of employees' trust in organization as the key mediating role between perceptions of HRM practices and turnover intentions. Brashear et al. (2005) reported that trust was a key mediating variable between employees' perception of organizational justice and turnover intentions. This line of thought concurred with social

exchange theory (Blau, 1964) and Gouldner (1960) norm of reciprocity theories. According to Robinson and Rousseau (1994), trust is the essence of social exchange, and as the trust develops, the extent of exchange increases. Therefore, if organization delivers contractual or other promises, employees' sense of indebtedness or mutual obligation will increase and would be shown through employees' reduced intention to leave the organization.

1.7. Scenario of manufacturing and service sector in India

The economic liberalization has reduced growth constraints and contributed greatly to the overall growth and prosperity of the country. During this period of stable growth, the performance of the Indian service sector has been significant and contributes more than fifty per cent of GDP. Particularly the contribution of IT-ITES (Information Technology Enabled Services) and telecommunication are markable in catalyzing growth in other sectors and Indian economy as a whole. The growth in the manufacturing sector has also complemented the country's excellent growth momentum. The growth rate of the manufacturing sector rose steadily from 12% in 2006 to 15% in 2009. The key factors driving high growth in India's service sector are strong growth in foreign demand, deregulation, liberalization of foreign investment and greater privatization since 1991, increased industry outsourcing and high income elasticity of demand for services (Gordon & Gupta, 2004). Compared to this the manufacturing sector which is dependent on large scale investments, is subject to investment related regulatory hurdles. Furthermore, the Indian manufacturing firms irrespective of ownership face a number of restrictions in the labour market for example Indian Disputes Act of 1947, which places a number of restrictions on dismissal and layoff of workers, inhibiting its fast growth. Following the trade reforms of the 1990s, manufacturing's competitiveness is being enhanced by greater reliance on services inputs. Some of these processes are already evident. IT, financial services and telecommunication services are

vital inputs to the manufacturing sector. Functions previously undertaken ‘in-house’ by manufacturers – such as software development, design and testing, back-office task and post sales services are now being outsourced to world-leading Indian service providers. In this way knowledge-intensive Indian services are supporting innovation in India’s manufacturing sector. Additionally increased service sector incomes provide a stimulus to consumer demand for manufacturers. It has been rightly said by Geza Feketekuty, an American economist that *“improvement in service sector will drive changes in manufacturing sector”*.

Despite of the linkages between service and manufacturing sector which are pillars of economic growth of the country, there are differences in their operation, process, customer relationship, product features, task environment and human resource base. These in totality have a crucial bearing on the employer-employee relationship and trust at workplace. The research in this stream has largely restricted to the traditional sector of economy like manufacturing and in some cases service or between private and public owned organizations, but has ignored to look into the dynamics of trust in two interdependent sectors such as manufacturing and service. The present study attempts to make a comparative analysis between these two sectors

1.8. Gap areas

Based on the literature review in the field of trust within organization, the current study aims to address certain gap areas that have been identified. They are as follows:

- Most of the studies have used job and relational variables as antecedents of trust. Therefore, influence of individual and organizational factors on interpersonal and organizational trust needs to be investigated.
- Interpersonal and organizational trust represents distinct constructs each with its own antecedents, despite some exceptions (Aryee et al., 2002; Butz, Dietz, & Konovsky,

2001; Tan & Tan, 2000), However, very few empirical studies have examined multiple referents of trust, more specifically trust within lateral and vertical relationship at interpersonal level comprehensively.

- Studies have shown the influence of interpersonal trust on knowledge sharing, but studies examining the impact of organizational trust on knowledge sharing are lacking. Therefore, there is a need for more empirical evidence to examine the relationship of knowledge sharing and organizational trust.
- The combined effect of multiple referents of trust on dimensions of OCB has not been studied much, especially at managerial level. The present study will address this gap by examining it
- Studies of organizational trust from communication perspective are scant as most of the studies have focused on interpersonal trust.
- There is paucity of research investigating perceived organizational support as an antecedent of organizational trust.
- Apart from the direct effects, very few studies have investigated multiple referents of trust in a mediating role to examine which referent plays an important role in facilitating the effects of determinants on desired outcomes.
- The importance of co-worker trust has been acknowledged in the literature, its determinants and its effect need empirical investigation.
- Most of the studies on trust were conducted in western culture while a few studies were conducted in other cultural contexts.. A systematic investigation of the dynamics of trust at workplace in the Indian cultural context is needed in order to assess the generalizability of the research findings in Indian organizations.

