

## **Organisational Trust: Imperative for Organisational Effectiveness**

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### **Abstract**

This paper discussed trust as an organisational variable that helps organisations achieve their set objectives. Trust has been variously defined, such as: a behaviour, an attitude, a confidence, an expectancy, a belief or set of beliefs, a dispositional variable, a situational variable, a structural variable, a social agency relationship variable, and an interpersonal variable. Even though the definition of the construct differs from writer to writer and from discipline to discipline, its central point remains similar and revolves around the fact that it is interpersonal, inter and intra organisational variable. It involves vulnerability as one party places her fate on the other upon the fact that it will behave in a way that will be consistent with the first party's welfare. It is evidenced that a climate of trust leads to wide and diverse benefits for individuals, teams and organisations. Increases in trust also result directly or indirectly in more positive workplace behaviours and attitudes, better team processes and superior levels of performance, which is capable of catapulting an organisation to the forefront and cause it to remain ahead in competition.

**Keywords:** Organisational trust, Organisational effectiveness.

### **Introduction**

Success in most organisations is a function of the quality of relationship in place, both at interpersonal and organisational levels. There are diverse network of relationships in organisations geared towards making the organisation survive the 21<sup>st</sup> century pressure on business enterprises that has assumed gargantuan dimensions. One of such relationships that exist among employees or between the organisation and its employees is trust. In an economy in which many organisations face strong headwinds and whirlwinds, trust assumes increasing significance. The enormous challenges facing businesses today engendered by the demand for quality, efficiency and timely delivery make the need for organisational trust more critical. In addition, the presence of trust in the workplace is essential in organisational performance and competitiveness in the increasingly competitive global economy (Lamsa & Pucetaite, 2006). Research

has demonstrated that an organisation's ability to develop trusting relationships is an increasingly important source of competitive advantage (Barney & Hansen, 1994). Organisations that foster internal and external climates of trust reap its advantages in the marketplace (Zaheer, McEvily, & Perrone, 1998).

Interpersonal, intra- and inter-organisational trust are conceived by many to be directly related to the ability to form new associations and networks of trusting relationships to accomplish business transactions and, therefore, is predictive of whether or not an organisation will remain viable (Fukuyama, 1995). Little wonder Fukuyama (1995) asserted that it is the supporting structure of societal functioning and organisations that can hardly thrive and become successful in its absence. In other words, trust is at the root of every meaningful and gainful venture of all organisations.

At a time when organisations grapple for change and when uncertainty about how change can and should occur, it is not surprising that attention given to trust has been invigorated as scholars and practitioners alike strive to understand relationships among trust, cooperative behaviours, and organisational abilities to change (Kramer & Tyler, 1996). The recognition of trust as a good course for management, a veritable tool for practitioners and the live wire of every organisation is obviously not new. In fact, researches over the years have investigated the importance of trust in ensuring organisational viability and survival. The purpose of this paper is to describe the construct of organisational trust, its definition and nature, present the different dimensions, faces of organisational trust, its theoretical rationale and relationship with organisational effectiveness in today's workplaces and how it affects Nigerian organisations.

### **Definitions**

According to Shapiro (1987), definitions of trust have become a confusing potpourri, a conceptual confusion (Lewis & Weigert, 1985). They have proliferated in divergent ways, and yet, in any given paper, are usually quite narrow (Kee & Knox, 1970). This problem, termed homonymy, means that one label encompasses more than one concept (Smith, 1990). The concept of trust fits this definition of homonymy. Trust has been defined as: a behaviour (e.g., Zand, 1972); an attitude (Kegan & Rubenstein, 1973); a confidence (Cohen, 1966); an expectancy (Rotter, 1980; Scanzoni, 1979); a belief or set of beliefs (Barber, 1983; Bromiley & Cummings, 1995; Rotter, 1967); a dispositional variable (Rosenberg, 1957; Rotter, 1967, 1980); a situational variable (Johnson-George & Swap, 1982); a structural variable (Fox, 1974; Lewis & Weigert, 1985); a social agency relationship variable (Shapiro, 1987); and, an interpersonal variable (Rempel, Holmes & Zanna, 1985). Some have discussed and described trust and its effects without specifically defining it (Granovetter, 1985).

Trust is no doubt a universal concept and as such has enjoyed widespread definition with each discipline floating its own according to what they represent and their perceived relevance in society. In fact, there are as many definitions of trust as there are writers on the subject. Also, different disciplines

within the behavioural science domain have their own view about the construct and hold a peculiar opinion about the concept. For instance, from religious view point trust could mean absolute faith or dependence in God. Economists define it as trusting the institutions and their accounts while the psychologists explain it with the reliable and unreliable behaviour of the individual. To a political scientist, it could mean reliance or being hopeful on those that with the mandate to govern. The sociologists use it as the reliable, fair and ethical behaviour in interpersonal relations (Milligan, 2003).

