

**THE SIGNIFICANT PREDICTORS AND
OUTCOMES OF INTERPERSONAL TRUST**

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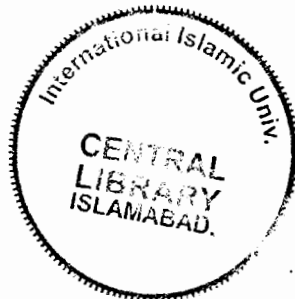
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THE SIGNIFICANT PREDICTORS AND OUTCOMES OF INTERPERSONAL TRUST

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A thesis submitted in partial fulfillment of the requirements for the Degree of Master of
Philosophy/Science in Management with specialization in Management at
the Faculty of Management Sciences
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FORWARDING SHEET

The thesis entitled "The significant predictors and outcomes of interpersonal trust" submitted by Mohammad Nisar Khattak in partial fulfilment of M.S degree in Management Sciences with specialization in Management, has been completed under my guidance and supervision. I am satisfied with the quality of student's research work and allow him to submit this thesis for further process as per IIU rules & regulations.

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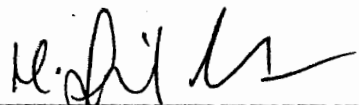
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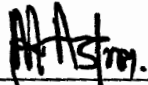
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ALLAH, THE MOST MERCIFUL AND BENEFICENT

Dedication

“To the Higher Education Commission (HEC) of Pakistan because of its financial assistance for my MS leading to PhD studies under the 5000 indigenous PhD Scholarships”.

ABSTRACT

Purpose of this research is to find out the significant predictors and outcomes of interpersonal trust. It was hypothesized that transformational leadership, Procedural Justice and Perceived Organizational Support are the significant predictors of Trust in Managers and Organizational Identification and Continuous Improvement efforts are the outcomes of Trust in managers. 400 copies of survey instrument were personally distributed among the respondents and all were returned. Of the total, 282 were completed in all respects and were ready for analysis. The remaining 118 were either incomplete or rated carelessly so were excluded from the analysis. All of our five Hypotheses developed, were supported by the empirical results of this study. AMOS 16 version was used for analysis of the data. Structural Equation Modeling (SEM) results indicated that Transformational Leadership (TL), Perceived Organizational Support (POS) and Procedural Justice (PJ) are the significant predictors of Trust in Managers and Employees' Organizational Identification and Continuous Improvement efforts are its significant outcomes. Some practical implications and future research directions are given at the end of the study.

Keywords: Transformational Leadership, Procedural Justice, Perceived Organizational Support, Trust, Organizational Identification, and Continuous Improvement efforts.

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DECLARATION

I hereby declare that this thesis, neither as a whole nor as a part thereof, has been copied out from any source. It is further declared that I have prepared this thesis entirely on the basis of my personal effort made under the sincere guidance of my supervisor.

No portion of the work, presented in this thesis, has been submitted in support of any application for any degree or qualification of this or any other university or institute of learning.

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TABLE OF CONTENTS

CHAPTERS	PAGE NOS.
Abstract	vi
Table of Contents	x
List of Abbreviations	xiii
1. INTRODUCTION	1
1.1 Background of the study	1
1.2 Problem identification.....	4
1.3 Statement of the study/ Research problem.....	5
1.4 Objectives of the study.....	6
1.5 Rationale of the study.....	6
1.6 Scope of the study.....	7
1.7 Definitions of terms.....	7
2. LITERATURE REVIEW	9
2.1 Trust.....	9
2.2 Organizational Identification.....	10
2.3 Procedural Justice.....	11
2.4 Perceived Organizational Support.....	11
2.5 Transformational Leadership.....	12

2.6	Continuous Improvement.....	13
2.6 (a)	Charisma.....	14
2.6 (b)	Individual Consideration.....	14
2.6 (c)	Intellectual Stimulation.....	14
2.6 (d)	Inspirations.....	14
2.7	Research model and variables.....	29
2.8	Hypothesis.....	30
3.	RESEARCH METHODOLOGY	31
3.1	Sample and data collection.....	31
3.2	Procedure.....	31
3.3	Questionnaire measures.....	32
3.3.1	Trust in managers	32
3.3.2	Organizational Identification	32
3.3.3	Continuous Improvement.....	32
3.3.4	Perceived Organizational Support	32
3.3.5	Procedural Justice.....	33
3.3.6	Transformational Leadership... ..	33

4.	RESULTS AND DISCUSSION	34
4.1	Structural Equation Model	34
4.2	Table 4.2 Index of fit of model.....	35
4.3	Table 4.3 Hypotheses testing results.....	35
4.4	Discussion.....	36
4.5	Findings.....	39
5.	CONCLUSION.....	40
5.1	Conclusion.....	40
5.2	Practical Implications.....	41
5.3	Limitations and future research directions.....	41
	BIBLIOGRAPHY	43
	APPENDIX 1	59
	APPENDIX 2	60

ABBREVIATIONS

POS	Perceived Organizational Support
TL	Transformational Leadership
BJ	Procedural Justice
OI	Organizational Identification
CI	Continuous Improvement
IJV	International Joint Venture
RBV	Resource Based View
OCB	Organizational Citizenship Behavior
TQM	Total Quality Management
SMEs	Small and Medium Enterprises
MLQ	Multifactor Leadership Questionnaire
SEM	Structural Equation Model

CHAPTER NO.1

INTRODUCTION

1.1 BACKGROUND OF THE STUDY:

Interpersonal trust has a positive and long lasting impact on sustainable team and organizational performance (Derks and Ferrin, 2002). Employees' trust in their leader results into some outcomes like better communication and problem solving, extra and discretionary efforts, quality of communication and problem solving, organizational citizenship behavior (OCB), organizational commitment and employees' turn over rate; which are considered as the key factors in the enhanced productivity of an organization (Derks and Ferrin, 2002). A firm having a climate of trust can get a competitive edge, because of its inimitability and replicability (Jones and George, 1998). Fairholm (1998) stated that *"no organization can take place without interpersonal trust and no organizational leader can ignore the powerful element of trust"*.

Trust is considered as an important factor by the organizational researchers due to its cosmic role in the organizations and economic activities (McEvily et al, 2003a). It is a source of competitive advantage in more uncertain environment (Barney and Hansen, 1994). Human beings are social animals; they always try to establish relationship in one or another form, for example the relationship between parents and children, couples, people and Government, students and teachers and between employees and their managers. All types of these relationships are strongly affected by trust (De Furia, 1996). Robbins (1999) stated that *"trust takes a long time to build, can be easily destroyed and is hard to regain"*. The past researches have proven that trust is a delicate thing, so management should devote deep attention for maintaining trust in their respective

organizations (Nico, 2002). The climate of trust among team members may emerge into effective team processes (Graffin and Hauser, 1996). Hierarchical relationships are going to be replaced by lateral relationships, because of which some novel and strange associations are developed which push the organizations towards alliances and networks. Effective and efficient implementation of all this require a high level of trust (Creed and Miles, 1996). Commitment to the organization, information authenticity, integrity, agreement with authority decisions, employees' discretionary behaviors, (job, organization and leader's loyalty), leader-member exchange and intention to stay with the organization are the significant outcomes and consequences of trust in leadership (Katinka and Gerhard, 2003).

Relational issues are highly influential in developing subordinates' trust in their managers. Fair, equitable, dignified and respectful treatments from management side are the key representatives of subordinates' perception that managers are capable of being trusted (Dolan and Garcia, 2002). An ample literature suggests the trust as a desirable attribute, so most of the organizations are constantly trying to establish an environment of mutual trust among employees (Gambetta, 1988; McKnight et al, 1998; Dolan and Garcia, 2002). Harmonious relationship among the individuals is highly influenced by mutual trust and most of the researchers have considered it as a corner stone in the prosperous organizations (Lane, 1998). Trust tries to create the environment of openness in the organizations; decision making processes, information exchange quality and quantity are highly dependent upon trust (Tyler, 1998; Bartolme, 1989; Mishra and Morrissey, 1990). Employees' involvement enhances management effectiveness, which comes from the interaction of trust between management and employees (Karen and Stewart, 2007). Mutual trust between employees and management is essential for

effective participation (Wilsey, 1995). From the relationship perspective it is argued that employees' job maturity and psychological maturity are criteria for choosing the degree of participation in the decision making processes (Hersey and Blanchard, 1982).

Cultures also have a role in the employees' participation. Chinese managers have little trust in employees' psychological maturity than Australian managers, while both countries' managers express trust in employees' job maturity (Karen and Stewart, 2007). McAlister has given a versatile definition of 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 others*".