1.9. Objectives

Based on the review of literature and gaps identified, the major objectives of the present study are as follows:

- To test the difference in the dynamics of interpersonal and organizational trust between manufacturing and service companies.
- To examine the strength of association between individual level factors (i.e. interaction frequency, competence, and consistency) with interpersonal trust and organizational factors (i.e. job security, procedural justice, perceived organizational support, and communication) with organizational trust as the antecedent variables.
- To test the strength of association between interpersonal and organizational trust and workplace attitude and behaviour such as knowledge sharing, organizational citizenship behaviour, affective commitment, and turnover intention.
- To examine the role of multiple referents of trust as mediating variables between determinants and desired outcomes.

1.10. Conceptual and operational definitions of the variables under study

All the variables were conceptually defined, for the purpose of measurement, they were operationalized

Serial No.	Variables	Conceptual definition	Operational definition
1.	Interpersonal trust	Interpersonal trust is defined as the extent to which a person is confident in and willing to act on the basis of words, actions and decisions of another	Interpersonal trust was operationalized on the basis of its two dimensions namely, trust on colleagues and trust on supervisor, the mean of scores was calculated for each scale
2.	Organizational trust	Organizational trust is defined as extent to which one is willing to ascribe good intentions to and have trust in the words and actions of those in management.	It is operationally defined as the mean of the sum of scores obtained on items of trust scale.
3.	Interaction frequency	It is conceptualized as the frequent interaction of the employee with one another in work place.	It is operationally defined as the mean of the sum of scores obtained on items from instrument developed by (Wilson, 1988).
4.	Competence	Competence is defined as the technical knowledge and skill to do one's job.	It is operationally defined as the mean of the sum of scores obtained on items from Perceived Trustworthiness scale (Mayer & Davis, 1999)
5.	Consistency	It is defined as ability to predict a person's trustworthiness based upon consistent stable pattern of previous behaviour.	Consistency was operationalized as the mean of sum of the scores obtained from the scale items which measured behavioural consistency
6	Job Security	It is individual's belief that their jobs are secure with the current employer	Job Security was operationalized as the mean of sum of the scores obtained from the scale items which measured job security
7.	Procedural Justice	Procedural justice is concerned with the impact of fairness of decision-making	The operationalization of procedural justice was based upon the mean of the items manifested in procedures used to arrive at

		procedure on the attitudes and behavior of People involved and affected by those decisions.	decisions
8.	Perceived organizational support	Perceived organizational support refers to the extent to which the employee's experience that they are valued by their organization and that the organization cares about their wellbeing.	It was operationalized as the mean of sum of scores obtained on perceived organizational support scale
9.	Communication	Communication is conceptualized as open and accurate flow of information between management and employees	It was operationalized as the mean of sum of scores obtained from scale items which measured openness and accuracy of communication
10.	Knowledge sharing	It is conceptualized in this study as individuals sharing organizationally relevant information, ideas, suggestions and expertise with one another.	Knowledge sharing was operationalized as mean of sum of the scores obtained from the scale items which measured knowledge sharing
11.	Organizational citizenship behaviour	It is defined as individual's behavior that is discretionary, not directly or explicitly recognized by formal reward system and that in aggregate promotes the effective functioning of the organization.	Organizational citizenship behaviour was operationalized on the basis of its five dimensions namely, altruism, courtesy, conscientiousness, sportsmanship and civic virtue, and for each of these dimensions the mean of scores for each scale was calculated
12.	Affective commitment	It is an individual's emotional attachment, identification with, and involvement in a particular organization.	Affective commitment was operationalized as the mean of sum of the scores obtained from the scale items which measured affective commitment
13	Turnover intention	It is conceptualized in this study as a conscious and deliberate willingness to leave the organization	Turnover intention was operationalized as the mean of sum of the scores obtained from the scale items which measured turnover intention

1.11. Hypotheses

This study is conducted on an exploratory framework using survey research. The relationships among the variables were examined by framing certain hypothesis, which are presented below.