According to Erickson (1963) cited in Yilmaz and Atalay (2009), trust is an element of life beginning with birth. Blau (1964) defined trust as a necessary element for durable social relationships. According to Durkheim (1973) cited in Yilmaz and Atalay (2009), trust bears great importance in establishment of social relationships. Seligman (1977) cited in Yilmaz and Atalay (2009) stated that institution of a climate of trust between the social actors decreases the possibility of unexpected situations and clarifies many subjects. Gabarro (1978) cited in Smith and Birney (2005) based the concept of trust on the openness in behaviour of two people against each other because of several reasons. The reasons are explained as one's belief that the other person does not have any ill intentions and acts considerably, not arbitrarily, consistently and faithfully. Luhmann (1979) cited in Yilmaz and Atalay (2009) defined trust as the belief of a person that the acts of the others are considering his own good. For Giddens (1990) cited in Jones (2001) trust is an interpersonal element which is a must of social formation; while Carnevale and Wechsler (1992) defined it as the set of belief(s) that the acts of an individual or a group are well-intentioned, fair and constructive, based on ethical norms.

Furthermore, Hosmer (1995) stated that trust can form between the individual and the group or organisation and explain this concept as an oral agreement between a person, group or organisation and another person confirming that they would keep his rights safe in economical and social exchange. Lewicki, McAllister and Bies (1998) defined trust as confident positive expectations regarding another's conduct, while distrust is confident negative expectations regarding another's conduct. Bhattacharya, Devinney and Pillutla (1998) suggested that trust is an expectancy of positive (or non-negative) outcomes that one can receive based on the expected action of another party in an interaction characterised by uncertainty. Whitener, Brodt, Korsgaard and Werner (1998) merge several existing definitional approaches reflecting three basic facets of trust: (a) trust in another party reflects an expectation or belief that the other party will act benevolently; (b) a party cannot control or force another party to fulfil the expectation - that is, trust involves a willingness to be vulnerable and to assume risk; and (c) trust involves some level of dependency on the other party so that the outcomes of one party are influenced by the actions of another. These foregoing definitions could be referred to as societal or global definitions of trust. But, trust here is narrowed to some of those basic principles established within the four walls of the organisation or even beyond, which is based on mutual respect that drive business organisations to the path of success, hence referred to as Organisational Trust.

Although there is uniformity in the agreement among writers and organisational practitioners about the important position trust occupies both in society and organisation, there is surprisingly no such one-off, harmonised, or unified definition of the construct (Chughtai & Buckley, 2007). But even before then Kramer (1999) had pointed out that a concise and universally accepted definition of trust has remained elusive. However, one of the most widely cited definitions of trust in organisational literature was given by Mayer, Davis and Schoorman (1995). They defined trust as the willingness of a 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 the other party, (Mayer, Davis, & Schoorman, 1995; Schoorman, Mayer & Davis, 2007). In a similar vein, Rousseau, Sitkin, Burt and Camerer (1998) suggested that trust is a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another. Some other scholars endeavoured to capture the intricacies of trust with explicitly multi-dimensional definitions which highlight the different aspects of a trusting relationship (e.g., Cummings & Bromily, 1996; Mishra, 1996; Tschannen-Moran & Hoy, 2000). These definitions reflect the willingness of the trustor to depend on the trustee after having taken into consideration the personal characteristics of the trustee (McKnight & Chervany, 2001). For example, Cummings and Bromily (1996) define organisational trust as an individual's belief or a common belief among a group of individuals that another individual or group (a) makes good-faith efforts to behave in accordance with any commitments both explicit and implicit, (b) is honest in whatever negotiations preceded such commitments, and (c) does not take excessive advantage of another even when the opportunity is available.

Although organisational trust has been variously defined and conceptualised in many different ways, there are two essential elements, which are common across most definitions: (1) positive expectations and (2) willingness to accept vulnerability (Lewicki, Tomlinson & Gillespie, 2006). Positive expectations are positive beliefs held by the trustor that the trustee will act in a way that is consistent with his or her welfare. Vulnerability on the other hand, can be envisaged as risk of possible loss and implies that the trustor is prepared to take a risk by placing his or her welfare in the hands of the trustee.