Some individual, organizational and societal forces hinder the development of trust. A true leader is needed to control these forces for building trust in the organizations (Fairholm and Fairholm, 1999). Accurate and honest communication from the leaders is very necessary for employees' commitment to organizational norms and values; and the development of trust among group members (Fairholm and Fairholm, 1999). Trusting others is quite a risky job (Luke, 1998); some people have humanistic perspective and they always trust others for the welfare and benefits of them; and those who are being trusted consider the trustors as less capable and easy to be deceived persons (Fairholm and Fairholm, 1999). Actions of those holding authoritative positions in the organizations are very important for the development of culture where trust is prevailing because the internal organizational climate is subject to their cumulative actions (Fairholm and Fairholm, 1999). Empirical evidences presented in numerous research articles have shown that trust diminishes conflict, enhance commitment, propagates cooperation and enhances longevity in business relationship (Andaleeb and Charless, 1996). Psychological contract can be transactional or relational (Rouseau, 1995), he argued that

trust exist only in the relational contract. A survey conducted by Watson and Wyatt (2000) found that companies having a higher trust level are giving three fold rate of return to their share holders compare to those having a lower level of trust climate. Researches have also demonstrated that high internal trust organizations are innovative and flexible (adaptable) in their nature as compare to those having a lower level of internal trust (Shockely et al, 2000). Similarly productive human associations and relationships are being developed by having an optimum level of mutual trust among employees; which is considered as an important social capital of the organization (Cohen and Prusak, 2000).

1.2 PROBLEM IDENTIFICATION:

Trust is highly influenced by transformational leadership and it is considered as its' important antecedent (Derks and Ferrin, 2002). Some mixed results were drawn by researchers like Podsakoff and his colleagues on transformational leadership and trust but employees' trust in their leaders is positively influenced by all important transformational leadership attributes (Butler et al, 1999). It is evident from the literature that Procedural Justice, Transformational Leadership and Perceived Organizational Support (POS) are considered as the strong determinants of high level of trust climate in the organization (Connell et al, 2003).

Global competition made the continuous improvement strategic and crucial for all kinds of organizations because it links higher quality to lower cost and results into a high market share (Deming, 1986). Most of the researchers and practitioners recognize the crucial role of the shop floor workers in the success of the organization (Lee, 2004). It is recognized that workers are key to the success, so management endeavors to promote employees' continuous improvement programs (Parasuramam et al, 1985). Continuous

improvement is the cry of the day; soft determinants of the continuous improvements are trust and organizational identification (Lee, 2004).

Continuous improvement efforts are near to organization citizenship behaviors (OCB) and most of the employees feel reluctance while engaging in quality improvement activities because they consider those behaviors beyond their job description (Morrison, 1997). Blau (1964) cited by Lee (2004) says that social exchange express the employees' extra-role contribution in their work place beyond their obligations while economic exchange is the name of contract signed between the two parties depends upon their mutual interests.

Organization identification (OI) can be defined as "*the perception of oneness with, or belongingness to the organization*" (Ashforth and Mael, 1989), or "*the degree to which a member define him or herself by the same attributes that he or she believes define the organization*" (Dutton et al, 1994). Connell (2003) has directed the future researchers to explore some other determinants and consequences which may help in the development of harmonious and trustworthy relationships between managers and non-managers.

This study focuses on the question that how much; Procedural Justice, Perceived Organizational Support and Transformational Leadership contribute towards trust in managers. In addition to this, the study explores that Continuous Improvement efforts and Organizational Identification are the key outcomes of Trust in managers.

1.3 STATEMENT OF THE STUDY/RESEARCH PROBLEM:

- ❖ What are the significant predictors / antecedents of Trust in managers?
- ❖ Does trust in managers lead to Continuous Improvement efforts and Organizational Identification (OI).

1.4 OBJECTIVES OF THE STUDY:

- ❖ To investigate and understand the relationship of Procedural Justice, Perceived Organizational Support and Transformational Leadership with Trust in managers.
- ❖ To find out that Continuous Improvement efforts and Organizational Identification are the significant outcomes of Trust in managers.

1.5 RATIONALE OF THE STUDY:

Human beings have got a significant position in the development and prosperity of each and every organization. They can change gold medalist company into a silver medalist and vice versa. Organizations are in the need of extra-role behaviors from their employees to be competitive in the present global market. Trust is discussed in a very detailed way by hundreds of researchers and they declared it important for the organizational performance. Most of the researchers have found that trust between managers and subordinates results into a higher performance. To maximize the profitability of shareholders is considered as the sole aim of every organization. Higher level of procedural justice, trust in managers and perceived organizational support are related to lower turnover rate and greater effective commitment (Julia Connell, 2003). The literature which we have gone through so far revealed that interpersonal trust and overall performance of the organization are very much related with one another and trust is indispensable for enhanced performance. Here in this research we have to find out the significant predictors and outcomes of trust in managers. When managers / leaders will come to know about the significant predictors of trust in managers, then it will be

considered as a sign of success for them because high interpersonal trust results into a higher performance.

1.6 SCOPE OF THE STUDY:

Trust is a topic of general interest in the field of management since the last three decades. It is equally important for lower, middle and higher level management. Analysis of the data showed that trust in managers has some important antecedents and outcomes which can be generalized to the wider population concerned with some limitations. This research is important for all types of organizations especially for services organizations because the data were collected only from the services organizations. Top management of the organizations is advised to stress upon the issues discussed in the research. This research is helpful in fostering and maintaining trust within the relationship between subordinates-managers and forwarding some practical implications for managers and Human Resource specialists.

1.7 DEFINITIONS OF TERMS:

(1) **Trust:** *“the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other party will perform a particular action important to the trustor irrespective of the ability to monitor or control that other party”*, (Mayer et al, 1995).

(2) **Organizational Identification:** *“the perception of oneness with, or belongingness to the organization”* (Ashforth and Mael, 1989), or *“the degree to which a member defines him or herself by the same attributes that he or she believes define the organization”*, (Dutton et al., 1994).

(3) **Procedural Justice (PJ):** *“A component of perceived justice, procedural justice describes the fairness of the procedures used to determine organizational outcomes”*,

(Alexander and Ruderman, 1987; Folger and Konovsky, 1989; Folger and Greenberg, 1985; Moorman, 1991).

(4) **Turnover Intention:** *“A conscious and deliberate willfulness to leave the organization”*, (Tett and Meyer, 1993).

(5) **OCB Conscientiousness:** *“considered as a single dimension of OCB construct, can be defined as, going an extra mile beyond normal job requirement”*, (Organ, 1995).

(6) **Perceived Organizational Support:** *“the extent to which employees perceive that they are valued by their organization and that the organization cares about their well-being”*, (Eisenberger et al., 1990).

(7) **Transformational Leader:** *“Transformational leaders motivate their followers to perform beyond expectations by making them more aware of the importance and value of goals, inducing them to transcend self-interest for the good of the group/organization, and appealing to followers’ higher order needs”*, (Bass, 1985).

(8) **Transactional Leadership and Trust:** *“Transactional leadership, also known as contingent reward, is based on the leader providing assistance and rewards that meet follower’s needs contingent on the follower’s performance. In contrast to transformational leadership, transactional leadership is not believed to require a high level of trust between leaders and followers”*, (Bass, 1985; Jung and Avolio, 2000).

CHAPTER NO.2

LITERATURE REVIEW

2.1 Trust:

Extensive researches have explored thoroughly the topic of interpersonal trust. Mayer et al (1995) have given the definition of trust "*the willingness of a party to be vulnerable to the actions of another party based on the expectations that the other party will perform a particular action important to the trustor irrespective of the ability to monitor or control that other party*". It is a multidimensional phenomenon described by different researchers in their own respective discipline. Mishra (1996) says that trust is "*one party's willingness to be vulnerable to another party based on the belief that the later party is competent, open, concerned and reliable (p.265)*".

Trust can be rationality or emotions based and the relationship between individuals is very much different based upon the above stated two different dimensions of trust (Erden and Ozen, 2003). There are two important categories of trust explored by the literature named as cognitive and affective based trust. The cognitive based trust requires a rational and scientific reason to trust someone; while the affective based trust is the name of deep and intensive interactions between the trustor and trustee and they both devote emotional and mutual investment to the relationship prevailing between them (McAlister, 1995). The two structures of trust are interrelated. First the cognitive trust is developed between the two parties which may change with the passage of time into affective based trust which is the ultimate end (McAlister, 1995).

The overall performance of a team is highly dependent upon the mutual trust of those specific team members. Attitudinal commitment has positive association with trust among team members and continuous commitment has negative association with trust between team members (McAlister, 1995). Attitudinal commitment also has positive relationship with team satisfaction (Costa, 2003). Vulnerability of employees increases the importance of trust which in turn encourages employees for extra-role behavior beyond their legal and contractual obligations (Sharkie, 2009). Trust is important for every business unit for the enhanced performance. It is considered very important between accounting department employees and accounting department management; honest and frank communication make the employees more productive and more comfortable (Smith, 2005).

