

## **An Analysis of the Relationship between Trust and Employee Empowerment: A Field Study**

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**Abstract:** Trust within organization plays an important role in enhancing the interaction among superiors and subordinates which are reflected on the way effective organizational goals are achieved. One of the core functions of effective manager is to enhance confidence climate with his/her relations with peers and subordinates. Furthermore, employee empowerment has become an important management approach to motivate subordinates and lead them in an efficient manner. Employee empowerment involves delegation of authority through which lower level management can make autonomous decisions without referring to their superiors. Data were collected from a sample of 206 participants whose responses were usable for statistical analysis. Descriptive analysis, one sample t-test and linear regression are performed to reach the final results. Results of the study indicate that trust is at a medium degree while employee empowerment is at a high level. At the same time, results show that there is a significant correlation between within organization trust and employee empowerment. It is hoped that this study will offer some insight for the importance of within organization trust to all management approaches and techniques, especially in effective employee empowerment. The study proposes several directions for further research such as conducting more empirical studies on the antecedents and outcomes of both within organization trust and employee empowerment.

**Key words:** Organization trust, employee empowerment, data, participants, outcomes, Jordan

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### **INTRODUCTION**

Within organizations, trust is crucial in all types and directions of relationships. It is important for formal as well as informal relationships inside organizations. Managers therefore, pay much attention to building trust with their employees and try to enhance the atmosphere of trust within their organizations. In fact, trust is gaining more importance due to new organizational structures such as matrix, boundaryless and network organizations. Trust is believed to be based on the individual's expectation that others will act as expected, regardless of his/her ability to control the others (McKnight *et al.*, 2002).

Distrust may happen in all management levels when the lower level fails to meet individual or departmental goals and objectives. The situation becomes worse when the junior leaders, supervisors and managers experience a lack of trust from the senior upper-level leaders (Norris, 2009). People usually think of their relationship with their employer as changeable when opportunities arise. Instead of expecting to work for one company throughout their career, people anticipate shifting companies and even careers (Tyler, 2003). The problem is that people are not loyal to any specific employer and when they move, they are able to change loyalty from

one employer to another in a short period of time. Arnott (2007) argues that trust research suggests that high-trust business relationships lead to more profits, customer satisfaction and flexibility but business relationships are in a constant state of flux from uncertainty, complexity, specialization, information barriers, growth, alliances and mergers, globalization, multiculturalism, litigation and so on, offering wide scope for trust research set in a global or cross cultural context. For organizations to foster employee empowerment, managers and superiors must have had trust in their subordinates.

In the past three decades, the empowerment has been accepted by various managers and utilized in their management practices. The key ideas contained within employee empowerment have roots that go back to previous approaches, particularly employee participation and employee involvement (Herrenkohl *et al.*, 1999). The concept of empowerment involves more individual motivation at work through delegation of authority to the lowest level in an organization where a rational decision can be made (Conger and Kanungo, 1988; Thomas and Velthouse, 1990). Empowerment refers to not only delegating power to followers but also to implementing numerous managerial interventions that enable followers to feel a sense of choice in initiating and regulating

actions and in influencing strategy, administration or operating outcomes (Choi, 2006). Empowerment emerges from shared governance of an organization, accompanied by shared respect between leaders and subordinates (Paterson, 2001). Conger and Kanungo (1988) argued that employee empowerment was more effective when considered as enabling rather than delegating.

Kanter (1977) further stated that if the working environment provides opportunity for growth and power to get things done then the employees would perceive themselves empowered. Therefore if management does not provide enough power to subordinates then subordinates would become powerless.

In general, empowerment encompasses such practices as job enrichment; self-managing teams or autonomous work groups; many aspects of total quality management and various involvement schemes (Hunter, 1998; Osterman, 1994). Employee empowerment has received a wide recognition as an important subject in management, mainly because it is seen as one of the basic elements of managerial and organizational effectiveness that increases when power and control are shared (Ergeneli *et al.*, 2007). Therefore, employee empowerment is a different approach that entails shifting the decision making process from top management level to the lower levels of management.