Mishra (1996), in building a model of trust for both individuals and organisations, defined trust as one party's willingness to be vulnerable to another party based on the belief that the latter party is: (a) competent (b) open (c) concerned and (d) reliable. These four dimensions operate collectively to create the perception of trust. Fukuyama (1995), in focusing on organisational trust across cultures in international economic exchanges, defined trust as the expectation that occurs within a community of regular, honest, and cooperative behaviour, based on commonly shared norms on the part of other members of that community. In defining trust in an organisational context, Cummings and Bromiley (1996) anchor their definition in the assertion that trust involves three components of belief (affective, cognitive and intended behaviour) and three

behavioural dimensions (whether an individual keeps commitments, negotiates honestly, and avoids taking excessive advantage).

### **Nature of Organisational Trust**

Trust is intricate and has many faces. Originally, trust has been measured empirically as a one-dimensional construct or variable. Many researchers (e.g., Bem, 1970; Butler, 1991; Cummings & Bromiley, 1996; Mishra, 1996; Swan, Trawick, Rink & Roberts, 1988) find this approach to be no longer acceptable. Trust poses enormous challenges to researchers because of its many faces. A multi-disciplinary examination of trust studies shows research foci that span individual, dyadic, group, network, organisational, and inter-organisational alliances (Rousseau, Sitkin, Burt, & Camerer, 1998). Recognizing these diverse foci, Rousseau, Sitkin, Burt and Camerer (1998) propose that trust studies can be organised into three levels of inquiry. First is the micro level, which entails psychological processes and group dynamics. Second is the macro level, which encompasses institutional and cultural arrangements. Third is a new level that Rousseau et al propose: the meso level, which captures the analyses of multiple or integrated levels.

A meso-level analysis can be used for situations when trust is linked to multi-levelled factors. For instance, Rousseau et al. (1998) suggested that historical connections across a social network, and at different levels, such as interpersonal and inter-organisational, can affect one aspect of trust - an individual's reputation. While a leader may have an excellent reputation of trustworthiness among colleagues in a management team, this does not guarantee that the same holds true for the perception of that individual by a subordinates or a supplier to the firm (Rousseau et al., 1998). As asserted by McCall and Lombardi (1983), leaders' inability to create and sustain relationships of trust can be predictive of career derailment.

Leana and Van Buren (1999) brought these multi-levelled factors into even greater focus by emphasising the difference between dyadic and generalised trust. Dyadic trust relies on direct knowledge and a personal relationship with someone else. In contrast, generalised trust comes from knowledge that is indirect and impersonal, drawn from experiences of affiliation or reputation. For example, when strangers from two different organisations engaged in a business transaction discover that they both came from the same business school and that they shared the same mentor, they are more likely to operate in trust. This trust is not anchored in a direct or personal knowledge of each other, but rather in a generalised knowledge of shared norms, values, and behaviours from their educational institution.

Furthermore, there are other sides of trust that when they are present in organisation, the organisation will have a fair chance of realizing her set goals. This type of trust has been referred to as state or situational trust. Such trust is of three difference types which are often related: management, immediate supervisor, and co-worker. Top management refers to the group of persons at or near the top of the organisational chart (McCauley & Khunert, 1992). The trust between top management and their employees is not interpersonal in nature, but

is rather seen as originating from the structured relations, roles and the rules of the organisation. According to McCauley and Khunert (1992), as a means of assessing the extent to which they could trust the management, the employees persistently monitor the organisational environment. Employees will reciprocate trust relations communicated by management only if the organisational structures, roles and climate reflect a trustworthy system. Alternatively, if they represent a lack of trust in employees by top management, employees will react with a similar lack of trust.

### **State or Situational Trust versus Trait or Propensity to Trust**

As opposed to trust in top management, which is more impersonal in nature, trust in supervisor and trust in co-workers highlights an interpersonal form of trust (Costigan, Ilter & Berman, 1998), which emanates from the assessment of personal characteristics and behaviour of these referents. Traditionally, studies have focused mainly on supervisory trust (Costigan, Ilter & Berman, 1998; Ellis & Shockley-Zalabak, 2001). More recently, however, trust in co-workers has gained more significance because of the extensive movement towards self-managed work teams (Chughtai & Buckley, 2007). The success of self-managed teams is contingent on cooperation and teamwork, and research evidence indicates that trust in peers can play a crucial role in fostering interpersonal cooperation and in developing effective team relationships (Jones & George, 1998). All the three forms of situational trust (i.e., management, immediate supervisor, and co-worker) can have vital consequences on the organisation. More specifically, trust in leadership (i.e. top management and immediate supervisor) is likely to result in positive outcomes directed towards the supervisor (such as job performance) and the organisation (such as organisational commitment); whereas, trust in co-workers might lead to positive outcomes for the co-workers such as sharing information with co-workers and helping co-workers in need of assistance (Dirks & Skarlicki, 2004). However, researchers (e.g., Chughtai & Buckley, 2008) have referred to trust in immediate supervisors, managers, co-workers and in fact the organisation as state or situational trust. This aspect of trust forms the basis of this paper, though the other aspect of trust, propensity to trust needed to be highlighted.