2.2 Organizational Identification:

Organization identification (OI) is "*the perception of oneness with, or belongingness to the organization*" (Ashforth and Mael, 1989), or "*the degree to which a member define him or herself by the same attributes that he or she believes define the organization*" (Dutton et al, 1994). Social Identity theory states that self concept of an individual is developed by social identity and personal identity (Tajfel and Turner, 1985). Organization Identification (OI) has an association with organization citizenship behaviors, cooperative behaviors and commitment to the respective organization (Abrams et al, 1998). In addition to the direct relationship between Organization Identification (OI) and Continuous Improvement efforts, (OI) also has a positive moderating impact on the relationship between continuous improvement efforts and trust (Lee, 2004). Trust alone can not always motivate the employees for cooperative behaviors remarkably (Dirks and Ferrin, 2001). It is not always sufficient for cooperative behaviors; some other

factors of interest have an impact on the trust-cooperative behavior relationship (Lee, 2004). Employees who are high on organizational identification consider the organizational goals as their own and they always try to establish profound relationship with their respective organizations (Lee, 2004).

2.3 Procedural Justice:

Procedural Justice (PJ) is an important subset of perceived organizational justice, which describes an equitable and fair application of policies and procedures like performance appraisal system, selection and recruitment, distributive justice etc. All these are responsible and mandatory for the outcomes of organization (Alexander and Ruderman, 1987; Moorman, 1991; Folger and Konovsky, 1989; Folger and Greenberg, 1985). When fair policies and procedures are prevailing in the organizations and employees perceive its' applications and admit it; this is the representation of high level of employees' trust towards top management (Korsgaard et al., 1995; McCauley and Kuhnert, 1992). Procedural Justice has an association with different constructs explored by the previous researches. The literature has identified that procedural justice has a strong positive relationship with Organization Citizenship Behavior (OCB) and employees' commitment to the organization. The norm of reciprocity reveals that if managers are fair and loyal towards their employees, they in turn will treat them with the same attributes; and employees become ready to go an extra mile beyond their obligation for the better performance of the organization (Folger and Konovsky, 1989; Alexander and Ruderman, 1987; Folger and Greenberg, 1985).

2.4 Perceived Organizational Support:

Perceived Organizational Support (POS) can be defined as *“the extent to which employees perceive that they are valued by their organization and that the organization*

cares about their well-being”, (Eisenberger et al., 1990). Tan and Tan (2000) have described Perceived Organizational Support (POS) as a strong predictor of trust in manager. Affective commitment has a strong positive association with perceived organizational support (Allen and Meyer, 1990; Mowday et al., 1979; Shore and Wayne, 1993; Wayne et al., 1997) and a negative association with intention to leave the organization (Wayne et al., 1997; Allen et al., 2001).

2.5 Transformational Leadership:

“Transformational leaders motivate their followers to perform beyond expectations by making them more aware of the importance and value of goals; inducing them to transcend self-interest for the good of the group/organization, and appealing to followers’ higher order needs” (Bass, 1985). Dirks and Ferrin (2000) in their detailed meta-analysis on the topic of association between trust and leadership revealed that trust is highly dependent upon transformational leadership characteristics. Following are the transformational leadership practices described by Bass and Avalorio (1997):

- (1) *Attributed charisma*: Followers’ attribution of pride, respect and confidence in the leader
- (2) *Idealized influence*: Communicating and modeling important values and a shared purpose
- (3) *Inspirational motivation*: Confidently communicating a compelling vision and goals.
- (4) *Intellectual stimulation*: questioning of old ways of doing and thinking.
- (5) *Individualized consideration*: Training followers in an equitable but individual manner and encouraging their development.

2.6 Continuous Improvement:

Bessant and Caffyn (1997) stated about continuous improvement that “An organization-wide process focused on sustained incremental innovation”, it is considered as a crucial element for the implementation of total quality management. This is the second name for TQM and is considered as responsible for the gradual and continuous improvement in each and every process and function of the organization (Lee, 2004). Continuous Improvement (CI) is a process which is necessary for the implementation of TQM philosophy, and is only possible by delegating authority to the employees (Gatchalian, 1997).

Organizational outcomes and transformational leadership have a substantial association with one another both in field and laboratory studies (Karpatrik and Locke, 1996; Barling et al, 1996). It is also considered as important in non-business settings, like the use of transformational leadership practices by schools’ principals and its indirect but positive relationship with the performance of the students and teachers (Koh et al, 1995). Rational individuals have the capability, even setting at a remote distance from the leader, to find out the difference between different leadership styles by studying e-mails of their leaders. Satisfaction and interpersonal justice are the key representatives of transformational leadership (Krishnan, 2003).

What is transformational leadership? Bass (1990) has given answer to this question by saying that “*when leaders broaden and elevate the interests of their employees, when they generate awareness and acceptance of the purposes and mission of the group, and when they stir their employees to look beyond their own self interest for the good of the group*”. Transformational leaders have a charisma and they are capable

of transforming the followers' values and characteristics and try to make them willing and devoted to the goals and objectives of the organization; by creating and prevailing a pleasant and harmonious environment for the best and trustworthy relationship; where a common vision is shared because of the climate of trust, (Bass, 1985). There are four important pillars of transformational leadership described by Avolio et al (1991), which are: (1) "Idealized Influence (charismatic influence)" (2) "Inspirational Motivation" (3) "Intellectual Stimulation" (4) "Individualized Consideration".

Four important dimensions of transformational leadership are described by Bass (1995) which are as under:

2.6 (a) Charisma. "The leader provides vision and a sense of mission; instills pride, faith and respect; excite, arouse and aspire their subordinates".

2.6 (b) Individual considerations. "The leader provides coaching and teaching; delegates projects to stimulate learning experiences; provides for continuous feedback; and treats each follower as an individual".

2.6 (c) Intellectual stimulation. "The leader provides subordinates with a flow of challenging new ideas; motivates followers to think in new ways; emphasizes problem solving and the use of reasoning before taking action".

2.6 (d) Inspirations. "The leader acts as a model for subordinates; behaves in ways that motivate and inspire followers by providing meaning and challenge; communicates a vision".

Transformational leadership contributes towards subordinates' empowerment and team members' effectiveness (Ozaralli, 2002). It is positively associated with employees' cooperative behaviors which in turn contribute towards high organizational performance and have a positive influence on employees' satisfaction (Bass and Avolio, 1993). The

attributes of transformational leadership are adopted by leaders to enhance employees' confidence in them and motivate them to exert their high level of efforts to get an extraordinary organizational performance beyond expectations (Bass, 1985). Transformational and transactional leaderships are two famous and influential leadership styles and a research conducted by Hatler and Bass (1988) explored that the former has a strong positive relationship with perceived employees' satisfaction than the later. It also has more positive and strong correlation with knowledge management than transactional leadership (Politis, 2001). Emotional intelligence play an important role in the success of a leader (Goleman, 1998) and those having the characteristics of high emotional intelligence are inclined towards transformational leadership behaviors (Barling et al, 2000). It has a strong association with Individualized Consideration, Idealized Influence, and Inspirational Motivation which are three important dimensions of transformational leadership. At the other end laissez faire management and management by-exception both (active and passive) have no association with emotional intelligence (Barling et al, 2000). Transformational leader enhances organizational commitment, employees' emotional attachment with its goals and values and attachment with team members (Barling et al, 1996; Bass, 1998; Arnold et al, 2001).

Inspirational Motivation and Idealized Influence are practiced abundantly by higher level managers as compare to the middle order managers and the remaining two (Individualized Consideration and Intellectual Stimulation) are equally practiced by both upper and middle managers (Bruch and Walter, 2007). At the upper management subordinates' job satisfaction is highly influenced by intellectual stimulation, inspirational motivation and Idealized influence as compare to middle management; whereas both groups are equally affected by Individualized Consideration (Bruch and

Walter, 2007). The relationship between Organizational Citizenship Behaviors (OCB) and Transformational Leadership is positively mediated by empowerment and trust (Bartram and Casimir, 2006). Employees' affective commitment is positively related with Perceived organizational support, organizational citizenship behavior and lower rate of turnover intention (Eisenberger et al, 1986; Wayne et al, 1997; Moorman et al, 1998). Perceived organizational support is positively correlated with the perception of justice of contingent workers (Liden et al, 2003). The previous researches showed that perceived organizational support is influential in the affective commitment of expatriates, which are then ready to elongate their tenure with the international assignment of an organization (Shaffer et al, 2001). It is also a proven fact and a norm of reciprocity that if employees perceive that they are being treated fairly and are backed by their organizations; they tend to compensate by going an extra-mile than those, having a lower level of perceived organizational support (Eisenberger et al, 2001).