This study attempts to highlight the trust and empowerment concepts, contributing to contemporary trust and empowerment studies through exploring these issues in the managerial context. The empirical data presented in this study is intended to examine the significant correlation between within organization trust and employee empowerment.

The purpose of this study is to explore the present status of inter-organizational trust and employee empowerment. In addition, the study seeks to investigate the correlation between inter-organizational trust and the level of employee empowerment. To address its purposes, the study employs two questionnaires: Nyhan and Marlowe (1997)'s empowerment scale. The study population consists of employees working in the five Jordanian paper and cardboard industry corporations listed in Amman Stock Exchange.

**Literature review:** The topic of within organization trust is not new in management literature but it needs more exploration, especially in the Middle East countries, such as Jordan. Nyhan and Marlowe (1997) argues that trust is the level of confidence that one individual has in another's competence and his or her willingness to act in a fair, ethical and predictable manner. Moorman *et al.* (1992) define trust as a willingness to rely on the other

partner in whom one has confidence. Rousseau *et al.* (1998), states that trust is a psychological state comprising the intent to accept vulnerably based on positive expectations of the behaviors of another.

Trust is a multidimensional construct involving interpersonal trust (Gomez and Rosen, 2001; Omodei and McLennan, 2000; Schindler and Thomas, 1993), dyadic trust (Gurtman, 1992; Larzelere and Huston, 1980) and organizational trust (Shockley-Zalabak *et al.*, 2000; Nyhan and Marlowe, 1997). According to Coulter and Coulter (2002), higher level of trust leads to a higher level of co-operation and lower levels of perceived risk and uncertainty. Schindler and Thomas (1993) have identified five dimensions for trust including; integrity, competence, consistency, loyalty and openness which indicates the willingness to share ideas freely.

Luhmann (1988) refers to trust as a solution for specific problems of risk in relations between actors because it is an attitude that allows for risk-taking. The data show that trust in management is related to procedural justice and quality of treatment by management, meaning that relational rather than instrumental antecedents predict trust (Bijlsma and Koopman, 2003).

Dirks and Skarlicki (2004) state that trust in leaders has been linked to positive job attitudes, organizational justice, psychological contracts and effectiveness in terms of communication, organizational relationships and also conflict management. The more employees are satisfied, the more they have trust in their managers (Ellis and Shockley-Zalabak, 2001). It is acknowledged that trust works as a lubricant in business transactions by smoothing relations between actors and reducing transaction costs, related to control (Creed and Miles, 1996).

Overall trust is described as a combination of cognitive and affective trust (Dirks and Ferrin, 2002) and is positively associated with some consequences such as job performance and job satisfaction. Kramer and Tyler (1996) define cognitive trust as being rational and calculative, focusing on an individual's material gains and emerging from a business exchange relationship. At the same time, affective trust consists of relational bonds between the parties, respect and concern for the other's welfare (Lewis and Weigert, 1985). Leaders generate and sustain trust (Bennis, 2002; De Pree, 2002) through their behaviors. In general, trust is affected by future expectations of others' actions. Positive expectations from others increase the level of trust and enhance the willingness to trust others.

The present article is also concerned with empowerment. Empowerment is defined as a motivational

construct which focuses on the cognitions of the individual being empowered (Spreitzer, 1995). Empowerment includes more than participative management practices and encouragement of employee involvement in decision making. It is also a motivational technique that relies on employee's self-determination. Empowerment is probably the totality of the following or similar capabilities (Jandaghi *et al.*, 2010):

- Making decisions of their own
- Having access to information and resources for taking proper decision
- Having a range of options from which you can make choices (not just yes/no, either/or)
- Ability to exercise assertiveness in collective decision-making
- Having positive thinking on the ability to make change
- Ability to learn skills for empowering one's power
- Ability to change other's perceptions by democratic means
- Involving in the growth process and changes that is never ending and self-initiated