Another aspect of trust that warrant attention in this paper is the trait trust, which many researchers have referred to as dispositional, generalized, or trust propensity. However, Kee and Knox (1970) argued that trust does not just depend on past experience but also on dispositional factors such as personality. Trust propensity or trait trust is commonly viewed as the general willingness to trust others (Mayer et. al., 1995). Rotter (1967) was among the first to discuss trust as a form of personality, defining interpersonal trust as a generalized expectancy that the words or promises of others can be relied on (Rotter, 1971, 1980). Rotter (1980) argues that people differ in their propensity to trust others. Life experiences, personality types, cultural background, education and several other socio-economic factors determine one's propensity to trust (Mayer et. al., 1995). Individuals with a high propensity to trust believe that most people are

sincere, fair and have good intentions (Mooradian, Renzi & Matzler 2006). In contrast, people who have a low propensity to trust, see others as self-centred, conniving and potentially dangerous (Mooradian et. al., 2006). McKnight, Cummings and Chervany (1998) argue that trust propensity has recently acquired more importance because cross functional teams, structural re-organisations and joint ventures create new working relationships more frequently. This is because an individual's trust propensity is likely to be the most significant trust precursor in novel, uncertain or unstructured situations prior to the availability of information about the trustee (Rotter, 1980; Mayer et. al., 1995; Bigley & Pierce, 1998).

### **Culturally-Based**

Because trust is also culturally determined, further challenges arise. Since no two cultures are the same, finding laws regarding organisational trust that is all encompassing or that cut across cultures may prove elusive. Geertz (1973) claimed that any culture is a web of texts, involving thick descriptions, which act as interpretive filters for reality. Since no culture claims superiority over others and since trust is judged from within these contexts, the meaning and identification of trust likely varies significantly across cultures. Emphasising these assumptions, Kramer and Tyler (1996) see organisational trust as being both interpersonal and social. Organisational trust is closely tied to the extent to which members of a particular culture identify with its shared goals, norms, values, and behaviours. Fukuyama (1995) asserted that while trust's cultural nature makes it difficult to destroy; it also makes it difficult to change in face of a global, competitive marketplace. Because cultures are deeply entrenched and often very rigid, it may prove difficult for organisations to foster trust that would be appealing to all their employees, especially in organisations that have people from varying cultures. This is because every employee is likely to carry their own cultural values to the workplace and that would be a mirror of judging whatever trust that exists in that organisation.

### **Communication-Based**

The nature of trust cannot only be viewed as culturally-based. Since it derives from webs of texts (Geertz, 1973), it becomes also a language-based phenomenon. Because of this, the perception of organisational trust results from acts of interpretation of the actions emitted, and thus becomes an issue of communication. Since culture is communication and communication is culture (Hall, 1959), it is therefore through communication processes that individuals can describe an ideal organisational life. It is against this ideal that they compare their current organisational experience regarding organisational effectiveness and satisfaction (Morley & Shockley-Zalabak, 1991; Shockley-Zalabak & Morley, 1989). If the gap between the current reality and the ideal is slight, organisational members will report higher levels of trust; while if the gap is large, they will attribute lower levels of trust to the organisation.

Ellis and Shockley-Zalabak (1999) highlight the importance of certain communication behaviours in contributing to the perception of organisational trust. For example, providing accurate information, giving explanations for decisions and demonstrating openness are critical determinants of high-trust in organisations (Ellis & Shockley-Zalabak, 1999). For supervisory relationships, the amount of information flow strongly correlates with the level of subordinates' trust in a superior (Munchinsky, 1977; O'Reilly, 1977; O'Reilly & Roberts, 1994, 1977). In addition, effective communication around decision making, such as the timeliness of feedback and the adequacy of explanations, is also associated with perceptions of trust (Folger & Konovsky 1989; Konovsky & Cropanzano, 1991; Sapienza & Korsgaard, 1996). Many other studies have demonstrated the influence of certain communication behaviours on trust, as well as perceptions of organisational effectiveness and satisfaction (Barnard, 1938; Clampitt & Downs, 1983; Goldhaber, Yates, Porter & Lesniak, 1978; Lewis, Cummings, & Long, 1981; McKnight, Cummings, & Chervany, 1998; Morley, Shockley-Zalabak, & Cesaria, 1997; Pincus, 1986; Shockley-Zalabak & Morley, 1989, 1994).

