



ORGANIZATIONAL TRUST AND EMPLOYEES' COMMITMENT

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Abstract

Organisational trust is an antidote to fears and risks attendant to meaningful commitment in organization. This is focusing on organizational trust and employees' commitment was undertaken to explore the relationship between trust and employees commitment among firms, with specific objectives to examine the relationship between openness and affective commitment to the organization and assess the relationship between openness and continuance commitment to the organization among other. Four research questions were raised in line with the study objectives to explore the study. The variables under consideration were reviewed under conceptual review; concept of trust was discussed with competence, openness to experience and reliability as the dimensions. The concept of organizational trust was reviewed with affective commitment, continuance commitment and normative commitment as its dimensions. Resource Based View (RBV) theory was discussed as relevant theories to guide the study. Past studies relating to this work were reviewed under empirical studies. Findings underline the important role of trust in organizations, besides significant main effects on workplace behavior and outcomes (e.g. job satisfaction, shared value, individual involvement and unit performance). The study concluded that trust influences loyalty by affecting the customers perception of competence in values with the service provider, and such value congruence is significantly related to the customer's satisfaction and loyalty. The study recommended among others things, that management should train employee in proportion to the benefits of trust to achieve high level of dedication and extra effort for supervision and also employee should be appraised on various occasion so as to ascertain high parity of trust.

Keywords: Organisational Trust, Employees Commitment, integrity, openness, relationship, reliability.

INTRODUCTION

Organisational trust is a crucial ingredient of employees' commitment and its role in the workplace is increasingly attracting the attention of organizational scholars. Researchers have found which to be predictive of important employee reactions, behaviors and performance as well as play a moderating role in various organizational processes (Cofra, 2017). Although trust is a multilevel phenomenon that can be examined at the personal, organizational, inter-organizational, and international levels the present study focuses on trust within organizations. In an organization, between a subordinate and a supervisor, trust plays a critical role in such hierarchical, dyadic relationships because of the dependency and vulnerability of employees to their supervisor (Wetsch, 2015). Therefore, it is important to examine how the trust employees have for their supervisor is formed, and what the effects of such trust are on employees' attitudes, behaviors and commitment to their career

Employees who trust their co-workers and believe in their leadership are more likely to outperform those who don't. Commitment supposed be owned by employees who work within the organization.

Why is Organizational Trust Importance: Picture a low- trust team where the team members lack confidence in one another, they don't believe in their leaderships or even their company's mission and visions. It's easy to imagine how this distrust could impact their own job satisfaction and performance. And also the level of confidence (trust) with subordinates, colleagues or bosses, or the organization in general could generally trigger either positive or negative effects on those involved, mainly in relation to the entirety of the organization.

Statement of the Problems

Given increased competition and intensified innovative strategy in the business world, the trust element factors that influence organizational activities have been taken into serious

consideration prior to increase the commitment of employee to its organization. Barbara (2014) in her recent publication reveals that competence, openness, congruence and reliability are source of motivation that would yield positive attitude in the workplace that influences organisational commitment to the organization. It has been established organizations experience decline in affective commitment, moral commitment, instrumental commitment and alienate commitment in the workplace has posed a lot of challenges and pitfalls. This has affected the organizational potential customer based value, new product development, productivity, profitability, market share, advance technology etc.

Against this background, this study will sort remedies for organisation to develop strategies as to energize work motivation in other to improve organisational commitment efficiency in antecedent to trust. Trust are a credible tool for influencing organisational commitment as shown below.

Aim and Objectives of the Study

Generally the aim of this study is to explore the relationship between trust and organizational commitment in the Manufacturing firms. Specifically, the basic objectives are to;

1. Examine the relationship between Competence and affective commitment to the organization.
2. Assess the relationship between openness and continuance commitment to the organization.
3. Examine the relationship between reliability and affective commitment to the organization.
4. Assess how corporate culture moderates the relationship between trust and organizational commitment.

Research Questions

In antecedent with the formulated objectives, the following research questions were stated.

1. What is the relationship between Competence and affective commitment to the organization?
2. What is the relationship between openness and continuance commitment to the organization?
3. What is the relationship between reliability and affective commitment to the organization?
4. How does corporate culture moderate the relationship between trust and organizational commitment?