Thus, employee empowerment can include all above mentioned abilities and involvements. Blanchard *et al.* (1995) identify three organizational practices associated with empowerment: information sharing, autonomy through boundaries and team accountability. Information sharing provides information on performance to employees so as to enable them fulfilling their responsibilities of their jobs while autonomy through boundaries entails organizational structures and practices that encourage autonomous actions. Team accountability refers to the perception that teams have the decision-making authority and performance accountability in organizations. Thomas and Velthouse (1990) found four cognitive variables, namely meaning, choice, competence and impact that were interrelated for the determination of employee empowerment. Spreitzer (1995)'s uncovered a relationship between empowerment and the four cognitive aspects reflecting a state-of-mind namely meaning, competence, impact and self-determination. Meaning refers to the association between job value and ideals of the respective employee. Competence involves employee's belief in his/her ability to perform a task. In the literature, choice (Thomas and Velthouse, 1990) or self-determination (Spreitzer, 1995) is represented as the same area. Self-determined employees demonstrated choice by initiating action consistently and this is associated with an increased sense of empowerment (Martin, 2006). Impact is related to the extent to which an

employee feels he/she is contributing to the organization. These four facets were positively correlated with many outcomes, such as job satisfaction (Hackman and Oldham, 1980; Fried and Ferris, 1987). Jensen (2006) argues that empowered employees feel; their research is meaningful, a sense of competence related to their research, they can impact their environment with their research and they have self-determination related to how they do their research.

Consequently, empowerment operates at the individual level and is related to the individual member's perceived level of autonomy and flexibility that he/she has in performing his/her job duties within the organization (Collins, 2007).

Effective manager is the manager who is willing to share information with his/her subordinates. Traditional managers in hierarchal structures are expected to be reluctant to empowerment since they believe that sharing information and empowering other people diminishes their authority.

## MATERIALS AND METHODS

**Research design:** The survey instrument was a questionnaire which consisted of two parts as described later. A pilot test was carried out to assess the validity of the questionnaire on a sample consisted of thirty individuals selected from population. Their suggestions were incorporated before administering the final form of questionnaire.

As for reliability, trust had values of Cronbach's alpha above the established thresholds for composite reliability (0.852) while employee empowerment had a satisfactory value (0.789). This research used a descriptive and explorative design to determine the levels of interpersonal and organizational trust, levels of employee empowerment and also to investigate relationship between the levels of organizational trust and employee empowerment.

**Research questions:** The present research sought answers to the following questions:

- What are the levels of interpersonal and organizational trust?
- What are the levels of employee empowerment?
- Will higher levels of trust be associated with perceptions of higher levels of employee empowerment?

**Sample:** Data for the study were collected from a sample of 206 subjects from the five Jordanian paper and

cardboard industry corporations listed in Amman Stock Exchange. A total of 250 questionnaires were randomly distributed and only 206 were returned, resulting in 82.4% response rate.

**Instrument:** The survey instrument that used for this study was a composite of two separate parts. The first part dealt with within organization trust which was measured using the Nyhan and Marlowe (1997)'s Organizational Trust Inventory. The trust scale provided 12 statements for participants to rate to which extent supervisor and subordinate exhibit the two dimensions of trust: interpersonal and organizational/system trust.

The second part dealt with employee empowerment and was measured by a 12-item scale developed by Spreitzer (1995)'s to rate the empowerment dimensions of meaning, competence, self-determination and impact. Participants rated each item on a 5-point scale ranging from strongly disagree to strongly agree. Higher scores on within organization trust indicate that participants trust their managers more. At the same time, higher scores on empowerment indicate that participants feel more empowered.

## RESULTS AND DISCUSSION

Descriptive information about the sample was shown in Table 1. It could be seen that the mean scores for the interpersonal and organizational trust were 3.876 and 4.204 with standard deviations of 0.556 and 0.601, respectively. Results indicate that respondents trusted in their supervisors the least and in their institutions the most. The research findings also demonstrated that the mean score for all dimensions of employee empowerment was 2.874 with a standard deviation of 0.527 which means that the respondent level of empowerment for all dimensions was below the average.

When the employee empowerment dimensions levels of the respondents were investigated, it was determined that the respondents obtained the highest score from the impact dimension (mean = 3.150, SD = 0.571) followed by competence (mean = 2.871, SD = 0.779), meaning (mean = 2.835, SD = 0.688) and self-determination dimension (mean = 2.639, SD = 0.632).