### **Dimensions of Organisational Trust**

As the foregoing literature review suggests, the nature of organisational trust is intricate, communication-based, culturally-based, dynamic and many-faced. Congruent with this perspective, Mishra's (1996) model for organisational trust identifies four distinct dimensions broadly supported in various literatures: competence, openness, concern, and reliability. An additional dimension, identification was proposed by Ellis and Shockley-Zalabak (1999) as an addition to the Mishra model based on a review of the communication and job satisfaction literature. This fifth dimension highlights the importance of whether or not organisational members associate with an organisation's goals, values, norms, and beliefs. Recently, several researchers have suggested that the cultural resilience that sustains high trust is closely linked with the concepts of associability (Leana & Van Buren, 1999) and identification (Ellis & Shockley-Zalabak, 1999). In other words, if individuals associate or identify with an organisation's goals, norms, values, and beliefs, they are more likely to attribute higher levels of trust to the organisation. The following is therefore, a review of five dimensions of an expanded version of Mishra's (1996) model for organisational trust.

Researchers (e.g., Chughtai & Buckley, 2007) have observed a positive correlation between trust in leadership and work engagement. When employees recognise that the leadership has the skilful insight and ability to augment the growth and productivity of the organisation by making competent decisions, being open, concerned, and reliable, it would give them increased assurance of a more profitable future with the organisation (Spreitzer & Mishra, 2002). In such a situation, employees are bound to concentrate on the work that needs to be done, rather than feel concerned about such issues as the sustainability of their future employment (Mayer & Gavin, 2005). As opposed to this, if the employees perceive leadership as ineffectual and strongly feel that under them



the organisation has a bleak future they would invariably become pessimistic about their own future in the organisation. Consequently, they are likely to experience a sense of uncertainty, stress and apprehension, which in turn can result in disengagement from work.

The reliability aspect of trust postulates that the leadership will deliver on their promises. If the employees realise that the leadership has been unsuccessful in fulfilling its promised inducements, it would lead to a loss of trust and would tantamount to a breach of the psychological contract (Robinson, 1996).

Openness is the approach through which the leadership can ensure a free flow of communication with their employees; this is achieved by not withholding vital information that is essential for building trust between the two. When employees believe that the leadership is communicating organisational issues candidly, it reduces insecurity or uncertainty amongst them (Mishra & Sprietzer, 1998). This is because such vital information gives the employees a clearer picture about the aims and motives of the management. Such practice would ensure that employees would be able to freely focus on working towards achieving their work-related goals rather than being constantly preoccupied by feelings of mistrust and doubt.

The management's understanding and concern for their employees, is clearly mirrored by the policies and procedures carried out by them. It is suggested that based on the norm of reciprocity in social exchange (Blau, 1964), when employees recognise that policies and procedures adopted by the leaders are clearly focused towards promoting and enhancing their well being, they are more likely to repay the organisation with higher and stronger levels of work engagement (Saks, 2006).

The fifth proposed dimension of organisational trust is identification (Shockley-Zalabak, Ellis, & Cesaria, 2000). It essentially concerns how individuals manage the paradox of separation (or individuation) and association (affiliation) as an organisational member (Burke, 1954; Cheney 1983; Tompkins & Cheney, 1983). If members identify with an organisation, they will be more likely to report higher levels of organisational trust and effectiveness. In contrast, if they feel more alienated from the organisation, they are more apt to describe lower levels of organisational trust and effectiveness (Dwivedi, 1983; Leana & Van Buren, 1999; Morley & Shockley-Zalabak, 1991; Schall, 1983). This dimension of identification highlights that trust is inherently the result of communication behaviours and interpretative processes (Ellis & Shockley-Zalabak, 1999). Through a generalised perception of identification - affiliation and association - with an organisation, leaders and members will be more likely to communicate with increased trust than without this generalised view of common ground (Fukuyama, 1995; Leana & Van Buren, 1999).