Perceived organizational support is significantly related to affective commitment and organization citizenship behavior (Liu, 2008). Affective commitment can be defined as "the relative strength of an individual's identification with and involvement in a particular organization", (Mowday et al, 1982). To understand the relationship between organizations and their employees, the application of social exchange theory is highly influential (Wayne et al, 2003). This theory suggests that when employees are provided with a fair treatment from their employers and values their contribution and well-being, employees feel a high level of support from their organizations and feel to reciprocate accordingly. Perceived organizational support is highly associated with high job performance (Erdogan and Enders, 2007), organization citizenship behavior (Piercy et al, 2006), commitment and reduced turnover (Loi et al, 2006). Supervisor's integrity and

honesty play an important role in the development of trust between employees and supervisor (Ristig, 2009). The affective attachment of employees' to the organization is strengthened by increased perceived organizational support, which results into a higher performance and helps in the accomplishment of organization's objective (Eisenberger et al, 1986). This is quite in accordance with the findings of Cook and Wall (1980), who had explored that trust in management, is positively correlated with measure of identification, loyalty and involvement. The relationship between procedural justice and organizational citizenship behavior is mediated by trust in supervisor (Konovsky and Pugh, 1994), and the association between organizational citizenship behaviors and procedural justice is mediated by perceived organizational support (Moorman et al, 1998).

Perceived organizational support and integrity of supervisor are the significant predictors of trust (Ristig, 2009). It is particularly important at the time of crisis to increase and maintain the organizational and individual outcomes (Rhoades and Eisenberger, 2002). There is a strong positive relationship between perceived organization support and affective commitment, whereas perceived organizational support and continuous commitment has a negative relationship (Aube et al, 2007). This shows that perceived organizational support enhances the normative and affective commitment and lower down the continuous commitment. When employees are supported by the employers they develop a sense of belongingness to the organization and they feel pride working in such type of organization (Aube et al, 2007). Perceived organizational support enhances the perception of pro-social behaviors among the police officers.

Procedural justice theory explores that how the stakeholders are affected by the decision-making procedures. Procedural justice perception is contributed by several procedural factors. Leventhal (1980) identified six principles which promote perceptions of procedural justice (1) “consistent application of criteria” (2) “suppression of bias” (3) “use of accurate information” (4) “opportunity for error correction” (5) “representativeness” (6) “ethical treatment”. Nepotism and favoritism decreases the subordinates trust in their management and perceived procedural justice mediate the relationship between these two (Chen et al, 2004). Self-interest and selfishness at the cost of fair treatment should be suppressed, because it puts the decision in doubt and make lower the trust in decision maker (Leventhal, et al, 1980). When employees perceive that fair procedures are implemented in the strategic decision making processes of their organizations, then they express a high level of voluntary cooperation based on their attitudes of commitment and trust (Kim and Mauborgne, 1998).

Conversely, when they feel that inequitable treatments are prevailing in the organization, they do not take an active part in the strategic decisions (Kim and Mauborgne, 1998). Procedural justice can be linked with trust because it demonstrates respect for the employees and fairness in the part of the leader (Dirks and Ferrin, 2002). Bies et al, (1988) found that characteristics like respect for individuals and politeness are the key representatives of an individual’s interpretation of procedural justice (Kickul et al, 2005). Equity sensitivity has an indirect effect on perceived organizational justice (Kickul et al, 2005). A research undertaken by Kickul et al (2005) found that the relationship between an employees’ equity sensitivity and their perceptions of procedural justice is mediated by the perceived organizational trust. The importance of procedural fairness can be extracted from the fact that if the goals of individuals are not fulfilled and

they perceive that the procedures were fairly implemented, yet they will not be dissatisfied with their unaccomplished personal goals (Lind and Tyler, 1988). Privacy is considered as a key indicator in today's businesses (Culnan and Armstrong, 1999). When fair procedures are applied for the protection of individuals' privacy then they will not be unwilling to disclose their private information, which are necessary for business use within the organizations for the creation of customers' profile (Culnan and Armstrong, 1999). A Georgia Tech (1996) survey cited by Culnan and Armstrong (1999), found that 78% of the survey participants were willing to provide demographic information about themselves to the owner of the web-site if "a statement was provided regarding how the statement was used". Only 6% of the participants were not ready to disclose their demographic information under any circumstances (Georgia Tech, 1996).

Trust can be created between the providers and customers which is crucial for their businesses (Guttek and Barbara, 1995). If the trust is low, it is likely that customer will take their business somewhere else. If the trust is absolute and of high level in the services provider, he will be in a better position to collect more information about customers which will be helpful in fulfilling the customers in the best possible manner (Guttek and Barbara, 1995). An absolute trust in services providers let them a chance for the exploitation of customer (Guttek and Shapiro 1998). Organizational justice literature suggests that the association between trust and privacy perceptions is highly influenced by procedural fairness of the company practices (Bies, 1993). It was explored by the previous researchers that management team of International Joint Venture are more committed to International Joint Venture as compare to their parent firms, and was also explored a strong positive association among organizational commitment, procedural justice and strategic decision control (Johnson et al, 2002). When team members

perceive that their leader behaves in a procedurally fair manner; they are more likely to commit to the decisions (Korsgaard et al, 1995). Threats and legal coercions are regulatory tools; most of the time they are ineffective in gaining compliance (Murphy, 2004). If the regulators act fairly, people will trust their motives and will accept their decisions voluntarily (Murphy, 2004). Trust in managers is considered as an important factor for getting better performance and it acts like a lubricant by making the relations more harmonious among actors and thereby reducing the transaction cost (Creed and Miles, 1996). Employees' involvement in the decision making, perceived organizational support, transformational leadership and fulfilling employees' expectations have significant association with trust in leaders (Dirks and Ferrin, 2002). Past experiences and future interaction chances both are remarkably influenced by trust, and both are considered as relevant in the organizations. When individuals have well past experiences with the organization, they will be quite willing to do something for the benefits of organization.

Good reputation is a sign of positive expectations in future, which increases the employees' trust level and enhances the willingness of actors to cooperate (Buskens, 1999; Lewicki and Benedict; Bunker, 1996; Gautschi, 2002). To trust someone has an effect of magic; a trustworthy person is considered like an ideal by the trustees, and they try to mould their lives according to him. They try to do that; what he or she is doing and seek always interaction with him (Bijlsma and Bunt, 2003). On the other hand individuals try to avoid those who are not trustworthy and do not like to share any sort of interaction with them (Bijlsma and Bunt, 2003). In a nutshell we can say that "trust begets trust and distrust begets distrust" (Bijlsma and Bunt, 2003). Trust can be utilized as a controlling technique because it makes lower the transaction costs; it is easy to understand that high

trust climate reduces the controlling and other monitoring mechanism (Handy, 1993; Whitney, 1993; Cumming and Bromiley, 1996). On the other hand Das and Teng (1998) rejected the idea of trust as a control mechanism; they added that control and trust both promote cooperation between the two parties. When the climate of trust is prevailing among team members, then the cost of monitoring activities reduces considerably which in turn enhances the overall performance of team members and create positive synergy (Costa et al, 2001). Employees who consider their managers as authoritative, have a lower degree of trust in them than employees who classify their managers as participative and democratic (Bijlsma and Bunt, 2003).

The determinants of trust in managers show that performance evaluation and monitoring, performance guidelines to enhance individuals' output, helping others in time of troubles, willingness to listen the ideas of subordinates at all levels and cooperation for the sake of problem identification and solving are considered as behaviors which are related with a trustworthy manager (Bijlsma and Bunt, 2003). Cooperative and supportive relationship at work site, honesty and integrity to maintain the working environment positive and productive are the significant consequences of trust in managers. It gives way to open-mindedness and influence the quantity and quality of exchanging information (Tyler, 1998; Diffie-Couch, 1984; Bartolme, 1989). Decision making processes are being made effective and reinforced by having trust in managers (Mishra and Morrissey, 1990), play a key role to make the employees willing for cooperation and collaborations and improve the capability of employees against crises handling (Mishra and Morrissey, 1990; Hoy et al., 1996; Diffie-Couch, 1984; Mishra, 1996). Empowerment, organizational communications and procedural justice are the key determinants of employees' trust in their managers (Tzafrir et al, 2003) and procedural

justice mediate the relationship between trust in managers and employees' development. The Resource Based View (RBV) says that firms can achieve sustainable competitive advantage by having intangible resources (Barney, 1986). Trust triggers the passions for excellence and modern organizations pay great attention to this important intangible resource and in absence of it, severe negative consequences may occur (Greenberg and Cropanzano, 1999). An atmosphere of open communication and high procedural justice can be obtained by the effective use of Human Resource Management (HRM) practices and employees' trust in their managers can be enhanced by empowerment (Schuler, 1992; Gould-Williams, 2003; Barney and Hansen, 1994).