H1: Employees' perception regarding interpersonal trust, organizational trust and the related outcomes would significantly differ across manufacturing and service sector.

H2: Higher interaction frequency, competence and consistency in positive behaviour would have positive impact on trust in supervisor and colleagues.

H3: Highly secure job, procedural justice, perceived organizational support, and open and accurate communication from the employer would result in trust towards the organization.

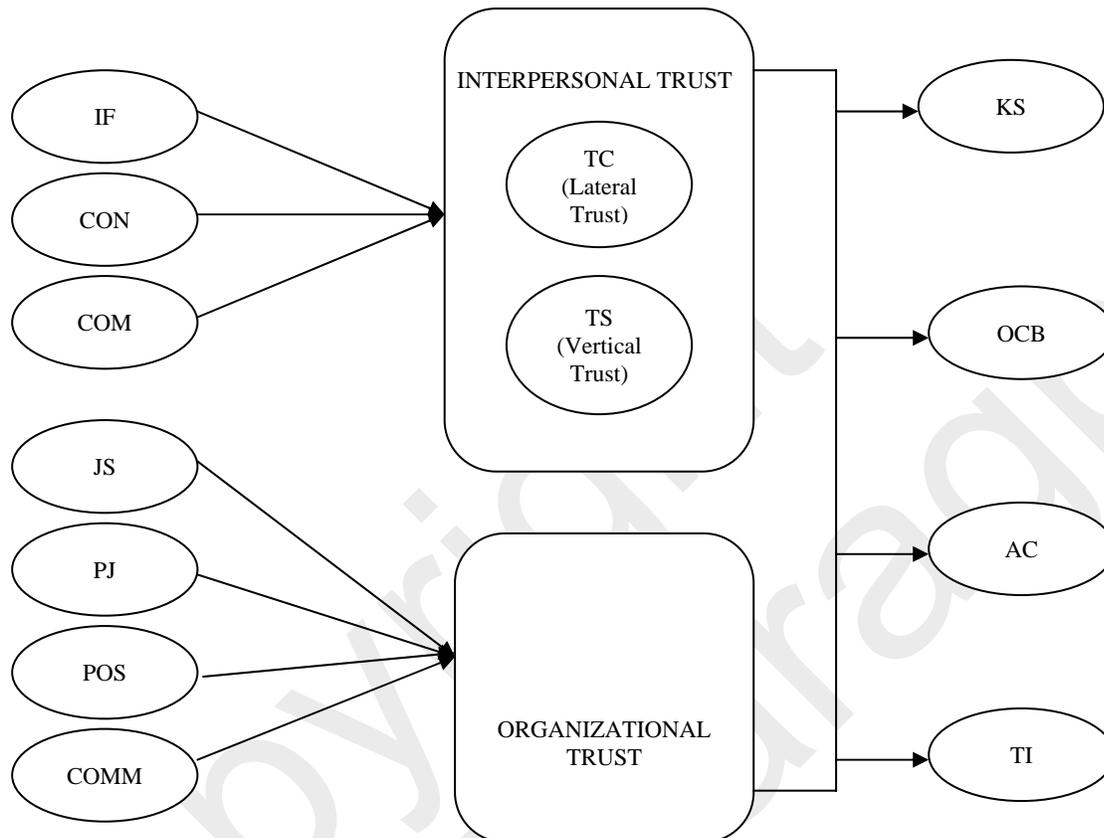
H4: Trust in colleagues, trust in supervisor and organizational trust would significantly predict better knowledge sharing, organizational citizenship behaviour, affective commitment and lower turnover intentions.

H5a: Trust in colleagues and trust in supervisor would significantly mediate the relationship between its antecedent and consequent variables.

H5b: Organizational trust would significantly mediate the relationship between its antecedent and consequent variables.

A conceptual framework relating these variables was developed to show the relationship of the independent, dependent and mediating variables used in this study.

Figure 1: Conceptual framework depicting the independent, dependent and mediating variables in the study



IF- Interaction Frequency	TC – Trust in Colleagues
CON-Consistency	TS – Trust in Supervisor
COM- Competence	KS – Knowledge Sharing
JS – Job Security	AC – Affective Commitment
PJ – Procedural Justice	TI – Turnover Intention
POS – Perceived Organizational Support	OCB – Organizational Citizenship Behaviour
COMM – Communication	

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