### **Theoretical Rationale for Organisational Trust**

Organisational trust is interplay within the organisational domain and as such is a two-way traffic between the organisation on one side and their employees on the other. Therefore, the social exchange theory could explain the concept of organisational trust. The social exchange theory (Blau, 1964) is applied to

investigate and explain a variety of organisationally desired work attitudes, and behavioural outcomes (Wayne, Shore, & Liden, 1997). The concept has been widely used in economic sense within the organisational sciences. The exchange model first proposed by Barnard (1938) posited that individuals exchange their contributions for certain inducements that the organisation provides. Subsequently, Blau (1964) distinguished between social and economic exchange that differ among other things on the nature of the inducements being offered by the organisation; economic exchange emphasises the socio-emotional aspects of the exchange (Shore, Tetrick, Lynch, & Barksdale, 2006). Central to social exchange theory is the norm of reciprocity (Gouldner, 1960) that obligates individuals to respond positively to favourable treatment received from others (Blau, 1964). A common feature of these exchange models is their exclusive focus on the inducements provided in the relationship.

Social exchange theory posits that two parties involved in a social exchange relationship adhere to norms specifying that good deeds should be reciprocated (Blau, 1964). Social exchange relationships are based on mutual trust and beliefs that the other party will uphold their obligations (Cropanzano & Mitchell, 2005). In other words, for employees to demonstrate trust on the organisation, the organisation must expend effort to fostering an atmosphere of trust. The organisation must be able to adopt Mishra (1996) multidimensional view of trust and Shockley-Zalabak and colleagues' (1999) additional dimension of identification for employees to be able to reciprocate by indulging in positive work behaviours that would in the long run translate to productivity. Social exchange norms are illustrated through the expression, "you scratch my back, and I will scratch yours."

For instance, the employment relationship allows the employee to acquire valuable resources, which include material goods such as pay and fringe benefits, and social goods such as approval, trust, and prestige. After receiving the benefits, the norm of reciprocity required employees to repay the party who provided them those benefits (Gouldner, 1960).

Furthermore, many studies show that employees who receive favourable treatment from their managers and organisation respond through greater commitment and loyalty to the organisation and by performing behaviours that benefit their managers and organisation. Many employees believe they benefit when their employer shows a commitment to employee well-being, when their managers fulfil their promises (both explicit and implied), and when they believe they are treated fairly and with respect. Researchers have studied several common ways in which employees reciprocate favourable treatment. Employees who feel more favourably treated tend to have higher levels of felt obligation, which refers to beliefs regarding whether one should care about the organisation's well-being and should help the organisation reach its goals (Eisenberger, Armeli, Rexwinkel, Lynch, & Rhoades, 2001). Research suggests that felt obligation is the linchpin in social exchange-based responses (Eisenberger et al., 2001); that is, favourable treatment leads to feeling obligated to give back, which in turn leads to positive behavioural responses.

In response to favourable treatment, employees also tend to be more committed and loyal (Bunderson, 2001; Colquitt, Conlon, Wesson, Porter, & Ng, 2001; Coyle-Shapiro & Kessler, 2000; Eisenberger, Fasolo, & Davis-LaMastro, 1990; Lester, Turnley, Bloodgood, & Bolino, 2002; Rhoades & Eisenberger, 2002). They also tend to have stronger intentions to remain in the company and are less likely to quit (Colquitt et al., 2001; Griffeth, Hom, & Gaertner, 2000; Rhoades & Eisenberger, 2002), and have higher job performance (Colquitt et al., 2001; Lester et al., 2002). The reverse is also true: employees who feel unfavourably treated tend to “even the score” through counterproductive work behaviours and revenge. References

Other studies (e.g., Colquitt, et al., 2001; Coyle-Shapiro & Kessler, 2000; Jones, Fassina, & Uggerslev, 2006; Podsakoff, Mackenzie, Paine, & Bacharach, 2000; Rhoades & Eisenberger, 2002; Robinson & Morrison, 1995; Settoon, Bennett, & Liden, 1996) show that employees often reciprocate by engaging in behaviours that help the company achieve its goals.

### **Organisational Trust and Organisational Effectiveness**

Research evidence indicates that a climate of trust leads to wide and diverse benefits for individuals, teams and organisations. A plethora of studies have demonstrated how increases in trust result directly or indirectly in more positive workplace behaviours and attitudes (Dirks & Ferrin, 2002), better team processes (Jones & George, 1998) and superior levels of performance (Dirks, 2000).