Conceptual Clarification

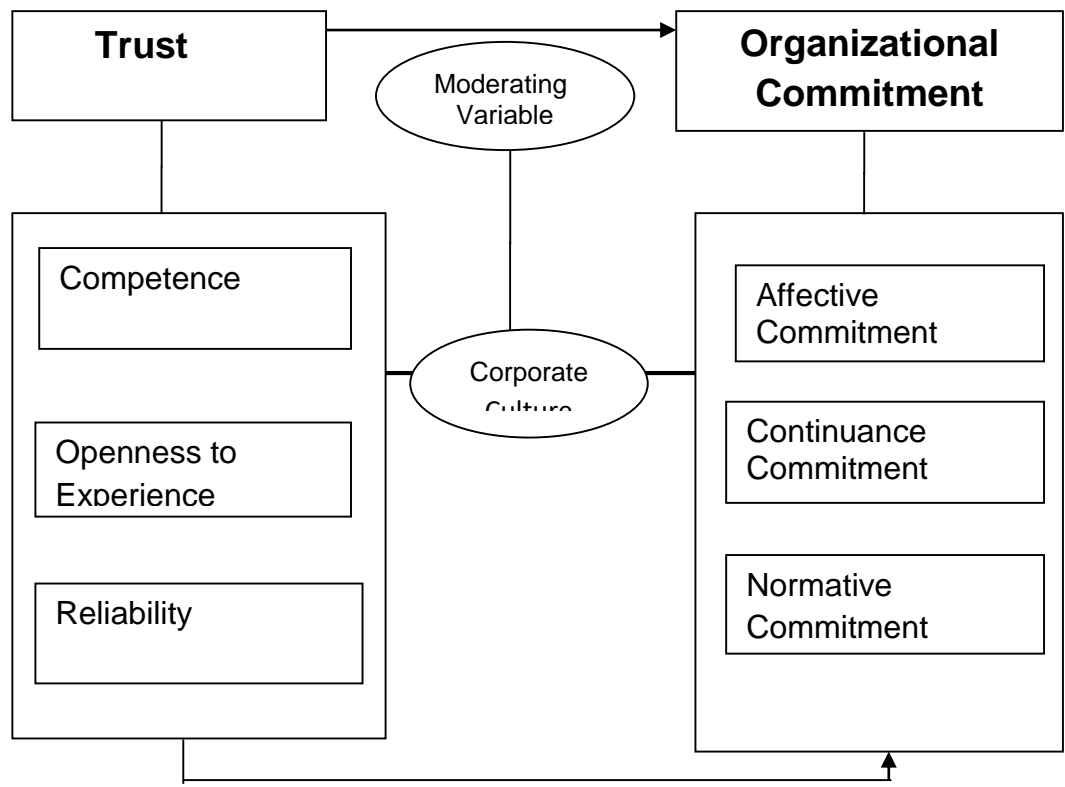


Fig 1.1: Conceptual Framework

SOURCE: *Researcher's Conceptualization, 2023*

The independent variable in this study is trust. Based on the earlier study of Zak and Knack (2017). The dimensions of trust adopted in this study are: openness to experience, reliability and competence. On the other hand, the dependent variable for this study is organizational commitment. The measures of organizational commitment adopted for this study are based on the earlier study of Meyer and Allen (2007) includes: affective commitment and continuance commitment. This study also considered the moderating role of culture in the relationship between trust and organizational commitment. Based on the earlier study of Dennison, (2014) corporate culture will be measured along four dimensions: Involvement index, Consistency index, Adaptability index, and Mission index.

Trust

The theory of trust and trusting relationship is one of the most researched and discussed concept in the history of man. Barely will you find any field of endeavor, be it philosophy, psychology, management, economics, human-computer interaction that trust does not come to bear. This has stimulated an extensive conceptualization of trust in the literature. Every discipline has its own definition, findings and interpretation of trust. In the literature, trust is conceptualized in different outlooks; most authors view it as a state, believe or positive prospect. Stampa (2005) defines trust as the gambling of the belief of other people's possible future behavior. He asserts that trust consists of two basic elements, one is a certain anticipation, based on the expectation of the ways the people should behave under certain settings, and the other one is to take action and to fulfil the obligation. Six (2007) view interpersonal trust as a deliberate believe or expectation by an individual that another person or party will perform an expected function, with the understanding that it is important. According to Chowdhury (2005) and McAllister (1995) there are two major forms of trust in the literature. The first is referred to as cognition-based; here the individual involved is convinced he knows the other party too well to confide in. The second form is called affect-based trust; it is hinged on emotional affection between two individuals with mutual care and concern. Arrow (1974) considers trust as a basic element for organizations and the economy in general, stating that trust is an

economic exchange lubricant. Every employer strongly desires to build the employees' trust in the organization. Zhang et al. (2008) point out that most employers still find it difficult to develop and sustain employees' trust.