Another important research conducted by Moye and Henkin (2005) on interpersonal trust and employees' empowerment revealed that employees who are delegated with authority and have some involvement in decision making have a higher level of trust in their managers (Cook and Wall, 1980). High trust among individuals and groups within the organization is considered as a significant predictor of organization's long term stability and of its employees' well-beings. Organizational politics has an influence on the development of employees' trust in their supervisor. When organizational politics is perceived as low, employees are willing to cooperate and help each other as compare to high organizational political climate (Poon, 2006).

Continuous improvement is considered as an important phenomenon by the organizations because it brings innovations in the processes, products and services of the organization which bring competitive advantage for the organization (Anderson et al, 1994). It is considered as a proactive form of employees' activity and key element of Total Quality Management and promotes the employees participations in the quality improvements programs which make sure the good quality (Lee, 2004). Continuous

improvement efforts are necessary for the implementation of TQM and the correct problem identification and rectification are the prerequisites for continuous improvement. This can only be achieved through effective people empowerment (Gatchalian, 1997). There are common guiding principles in TQM which can be summarized in the acronym

ACCEPT:

A – “Aim for customer satisfaction”.

C – “Communicate and co-ordinate all activities”.

C – “Co-operate towards continuous improvement”.

E – “Empower the employees”.

P – “Promote usage of problem-solving tools”.

T – “Training for quality is forever”.

The concurrent use of continuous improvement tool is the most effective in the manufacturing organizations (Emiliani, 1998). Separation between project management models and product development processes; and coordination for the improvement programs are important success factors for continuous improvement (Nilsson-Witell et al, 2004).

Continuous improvement can be defined as “*an organization-wide process of focused and sustained incremental innovation*” (Bessant and Caffyn, 1997). Involving the combination of different forms of learning, continuous improvement activity generates the most favorable result for an organization (Barnett, 1994). The ten core threads of quality improvement derived from the research of Chang (1995) are as under:

- (1) **Intense customer focus:** Product and service attributes which add value to the customer and enhance customer satisfaction become the foundation of the organization’s quality improvement

system. An extra-ordinary attention is paid to emerging customer and market requirements, customer-satisfaction determination and measurement, and customer responsiveness.

- (2) **Hands-on senior management involvement:** Senior management must personally be involved with creating systems and strategies for achieving quality leadership, as well as establishing and communicating quality improvement expectations and priorities. Functioning as role models, senior management instills the quality improvement philosophy, reinforces customer focus, and supports workforce development and participation.
- (3) **Deployment of strategic objectives:** Strategic objectives and quality improvement goals have been linked and deployed systematically to all functional work groups, as well as linked to improvement team efforts. Employees at all levels understand their specific roles and responsibilities for developing and implementing strategies and plans for achieving quality improvement goals.
- (4) **Continuous process improvement:** This focus is instilled throughout the organization's operations as evidenced by repeated cycles of planning, implementation and evaluation both incremental and breakthrough improvements being experienced with products and services (new and existing), customer values and internal operations.

- (5) **Empowered involvement of satisfied employees:** Workforce satisfaction and empowered involvement are considered as key requirements for improving customer satisfaction and operating performance. Operating policies and practices project a philosophy of customer force and allow employees to carry out customer-focused problem solving and decision making.
- (6) **Long-term orientation:** Quality leadership is gained through a willingness to make long-term commitments to key stakeholders, for example, customers, employees, suppliers, shareholders. Planning processes maintain a strong future orientation and anticipate changes which may affect the organization in the short and longer terms, including technology, customer requirements and regulations.
- (7) **Targeted measurement data:** Management and employee decisions are driven by fact-based measurement data, including: customer satisfaction; product and service quality; benchmarked and competitive comparisons. Measurement data linked to key customer satisfaction and operation performance indications are tracked and analyzed to determine trends and lessons learned, and which influence on-going quality planning and improvement efforts.
- (8) **Market responsiveness:** Cycle time to introduce new or improved products and services has continuously been reduced in order to meet the increasing demands of a competitive

marketplace. Major improvements have been experienced in the organization of work, product and service delivery processes and in the ability of the organization to anticipate important market shifts.

(9) **Continuous learning and development:** Investments made in workforce learning and developments are considered, as an important, required and ongoing ingredient to achieve the organization's performance improvement goals. Learning and development efforts have been designed to meet the needs of an increasingly diverse workforce and provide for more flexible and targeted training delivery options.

(10) **Internal and external partnerships:** Strong internal partnerships, such as cross departmental teaming, collaborating with unions and external partnerships, including customers and suppliers, have been built to help accomplish quality improvement goals and build operational strength. By establishing tenacious partnerships, both internally and externally, the organization can build greater operating effectiveness and establish new market opportunities.

Based on literature review, four factors: "*Management commitment, Employees' empowerment, Rewards, and Feedback and review*" are the key elements in encouraging employees for enhanced environmental performance (Govindarajulu and Daily, 2004). A detailed research survey conducted on 15 Small and Medium Enterprises (SMEs) showed

that the culture of continuous improvement is mandatory for the innovations and creativity (McAdam et al, 2000). Hill and Wilkinson (1995) have identified the following three principles of continuous improvement (1) *“Customer orientation where quality means meeting both internal and external customers”*. (2) *“Process orientation where activities performed within an organization can be broken down into basic tools”*. (3) *“Continuous improvement which involves the improvement of both products and processes”*.

The performance of an organization can be improved by having the cultural elements of customer focus, continuous improvement and employees' involvement; and these elements are likely to be stronger in the organizations where TQM is practiced (Gore Jr., 1999). When the deterioration of support for TQM and organizational enthusiasm occur, the long term quality improvement of an organization might be jeopardized and the performance tends to decrease (Longenecker and Scazzero, 1996).

Social identity theory states that, individuals classify the society in different social groups, such as gender, nationality, age groups etc. (Tajfel and Turner, 1985). Social identification is the perception of belongingness to a group; organizational identification is a specific form of social identification in which individuals define themselves in terms of their organizational membership (Lee, 2004). Organizational identification literature reveals that individuals who identify themselves with their employing organization tend to do those activities which are in congruence with the organizational identity and values; refrain from those activities which go against the sovereignty of organization (Ashforth and Mael, 1983). The research explored that organizational identification has a strong positive relationship with extra-role behaviors, cooperative behaviors, and intention to stay with the employing organization (Abrams et

al, 1998; Mael and Ashforth, 1995). If procedures are perceived as fair, employees will consider that they are being respected and valued by the organization and top management; consequently they start to trust the authorities and are committed to build long-term relationship with them and identify themselves with the organization (Tyler and Lind, 1992). Developing trust of the employees is a difficult job, once the authorities are considered benevolent and trustworthy by the employees; it results in a greater work motivation in favor of the organization (Tyler, 1999). The members show a high degree of identification with the group when they have trust in their fellow members, satisfied with the group membership, and cooperate with one another (Chan, 2005). A research suggested that organizational members' behaviors and performance are highly related to their level of organizational identification and commitment (Chan, 2005). Employees who are high in Organizational Identification (OI) are equally beneficial for both; the accomplishment of organizational and their personal objectives. Lower absenteeism and employees' turn over rates, high organizational performance and employees' in-role behaviors come under the category of organizational objectives; high motivational level and increased job satisfaction come under the head of employees' personal objectives (Dick et al, 2005).

It is argued that trustworthy behaviors of the school principal such as being open and honest with teachers, treating them as colleagues, being sensitive to their needs and setting reasonable performance standards are the key indicators of teachers' identification with the school. There should be a balance between work and family responsibilities; organizations are encouraged to keep a proper balance between these so that employees can work properly and their organizations might go ahead; on the other hand imbalance creates work stress (Guttek et al, 1988). When there is no ample support from the

organization's side, many working parents tend to quit the organization (Glass and Estes, 1996). Organizational identity is a sub set of social identity in which an individual defines himself / herself by the same attributes that defines his or her organization (Dutton et al, 1994; Mael and Ashforth, 1992). It is firmly supported by the literature that individuals tend to identify themselves strongly with the organizations having distinctive and positive practices, values and attributes; to enhance their self esteem, perceived status and exclusivity (Ashforth and Mael, 1989). Employees with high level of organizational identification are more likely to be committed to the organization and have lower turnover intentions, because they experience "physic loss" if they leave their organization (Mael and Ashforth, 192; Knippenberg and Schie, 2000).

2.7 RESEARCH MODEL AND VARIABLES:

Following is the proposed model for this research:

TH 6621

Independent variables.

Dependent variable.