The effect sizes for behavioural and performance outcomes tend to be as high or greater than the effect sizes observed between similar criterion and other key attitudinal variables such as job satisfaction, organisational commitment, job involvement, and procedural justice. Thus, one conclusion of this research is that trust is equally or more important to effective organisational functioning as are the above noted variables. Although there has been considerable research on the relationship of trust and individual outcomes, the literature is limited on several important issues. First, almost all research to date has been based on cross-sectional designs on which the direction of causality cannot be inferred. For instance, rather than trust impacting job performance, it is possible that for some employees, higher job performance inspires increased trust in one's leader. What are needed are experimental and longitudinal research designs that empirically test causality. Second, little or no studies have explored explicitly *why trust* is related to work outcomes. Empirical research is needed that explores the mediating processes by which trust predicts various individual attitudes and behavior.

Rousseau, Sitkin, Burt and Camerer (1998), in synthesizing much of this work, conclude networks of trust hold important implications for the ability to participate in virtual networks, adaptive organisational forms, crisis management, productive conflict and decreased transaction costs. Specifically, high levels of organisational trust have been associated with more adaptive organisational forms and structures (Barnes, 1983; Bennis & Bierderman, 1997; Crawford, 1998, Dwivedi, 1983; Miles & Snow, 1995; Rousseau, Sitkin, Burt,

& Camerer, 1998), strategic alliances (Das & Teng, 1998; Ingham & Mothe, 1998; Jones & Bowie, 1998; Rule & Koewn, 1998), responsive virtual teams (Coutu, 1998; Fukuyama, 1995; Meyerson, Weick, & Kramer, 1996; Tsai & Ghoshal, 1998) and effective crisis management (Mishra, 1996; Webb, 1996).

Trust has also been linked to organisational outcomes such as higher sales and profits, lower employee turnover (Davis, Schoorman, Mayer & Tan, 2000), and increased levels of cooperative behaviour among employees (Gambetta, 1988). In short, any organisation with high level of trust do not just flourish, they blaze with success. High levels of organisational trust can critically reduce litigation charges (Brockner & Siegel, 1996) and transaction costs (Gibbs & Gibson, 1998; Maccoby, 1998; Rousseau, Sitkin, Burt, & Camerer, 1998). This is because high-trust cultures minimize the potential for destructive and litigated conflict, unnecessary bureaucratic control and administrative expenditures, and expensive overhead required to sustain operations that have outlasted their need.

In general, organisational effectiveness requires enhanced networks of trust, within and between, to compete. These networks of trust hold important implications for the ability to participate in virtual networks, adaptive organisational forms, crisis management, productive conflict, and decreased transaction costs (Rousseau et al, 1998).

When organisations institute a culture of high trust, and her employees have real feel of it, it would translate into: more adaptive organisational forms and structures (Argyris, 1993; Barnes, 1983; Bennis & Biederman, 1997; Crawford, 1998; Dwivedi, 1983; Miles & Snow, 1995; Rousseau et al, 1998), strategic alliances (Das & Teng, 1998; Ingham & Mothe, 1998; Jones & Bowie, 1998; Rule & Koewn, 1998), responsive virtual teams (Coutu, 1998; Fukuyama, 1995; Meyerson, Weick, & Kramer, 1996; Tsai & Ghoshal, 1998), and effective crisis management (Mishra, 1996; Webb, 1996). High levels of organisational trust would critically reduce litigation charges (Brockner & Siegel, 1996) and transaction costs (Gibbs & Gibson, 1998; Maccoby, 1998; Rousseau et al, 1998). All these would be made possible because high level of trust felt by employees would likely reduce workplace loafing and unnecessary employee monitor of co-worker.

However, examining the other side of the same coin would reveal that lack of trust in an organisation among employees and between the organisations and their employees can lead to costly consequences in terms of self-protective behavior. Policies or systems that are seen as untrusting may result in employees that work around the system in order to correct a perceived injustice - creating what Williamson (1985) would refer to as self-fulfilling prophecy in that treating someone as untrustworthy will lead to untrustworthy behaviour (Bromiley & Cummings, 1995), employees accuse each other for mistakes, develop defense mechanisms, avoid taking responsibility, feel suspicious and jealous, gossip, try to stay away from work and disaffirm organisational goals. Also there will be decrease in organisational commitment, professional satisfaction, performance in addition to unhappy employees and unhappy

organisational atmosphere. Complaints become a reason for punishments and discharge (Yilmaz, 2008).