Firstly, Zand (1972) and Zucker et al. (1996) clarify that trust building process is always interactive involving a minimum of two individual trying to know about each other's trustworthiness.

Tenure can be indicative of non-transferable investments (close working relationship with coworkers, retirement investments, career investments and skills unique to the particular organization). Age can also be negatively related to the number of available alternative job opportunities (Steers, 2006). Career satisfaction provides a more direct measure of career-related investments, which could be at risk if the individual leaves the organization. In general, whatever employees perceive as sunk cost, resulting from leaving the organization, are the antecedents of continuance commitment.

Normative commitment is the commitment of an employee towards his/her organization when they feel that they owe it to their organization to continue working there. It is a feeling that is different from the want and need feelings of Affective and Continuous commitment, respectively. In this, the person feels obliged to work for the company for all the things the organization has done for him/her.

Normative Commitment is one of the many types of organizational commitment. It differs mainly from other two major organizational commitments Affective commitment and Continuous commitment. This commitment varies from person to person with the degree of assistance/incentives the person gets from the company, which could vary from as small as providing transportation to as large as paying for someone's child education.

Consequences of Lack of Commitment of Employees to an Organization

When workers are not committed to the organization, the organization suffers a huge loss that if not well managed can bring to an end the life of that organization. The following are the areas where the organization is affected by uncommitted workers:

1. Low Productivity

Low productivity in an organization means a condition where one or more employees conclude tasks, procedures, production,



processes, and sales inefficiently. Lack of commitment by employees can cause an organization a huge loss in all its activities. The productivity and profitability of an organization have a strong relationship.

- **High Labour Turnover**

When workers are not committed they are bound to leave the organization any time, which in turn result to high turnover. High labour turnover means losing a relatively high percentage of workers frequently compared with the number of workers employed and hired. Considering how high turnover affects an organization and mapping out strategies to handle it is a critical aspect of human resource management.

- **Conflict**

Uncommitted workers can cause conflicts in the workplace. Workplace conflict means a state of disharmony instigated by the real or perceived opposition of needs, standards and interest between persons working in the same environment. Regular operational goals can become more difficult to achieve as a conflict situation reduces both concentration and morale of employees. Conflict can yield a stressful work atmosphere, which can distract workers and lead to increased accidental mistakes, errors and loss which by chance can result in more organizational anarchy. Conflict can affect the overall performance and image of an organization.

Relationship between Trust and Commitment

According to Moorman et al. (1992), the relationship between trust and commitment is envisioned positive, because trust expectedly creates relationship. These authors also showed that the awareness of the relationship quality of an organization is influenced by the level of Integrity, honesty and reliability. The perception of the relationship quality in an organization will apparently affect employees' commitment. If the employees notice that there is high level of integrity, honesty, and reliability in the workplace, the result will be a valued relationship quality that will stimulate commitment. On the other hand, where the relationship is fraught with secrecy and dishonesty, employee commitment cannot indeed be definite. It follows then that high level of trust will unconsciously lead to optimum employee commitment.

The universality of trust is achieved when top management assiduously support and typify the values and goals of the organization. They become a practical example of the values of the

organization, thereby making it easy for subordinates to emulate and practice. More so, when there is trust the top management communicates expectations clearly so that the employees become proactive and responsive to those actions that will keep the organization competitive.