Outcomes

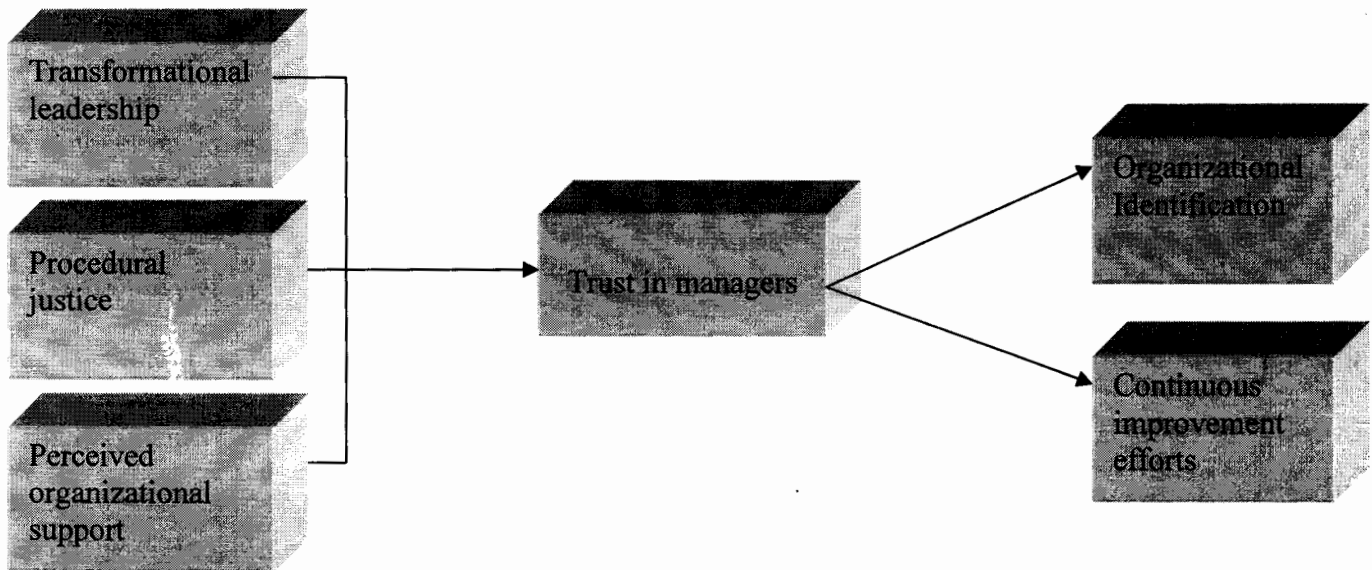


Figure 2.11. Schematic diagram of theoretical framework.

2.8 HYPOTHESIS:

The following five hypotheses are developed:

H 1:

Procedural justice has positive relation with trust in management.

H 2:

Perceived organizational support (POS) has positive significant relation with trust in management.

H 3:

Transformational leadership has positive significant relation with trust in management.

H 4:

When employees trust in their management, then they make efforts for continuous improvement.

H 5: When employees trust in their management, then they identify themselves with the organization.

CHAPTER NO.3

RESEARCH METHODOLOGY

3.1 Sample and Data Collection:

Total of 400 survey questionnaire were distributed among the respondents. Out of the total; 118 responses were either incomplete or of no use to be included in the study, so they were excluded from the study. The participants were from eight (8) different private and public sector organizations of Banking, Higher Education, Telecom and Health sectors. Of the participants 45% were in management positions and the rest of 55% labeled themselves as non-management position holders. The respondents were 44% female and 56 % male. Their ages ranged from 25 to 48 years and 58 % of the respondents have been with the organization between six months and ten years and the rest, 42 % being employed for more than ten years. The qualification of respondents ranged from Intermediate to PhD and maximum responses came from master qualified people which were (227) in number.

3.2 Procedure:

The survey instruments were distributed personally to the respondents for the purpose of high return rate. A brief cover letter was attached with the questionnaire, in which the author explained the purpose of the research and assurance of the confidentiality. All the participants were volunteers and hence no reward was offered to them in response of rating the questionnaire.

3.3 Questionnaire measures:

All the variables in our proposed model were measured through the validated research instruments. The reliability of the scales is satisfactory, showing Cronbach alpha greater than 0.70. Employees were asked to indicate the extent to which they agree or disagree with each description on a five-point Likert scale ranging from 5 = “strongly agree” to 1 = “strongly disagree”.

Following items were used:

3.3.1. The four items used to measure **trust in managers** were adapted from Cook and Wall's (1980). The reliability for the original subscale was 0.70. An example item was “I feel quite confident that my manager will always try to treat me fairly”. The Cronbach Alpha for trust in Managers was 0.80 for the current study.

3.3.2. Organizational identification was measured by using a scale of four items adopted from Cook and Wall (1980) and Mael and Ashforth (1992) cited by Lee (2004). Cronbach alpha for this scale was 0.94 for the current study and reliability for the original scale was 0.82.

3.3.3. Continuous improvement was measured by using four items scale adopted from Peccei and Rosenthal (1997) with a reliability score of 0.77. The Cronbach alpha for continuous improvement for the current study was 0.95.

3.3.4. Three question were used to measure **Perceived Organizational Support (POS)**, extracted from the short version of the Survey of Perceived Organizational Support (SPOS) instrument devised by Eisenberger et al (1986), having a Cronbach alpha 0.93 and the Alpha reliability for the current study of this construct was 0.95.

3.3.5. Six items, adopted from the instrument developed by Niehoff and Moorman (1993) were used to measure the **procedural justice** having the Cronbach Alpha 0.75 and Alpha reliability for the current study was 0.96.

3.3.6. Twenty items scale which was a short version of Multifactor Leadership Questionnaire (MLQ) was used to measure the **Transformational Leadership** having Cronbach Alpha 0.73 and Alpha reliability for the current stud was 0.83.

CHAPTER NO.4

RESULTS AND DISCUSSION

4.1. Structural Equation Model (SEM)

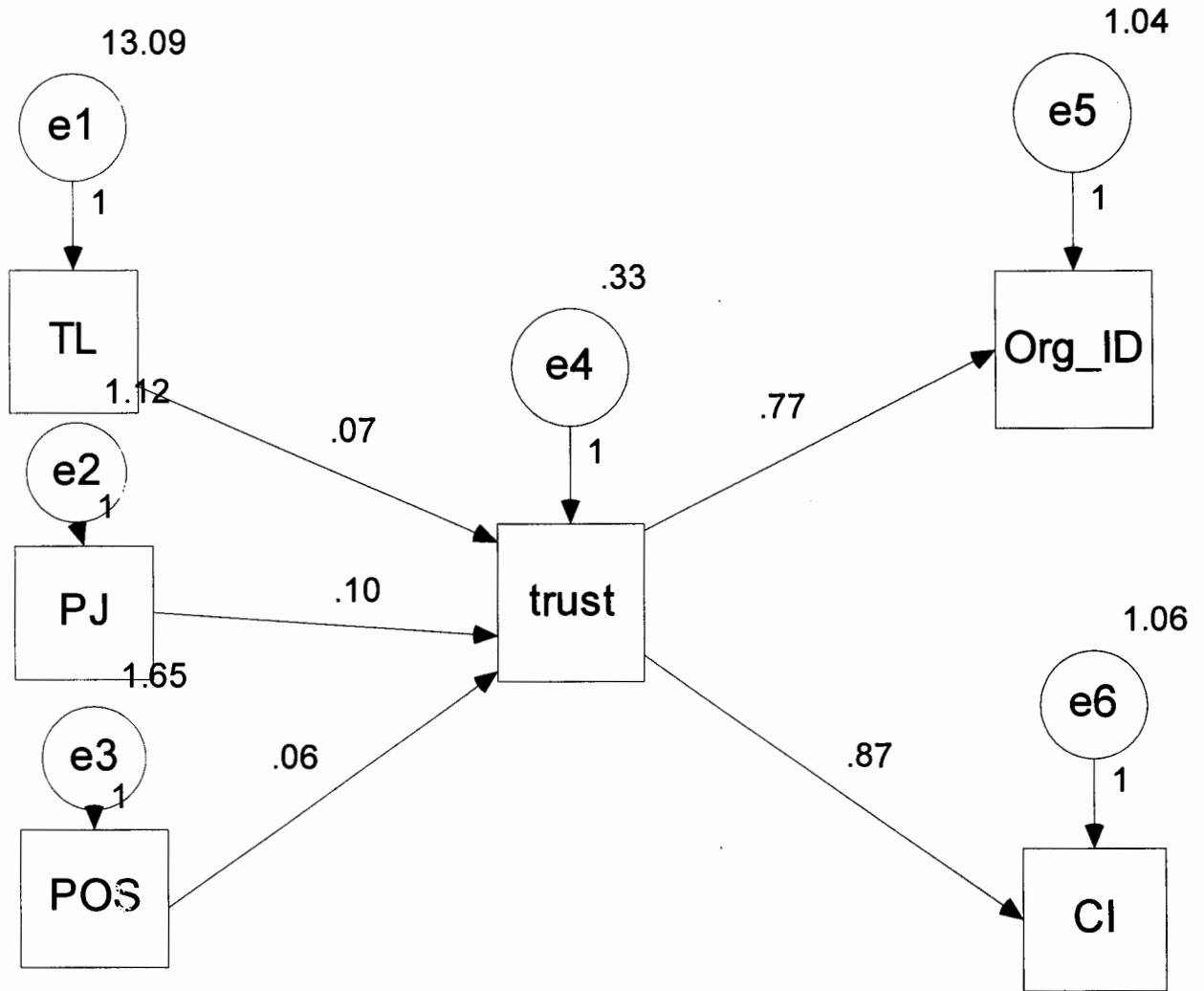


Figure 4.1: Results of Trust in Managers Model.