An intercorrelation analysis was performed through bivariate correlation and the findings shown in Table 2 indicated. The analysis of relationships between respondents' interpersonal trust levels and the levels of employee empowerment yielded positive significant relationships, ranging from the strongest ( $r = 0.536^{**}$ ,  $p < 0.01$ ) for meaning to the weakest ( $r = 0.218^{**}$ ,  $p < 0.01$ ) for impact. Furthermore, the analysis of relationships

Table 1: Descriptive statistics of the study dimensions

Variables	Mean±SD	Skewness
Interpersonal trust	3.876±0.556	-0.854
Organizational trust	4.204±0.601	-0.840
Trust	3.985±0.533	-0.926
Meaning	2.835±0.688	-0.577
Competence	2.871±0.779	-0.522
Self-determination	2.639±0.632	-0.374
Impact	3.150±0.571	-0.420
Employment	2.874±0.527	-0.561

Table 2: Interrelationship between dimensions of trust and dimensions of employee empowerment

Parameters	Interpersonal trust		Organizational trust	
	r	p-value	r	p-value
Meaning	0.536**	0.000	0.496**	0.000
Competence	0.221**	0.001	0.141*	0.044
Self-determination	0.377**	0.000	0.291**	0.000
Impact	0.218**	0.002	0.165*	0.018

\*\*Correlation is significant at the 0.01 level (2-tailed); \*Correlation is significant at the 0.05 level (2-tailed)

Table 3: Results of regression analysis

Dependent variables	Independent variables	R <sup>2</sup>	$\beta$	p-value	SE
Employee empowerment	Trust	0.183	0.424	0.000	0.063

between respondents' organizational trust levels and the levels of employee empowerment yielded positive significant relationships, ranging from the strongest ( $r = 0.496^{**}$ ,  $p < 0.01$ ) for meaning to the weakest ( $r = 0.141^{*}$ ,  $p < 0.05$ ) for competence.

A regression analysis was performed to examine the relationship between respondents' trust levels and the levels of employee empowerment. Results of Table 3 revealed that the relationship between those two variables were significant ( $\beta = 0.424$ ,  $p < 0.01$ ).

Table 3 indicates that perception of the respondents trust accounted for 18.3% of the variance in employee empowerment. Although, this research was conducted in the Middle East context, the results are consistent with those of research conducted in Western countries contexts. Jensen (2006) endorse the results of this study by stating that perceptions of conflict among teachers and administrators were related to lower levels of teacher trust in the principal, lower levels of teacher trust in the school and lower perceptions of teacher empowerment. In this research, the researcher wanted to discover whether statistically significant correlations exist between interpersonal and organizational trust and the dimensions of employee empowerment including meaning, competence, self-determination and impact. According to the result of the regression analysis, interpersonal and organizational trust have close relationship with all dimensions of empowerment. Although, employee empowerment is encouraged to exist in organizations, it is

criticized for increasing the employees workload. Therefore, management should ensure that employee empowerment is seen as an opportunity rather than as a strategy to increase the workload of employees (Ongori and Shunda, 2008). Chief executive officers in the five Jordanian paper and cardboard industries listed in Amman Stock Exchange industry face many challenges, including the need for efficient leadership to reduce costs while increase product quality. Using the results of this survey, the HR departments will be able to measure the level of trust and move forward and proactively plan on ways to enhance the trust within their organizations. Furthermore, this research provides a useful framework for practitioners as they monitor and control empowerment dimensions within their organization.

### LIMITATIONS

Like all other studies of this concern, this study has many limitations. The first limitation of the followed approach is the subjective nature of trust and empowerment climate perceptions. The inclusion of more objective measures and employing multiple sources of data collection with variables collected at different times would increase the validity of the study findings.

Another limitation refers to the fact the sample in this study came from organizations within a single economic sector which makes it inappropriate to generalize the conclusions to other sectors. Future research should investigate the relationship between trust and empowerment in other sectors. Furthermore, this study did not take into consideration other moderating variables such as organizational commitment, organizational citizenship behaviors and organizational justice. Future research might consider expanding the variables of the study to include more variables to mediate the relationship between trust and employee empowerment.

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