Theoretical Framework

Resource-based View (RBV) Theory

Truyens, Veerle De and Bruno (2018), aligned the resource-based view theory with firms trust. From the theory, there is a need on firm specific and organizational-level research that improves understanding of the reasons for success and a corresponsive competitive position in international competition (Truyens, Veerle De & Bruno, 2018). Even though several authors have signaled the need for more in depth research at a firm specific level (Schreyer, 2017), little is known about the organizational development of countries in specific firms and the allocation of resources to elite athlete development. A resource-based theory examines the relationship between an organisations internal characteristics and performance. The trust of an organization arises from the strategy that the organization follows in order to take advantage of the opportunities and risks within its external environment (Williams, 2018). Trust is based on using specific capabilities sooner, more absolutely, or more fortuitously than the competition to create resource configurations that have that advantage (Patrick & Bruce, 2018).

The resource-based view (RBV) as a basis for the trust of a firm lies primarily in the application of a bundle of valuable tangible or intangible resources at the firm's disposal (Wernerfelt, 1984; Rumelt, 1984; Penrose, 1959). To transform a short-run trust into a sustained trust requires that these resources are heterogeneous in nature and not perfectly mobile (Peteraf, 1993). Effectively, this translates into valuable resources that are neither perfectly imitable nor substitutable without great effort (Barney, 1991). If these conditions hold, the bundle of resources can sustain the firm's above average returns. There is strong evidence that supports the RBV (Crook, Ketchen, Combs, & Todd, 2018). RBV has been extensively applied in management and marketing (Kozlenkova, Samaha & Palmatier, 2018).



King (2017) mentions inter-firm causal ambiguity may results in sustainable trust for some firms. Causal ambiguity is the continuum that describes the degree to which decision makers understand the relationship between organizational inputs and outputs (Lippman & Rumelt 1982 cited by King, 2017). Their argument is that inability of competitors to understand what causes the superior performance of another (inter-firm causal ambiguity), helps to reach a sustainable trust for the one who is presently performing at a superior level.

Empirical Review

Poon (2016) tested a model of trust-in-supervisor that included propensity to trust and supervisor attributes as antecedents and affective organizational commitment. The result showed that supervisor ability, benevolence, and integrity as well as employees’ propensity to trust were positively associated with trust-in-supervisor. Trust-in-supervisor, in turn, predicted employees' affective organizational commitment but did not have any influence on their willingness to help co-workers.

Lifeng (2017), explored the impact of psychological capital on Chinese workers’ performance, organizational commitment, and Organizational citizenship behavior. The sample was consisted of 67 supervisors and subordinate from the human resource managers of the four coal companies. The results of the study showed that after controlling for the demographic variables (gender and age), employees' hope, optimism, and resiliency separately had positive impacts on their job performance, organizational commitment and organizational citizenship behavior. Employees' psychological capital (a combined construct of hope, optimism, and resiliency) had positive impacts on their job performance, organizational commitment and organizational citizenship behaviour. Kyle, Luthans, Sandra, Lebsack, Richared and Lebsack (2018) explored the linkage between nurses' levels of optimism and perfonnance outcomes. The sample consisted of 78 nurses in all areas of a large healthcare facility (hospital) in the Midwestern United States. The results indicated a highly significant positive relationship between the nurses' measured state of optimism and their supervisors' ratings of their commitment to the mission of the hospital, a measure of contribution to increasing customer satisfaction, and an overall work performance. Luthanset. al. (2018) researched on emerging core construct of

positive psychological capital (consisting of hope, resilience, optimism, and efficacy) plays a role in mediating the effects of a supportive organizational culture with employee outcomes. The results indicated that employees' psychological capital is positively related to their performance, satisfaction and commitment, and a supportive culture is related to employees' satisfaction and commitment. Pala, et. al., (2018) in their study entitled the effects of demographic characteristics on organizational commitment and job satisfaction: an empirical study on Turkish health care staff, explored the relationship between organizational commitment, job satisfaction and demographic characteristics. It was found that organizational commitment level of men health care staff was higher than women health care staff and organizational commitment scores of health care staff who had technical school were lower than health care staff that had university degree and master degree or above degree. Further, it was found that organizational commitment, general satisfaction and interior satisfaction scores of private hospital were higher than public hospital and exterior satisfaction scores of health care staff who had been working under 1 year and between 11-15 years in profession and institution were higher than health care staff who had been working for more than 16 years.

Nammi and Nezhad (2015), in a study focused on investigating the existence of relationships between components of corporate culture and teachers commitment highlighted that teachers’ perception of aspects of the work corporate culture such as autonomy, cohesion, trust, support, recognition, fairness and innovation has a strong influence of commitment to school, commitment to teaching occupation, to teaching work and commitment to work group.