TL	Transformational Leadership	trust	Trust in Managers
PJ	Procedural Justice	Org_ID	Organizational Identification
POS	Perceived Organizational Support	CI	Continues Improvement.

The above **Figure 4.1** shows the relationship among the variables and the structural equation model helps to measure the important predictors and outcomes of Trust in Managers.

Table 4.2 Index of fit of the Model

Model Summary		
Chi Square	Degree of freedom	P -value
850.669	10	0.000

Table 4.3 Hypotheses testing based on Regression weights

Variables	Estimates	S.E.	Critical Ratio	P-value	Results
Trust <--- TL	.066	.009	6.964	***	Accepted
Trust <--- PJ	.098	.032	3.038	.002	Accepted
Trust <--- POS	.063	.027	2.341	.019	Accepted
Org_ID <--- Trust	.771	.096	8.067	***	Accepted
CI <--- Trust	.871	.097	9.008	***	Accepted

The index of fit for our model is shown in table 4.2. Taking degree of freedom (10) into account, most index values approach the general standard of index fit. It is evident from the analysis that overall the research model is significant (Chi= 850.669) and (P<0.05).

The Results of above hypotheses test of the relationship between constructs including Trust in Managers, Transformational Leadership, Procedural Justice, Perceived

Organizational Support, Organizational identification and Continues improvement are shown in table 4.3 and figure 4.1.

The above table 4.3 shows the Beta value ($\beta = .07$) between TL and trust; and the relationship is evident from the analysis that if there is one degree change in TL there would be 7% change in trust. Whereas the relationship between PJ & trust and POS & trust shows the value of ($\beta = 0.10$) and ($\beta = 0.06$) respectively. The analysis highlight the relationships between Trust in managers and TL, PJ and POS which are statistically significant ($P < .05$) and all the variables are integrated in the business process that have visible role in the organizational performance.

The Table further reveals the regression weighted ($\beta = 0.77$) and ($\beta = 0.87$) between trust, Org_ID and CI respectively and the relationship is marked that if there is one degree change in trust there would be 77% change in Org_ID and 87% change in CI; and it is further indicated that the relationship is statistically significant. From the result of Structural Equation Modeling (SEM) it is evident that the predictors of trust in managers which are (POS, TL, and PJ) have a weak positive relationship with trust in managers and outcomes which are (CI, Org_ID) have a very strong positive relationship with trust in managers.

4.4 Discussion:

The Structural Equation Modeling (SEM) results show that the three independent variables (Transformational Leadership, Procedural Justice and Perceived Organizational Support) which are considered as the predictors of trust in managers have a positive relationship with the dependent variable (Trust in Managers). Of these three predictor variables the most significant is Procedural Justice (PJ) with ($\beta = 0.10$) and the relationship between TL, PJ, POS and Trust in managers is statistically significant

($p < .05$). The analysis reveals that Transformational Leadership (TL), Procedural Justice (PJ) and Perceived Organizational Support (POS) are the determinants of Trust in Managers having positive Betas ($\beta = 0.07$), ($\beta = 0.10$) and ($\beta = 0.06$) respectively. There is a dearth of supportive research for the relationship between perceived organizational support and trust in managers (Connell et al, 2003). But they by themselves have found the relationship between these two variables and directed the researchers to further explore this relationship which was confirmed by this research. So the results supported the first hypothesis of this research.

Most of the researchers have found that once subordinates' trust is developed in their managers in an organization, it will be considered as a bold step towards the betterment of the organizational performance. This study has pointed out some important constructs to the managers that how can they developed their subordinates trust in management. These include the adoption of Transformational Leadership attributes, ensuring Procedural Justice and supporting their employees at all the hierarchical levels of an organization. This research is supportive of the research conducted by Connell et al (2003) which had concluded that Transformational Leadership, Procedural Justice and Perceived Organizational Support are the significant determinants of Trust in Managers with Beta values ($\beta = 0.33$), ($\beta = 0.28$) and ($\beta = 0.31$) respectively. His finding declared that (POS) is the strongest determinant among the above stated three determinants of trust in managers with the highest Beta ($\beta = 0.33$). In our research although it is proven that all the three predictor variables have positive relationship with the dependent variable of Trust in Managers but a slight variation is that the strongest relationship is between the Procedural Justice and Trust in Managers as compare to the results of Connell et al (2003). All this reveals that our first three hypotheses are supported by the results. The

leadership style characterized by Transformational Leadership attributes is significantly associated with team members' trust in their Leader/Manager (Gillespie and Mann, 2004). All the transformational leadership practices (Attributed Charisma, Idealized Influence, Inspirational Motivation, Intellectual Stimulation and Individualized Consideration) are significantly associated with trust in managers (Butler et al, 1999). The second half of the Model explains that Trust in Managers have a very strong positive relationship with Organization Identification (Org_ID) and Continuous Improvement efforts (CI) with Beta values ($\beta=0.77$) and ($\beta=0.87$) respectively at ($p<.05$); which explains that the relationship is statistically significant. This explains that once subordinates' trust is developed in their managers; they go for Organizational Identification and Continuous Improvement efforts. These are considered as important predictors of enhanced organizational performance. Our fourth and Fifth hypotheses are strongly supported by these findings. A research conducted by Lee (2004) showed that trust in managers have no direct significant relationship with employees' continuous improvement efforts. He further added that there might be some 'conditions' or 'moderators' which can enhance the relationship of trust with continuous improvement efforts. Lee (2004) declared that Organizational Identification is a strong moderator which increases the relationship between trust and Continuous Improvement efforts. Our results oppose the Lee (2004) findings that trust has no direct relationship with the continuous improvement efforts. The strongest relationship in this study is between Trust in Managers and Continuous Improvement efforts with Beta ($\beta=0.87$, $p<.05$). The last hypothesis that trust and Organizational Identification (OI) have positive relationship is also strongly supported with Beta ($\beta=0.77$). This hypothesis is supportive of the Tyler and Lind (1992) research findings; which states that when fair treatments are prevailing

in the organizations; their employees consider that they are being respected by the organization and top management. Consequently employees start to trust the authorities and become committed to build long term relationship with their organizations and identify themselves with their organizations. Once trust is developed, it results into a greater work motivation in favor of the organization (Tyler, 1999). Our Fifth and last hypothesis support the argument of Tyler and Lind (1992) that Organizational Identification is the outcome of trust in managers.

4.5 Findings:

In light of thorough literature review and empirical results of this research it is stated confidently that this research has made an important contribution in the existing body of literature. This research has explored some important antecedents and outcomes of trust in managers as was directed by the previous researchers to find out. Transformational Leadership, Perceived Organizational Support and Procedural Justice (Independent Variables) are declared as the significant predictors of Trust in Managers (Dependent Variable). Organization Identification and Continuous Improvement efforts are the significant outcomes of Trust in Managers. In light of these findings managers are advised to play their best possible roles for the environment where the atmosphere of justice would be prevailing. Transformational Leadership attributes are strongly recommended for the managers to get better results. Organizations should take a great care of their employees because they in turn will go an extra mile for the better performance of the organization, following the norm of reciprocity. Once the employees' trust is developed in their managers then they go for Organization Identification and Continuous Improvement efforts.

CHAPTER NO.5

CONCLUSION

5.1 Conclusion:

This is the age of creativity and innovation. Organizations of every kind are very sensitive to the market and are very much flexible in nature so that they can transform themselves according to the demands of the market. In such a volatile and rapidly changing situation the employees who share a common fate with their employing organization will contribute more in time of changes and crisis. Ups and downs are part of the businesses; trusting employees will not leave the organization in times of trouble. Creating trust climate is really expensive and time consuming job, but once it is developed it leads to organizational identification and continuous improvement efforts of the employees; which are considered as the sources of competitive advantage.

After a thorough literature review and analysis of the current research it becomes crystal clear that building subordinates' trust in their managers is difficult job but it is mandatory for the better performance of the organization. Building subordinates trust is difficult but not yet impossible to be achieved. This research has find out some important determinants of trust in managers like Transformational Leadership, Procedural Justice and Perceived Organizational Support. So managers are advised to practice these important determinants of trust which in turn will enhance the organizational performance.