#### Organisational trust and its effectiveness in Nigerian organisations

Unlike the developed economies, the issue of trust in the Nigerian business organisations might be a paradox. This is as a result of contextual issues. For instance, Nigerian environment is shrouded by political instability, religious and ethnic conflicts, boundary disputes and a host of other tension generating circumstances. This present reality in the country has led to suspicion across different groups, which has in turn given rise to sentiment. It has degenerated to the extent that many organisations now seem to lay much emphasis on the demographic background of candidates before considering them for spaces in many organisations. More so, many Nigerian organisations, especially those in the private sector have been very unfair to their employees as much of their actions suggest. Because of dearth of employment opportunities bedevilling the country, many supervisors treat their subordinates with disdain. They often dispatch to them unattainable mandates; to deliver or get fired. Their opinions are no longer respected and they are most times bullied. Researches (e.g., Bamberger & Bacharach, 2006; Hoobler & Brass, 2006) have reported high rate of abusive supervision in workplaces and their resultant effects in building negative job behaviours such as high rate of turnover intentions and actual turnover, reduced commitment and so forth. In Nigeria, this workplace aggression from supervisors exists but subordinates typically seek to avoid the risk of reprisal by their supervisors. Also, overt attempts to voice displeasure or restore justice such as public denunciation of supervisor violence are rare. The reason might be perhaps fear of losing their jobs and the difficulties involved in finding new ones.

This situation seems to diminish the relevance of trust in organisations because when employees are aware that there are issues that the management is hiding from them, they will be more likely to live with the notion that they are either not wanted or not being treated well. This often leads to feeling of suspicion, apathy, hatred and low morale. These are negative attitudes that might impact negatively on work performance. Also, when such employees feel that they are not fairly treated they might even begin to exhibit some counterproductive work behaviours such as volitional absenteeism, theft, vandalism, aggression, sabotage, dishonesty and violence (e.g., Skarlicki, Folger, & Tesluk, 1999), procrastination or tacit insubordination, and the withholding of organisational citizenship behaviours (Tepper, Duffy, & Shaw, 2001) that are intended to hurt the organisation or its employees. Such behaviours are known to have varying detrimental consequences to organisations and their employees. Reverse is usually the case when trust flourishes in organisations. Employees will feel that the organisation for which they work treats them with respect and is very open, reliable, concerned and consistent with how it deals with them, they will be more likely to go the extra mile to engage in behaviours that are beyond their official job description (i.e., extra role behaviours) such as organisational citizenship behaviours, taking

charge at work and some aspects of prosocial behaviours to help the organisations achieve their set goals. Nigerian organisations are therefore encouraged to cultivate and/or institute a culture of trust because such atmosphere will not only position them in enviable pedestal but enable them compete favourably with top-class organisations.

### **Summary and Conclusion**

Trust is vital to the survival of any social relationship and this did not exclude business organisations. It is the key to success in virtually most relationships and organisations. Research evidence indicates that organisations with high levels of trust will be more successful than those with low levels of trust. The dimensions of organisational trust described in this review extend the Mishra (1996) model to include five dimensions of trust: Openness, Concern for Employees, Reliability, Competence and Identification. The addition of identification as a dimension of organisational trust (Shockley-Zalabak et al., 2000), supports the work of researchers (e.g., Mael & Ashforth, 1989) who have for many years conceptualised organisational identification as central to a variety of important organisational processes. The social exchange perspective is the basis to which this construct is instituted in organisations.

Even with the current growth of research and the observed relevance of organisational trust, its challenge to researchers is not likely to abate. The research void concerning organisational trust centres on the sparseness of empirical studies in the extant literature (Cummings & Bromiley, 1996). This could be as a result of the fact that no universal agreement of the construct has been put in place. This might have also resulted in the dearth of a measure of the variable. Meanwhile, development of measures is usually based on the understanding of that particular construct of interest. Since trust has been viewed in different ways, by different people and culture, developing a universally acceptable measure is likely to be difficult. If the research community hopes to close this vacuum, attention needs to revolve around how to measure the dimensions of organisational trust: namely, competence, openness, concern, reliability and identification. However, Shockley-zalabak, Ellis and Cesaria (2000) among a few others have attempted to take the bull by the horn to develop a measure of trust that considered all the components as proposed by Mishra (1996) model, not excluding identification. Because many researchers agreed and applauded Mishra's model of trust as an adequate representative of trustworthiness, it seems to be an acceptable measure of organisational trust.

For a trustor to leave their care, welfare and future in the hands of another (trustee) with the belief that the trustee (organisation) will not disappoint, but will act in a way that will be consistent is vulnerable and runs the risk of being disappointed. It is risky in that human beings are difficult to predict and might behave in a way that is inconsistent with the expectations of the trustor. Yet such trust was based on the degree of confidence reposed on the trustee. If such confidence is not betrayed then, the trustor will be obliged to reciprocate through engaging in behaviours that will be beneficial to the organisation.

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