Methodology

The methodology adopted in this study was empirical review of related work to draw conclusion

Findings

Recent empirical research underlines the important role of trust in organizations. Besides significant main effects on workplace behavior and outcomes (e.g. job satisfaction, share value, individual involvement and unit performance), the review by Dirks and Ferrin (2001) contains some evidence for the moderator function of trust in diverse relationships. It should be mentioned that



despite the fact that most studies look for influences of trust on commitment, they actually perform correlational analyses of the trust-commitment relationship (e.g. Brockner, Siegel, Daly, Tyler and Martin, 1997). Moreover, Guest (2008) considers trust to be a “key integrative concept” and a mediator between causes and consequences in the model of the psychological contract.

It should be mentioned that the research in the area of trust suffers from weak methods. To date, we find only a limited number of instruments; many of them are, however, grounded in personality theory (e.g. Rotter, 1967). One of the few measures for work and organisations with proper psychometric testing was developed by Cook and Wall (1980). This is a scale to be applied in work settings which differentiates between two dimensions: peers and management and faith and confidence in their intentions and actions. Another instrument by Cummings and Bromiley (1996) was developed against the background of a critical conclusion about the status of trust measurement: “although trust has become an important construct in recent work in organizations, its measurement has either been anecdotal or by invalidated survey measures”. An interesting and psychometrically driven development was undertaken by Nyhan and Marlowe (2007). Their Organizational-Trust Inventory (OTI) allows for the measurement of an individual’s level of trust in the supervisor and work organization as a whole. The OTI was developed in line with the above-mentioned definition by Luhmann (1979). Our studies are based on this scale.

Furthermore, it seems that there is some overlap in functioning between trust and commitment. With respect to organizational commitment, Meyer and Allen (1984) argue that one of the most interesting areas for future research is the relationship between trust and (in particular) affective organizational commitment because trust functions similarly organizational commitment, i.e. high levels of affective organizational commitment as well as high trust are associated with employees’ reacting to unexpected events in a way that is in line with organizational interests.

With respect to organizational commitment there are a couple of different approaches from different disciplines (Morrow, 1983; Moser, 1996). The earliest attempts to conceptualize commitment were those by Etzioni (1961), Kanter

(1968) and Salancik (1977). All three rely on two sources of commitment: the instrumental and affective source. While affective commitment emphasizes attachment to the organization and effort put into work well beyond what appears to be required for the reward and former investments, instrumental commitment stresses the idea of exchange and continuance. For example, with regard to exchange this means that “an employee exchanges his or her contributions for the inducement provided by the organisation” and the extent of instrumental commitment depends on the “degree to which an employee’s intention to behave are consistent with the organization’s behavioural demands” (Penley and Gould, 1988).

Trust is an important factor in affecting relationship commitment and customer loyalty. If one party trusts another, such a party is willing to develop a positive behavioural intention toward the other party. Accordingly, when a customer trusts a business or brand, that customer is willing to form a positive buying intention towards the business. The relationship between customer trust and customer loyalty is supported by reciprocal arguments. When service providers act in a way that builds customer trust, the perceived risk with the service provider is reduced, thus enabling the customer to make confident predictions about the service provider’s future dealings.

Conclusion

In the course of the study, it could be opined that trust influence affective commitment towards contributing a great deal to organizational activities. Trust influences loyalty by affecting the customer’s perception of congruence in values with the service provider, and such value congruence is significantly related to the customer’s satisfaction and loyalty. Trust as an element of customer loyalty has an influence on building customer loyalty. It can be concluded that organizational trust creates the opportunity and increases the commitment and productivity of employees to be attached to the organization.

Recommendations

Based on the findings and conclusions, the following are recommended:

1. Organization executives and managers should lead with integrity, openness, and be reliable that would inspire the best in their subordinates and increase the support needed for success.



2. Management should train employee in proportion to the benefits of trust to achieve high level of dedication and extra effort for supervision
3. Employee should be appraised on various occasion so as to ascertain high parity of trust
4. Management should endeavour to be clear in frequent communication during supervisor in order to earn the trust from employee.
5. Management should have an accurate measures to evaluate competence, openness, acceptance and congruence so as to increase affective commitmen

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