5.2 Practical Implications:

This study has taken into account an important variable of “Trust in Managers” that of subordinates. Trust is an on-going process, it is not like a pay-check, and it requires a lot of resources consumption and is very difficult to develop (Annison and Wilford, 1998, p.34). Once subordinates’ trust is developed in their managers, this is the signal of decreased turnover intentions and high level of organizational commitment (Tan and Tan, 2000). It is evident from the above discussion that developing trust is an important and difficult job. This study has highlighted some of the very important predictors of trust in managers which might be taken into account by the top management and HR professional of each and every organization; while devising their policies and procedures. If management pays for Transformational Leadership practices, Procedural Justice and Perceived Organizational Support at one end; gain more than its’ cost in the form of employees’ Organizational Identification and Continuous Improvement efforts at the other end.

5.3 Limitations and future research directions:

Our sample size was 282 respondents from four different industries (Banks, Higher Education Institutions, Telecom and Health Institutions) and does not fulfill the minimum requirement of social sciences which is minimum (400); so the generalizability of the results is limited by the small sample size. Second we have used a short measure of Perceived Organizational Support (POS). A more comprehensive measure of (POS) can be used to find out the exact relationship between (POS) and trust. Lastly a short version of Multifactor Leadership Questionnaire (MLQ) was used in this study which can create some biasness in the relationship.

To cope with the issue of generalizability, a more diversified study sample is advised for future research to make a significant contribution to the research in this area. Second, apart from the predictor variables of this research there can be other important predictors of trust in managers which might be explored by the future research. This model can also be tested in some other cultural settings for the confirmation and generalizability of the results. Lastly the two important outcomes of this research are not enough and absolute, there may be some other outcomes of trust in managers which can be explored by further research.

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APPENDIX 1



INTERNATIONAL ISLAMIC UNIVERSITY
Faculty of Management Sciences
Islamabad



P.O. Box: 1243, Telegram: ALJAMIA, Telex: 54068 IIU PK, Fax: 9257944, Tel: 9258020

Respected Sir/Madam,

I am a research scholar at Faculty of Management Sciences, International Islamic University Islamabad. I am working on my MS Thesis. The main objectives of this research are to identify the significant predictors and outcomes of trust in managers.

Your precious time and valuable participation will be a great contribution towards the noble cause of knowledge creation. I ensure you that any information obtained in connection with a study that can be identified with you, will remain highly confidential. In any written report or publication, no one will be identified and only aggregate data will be presented.

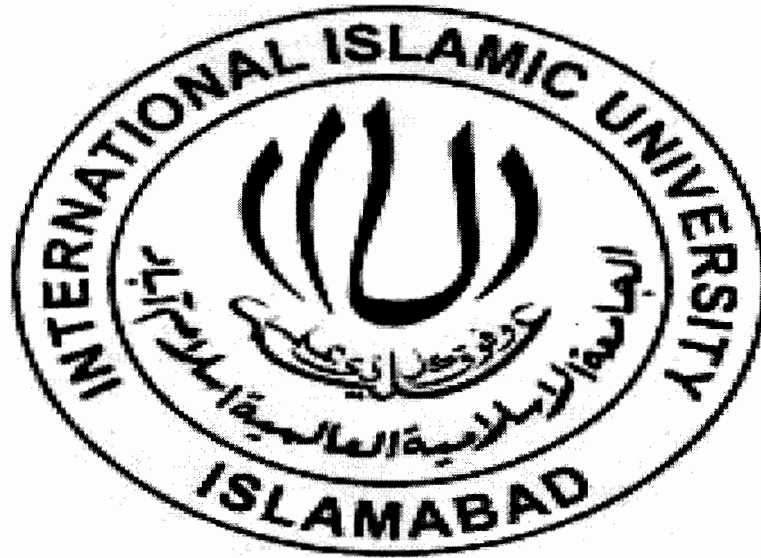
Yours truly,
Mohammad Nisar Khattak
Faculty of Management Sciences (IIUI)
Cell # 0332-5025262

The following statements concern your perception about yourself in a variety of situations. For each item of the statements below, please indicate the extent of your agreement and disagreement by ticking (✓) the appropriate numb

APPENDIX 2

Research questionnaire

The participants are requested to please answer the items presented in this set of questions with a great care so that the researcher might be able to build his research on the right possible data. It is also assured by the researcher that the information gathered by this research questionnaire will be taken as a pious sacred and will not be exposed to any body.



Mohammad Nisar Khattak
PhD, Scholar (Management)

International Islamic University Islamabad, Pakistan

Key for rating the questionnaire:

1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree.

Transformational Leadership : (MLQ Short Form5X)

Idealized Attributes:

- | | <i>1</i> | <i>2</i> | <i>3</i> | <i>4</i> | <i>5</i> |
|--|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 1. My Manager act in ways that build others respect for me | 1 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. My Manager display a sense of power and confidence | 2 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. My Manager instill pride in others for being associated with me | 3 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. My Manager goes beyond self-interest for the good of the group. | 4 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Inspirational Motivation:

- | | <i>1</i> | <i>2</i> | <i>3</i> | <i>4</i> | <i>5</i> |
|---|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 5. My Manager talk enthusiastically about what needs to be accomplished | 5 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. My Manager articulate a compelling vision of the future | 6 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. My Manager talk optimistically about the future | 7 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. My Manager express confidence that goals will be achieved | 8 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Intellectual Stimulation:

- | | <i>1</i> | <i>2</i> | <i>3</i> | <i>4</i> | <i>5</i> |
|--|-----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 9. My Manager re-examine critical assumptions to question whether they are appropriate | 9 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. My Manager get others to look at problems from many different angles | 10 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. My Manager suggest new ways of looking at how to complete assignments | 11 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. My Manager seek differing perspectives when solving problems | 12 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Idealized Behaviors:

- | | <i>1</i> | <i>2</i> | <i>3</i> | <i>4</i> | <i>5</i> |
|---|-----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 13. My Manager consider the moral and ethical consequences of decisions | 13 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 14. My Manager talks about my most important values and beliefs. | 14 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 15. My Manager specifies the importance of having a strong sense of purpose. | 15 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 16. My Manager emphasizes the importance of having a collective sense of mission. | 16 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Individual Consideration:

- | | <i>1</i> | <i>2</i> | <i>3</i> | <i>4</i> | <i>5</i> |
|---|-----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 17. My Manager treat others as individuals rather than just as a member of a group | 17 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 18. My Manager help others to develop their strengths | 18 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 19. My Manager spend time teaching and coaching | 19 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 20. My Manager consider an individual as having different needs, abilities, and aspirations from others | 20 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Trust: (Cook and Wall's, 1980)

- | | <i>1</i> | <i>2</i> | <i>3</i> | <i>4</i> | <i>5</i> |
|---|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 1. I can trust my manager to make sensible decisions for the future of the company. | 1 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. I feel quite confident that my manager will always try to treat me fairly | 2 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. My manager would be quite prepared to deceive me for his/her own benefit | 3 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. My manager can be relied on to uphold my best interests | 4 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Key for rating the questionnaire:

1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree.

Organizational Identification: (Cook and Wall, 1980)

- | | 1 | 2 | 3 | 4 | 5 |
|---|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 1. this company's goals are my own goals | 1 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. This company's growth is directly connected to my own growth and development | 2 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. I feel myself to be part of this company | 3 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. I am proud to be able to work for this company | 4 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Perceived Organizational Support :(Eisengerber et al, 1986)

- | | 1 | 2 | 3 | 4 | 5 |
|--|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 1 This organization is willing to help me when I need a special favor. | 1 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 The organization values my contribution to its well-being | 2 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 The organization cares about my opinions | 3 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Continuous Improvement :(Peccei and Rosenthal, 1997)

- | | 1 | 2 | 3 | 4 | 5 |
|---|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 1. I voluntarily search for any work-related new information and knowledge which may help improve the quality of work I do. | 1 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. I make it routine to make suggestions about how to improve the work procedure | 2 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. I am always monitoring if there is any room for improvement in the work I do. | 3 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. I am always working to continuously improve the quality of product and work process | 4 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Procedural Justice (Sweeney and MeFarlin, 1997):

- | | 1 | 2 | 3 | 4 | 5 |
|--|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 1) Job decisions are made by the general manager in an unbiased manner. | 1 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2) My general manager makes sure that all employees concerns are heard before job decisions are made. | 2 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3) To make formal job decisions, my general manager collects accurate and complete information. | 3 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4) My general manager clarifies decisions and provides additional information when requested by employees. | 4 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5) All job decisions are applied consistently across all affected employees | 5 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6). Employees are allowed to challenge or appeal job decisions made by the general manager. | 6 <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

