

## Organizational Trust Model Based on Business Students' Opinions

by

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**Abstract.** This paper is a part of a series of projects of the authors, on the organisational trust, projects which were developed in various Romanian companies. In this research stage, we present part of the results of a sociologic survey, regarding the opinions of a group of 554 students in Economics and Business Administration on the level of trust in the organisations they own or are employed by. The paper presents the status of the survey companies, comparatively, on share source categories, but also compared to a pattern taken from the scientific specialty literature, which the authors developed and applied in a previous stage of the research. The objective of this approach is to obtain a global image of the level and results of organisational trust. The authors' hypothesis are: 1) the highly critical attitude of the survey subjects, in order to obtain clear and truthful information and 2) the existence of significant differences between the Romanian share companies and the foreign share ones regarding the level and the results of organisational trust. These hypotheses are only partially checked and the conclusions are corroborated with the results of other projects, which were previously developed by the authors on the same topic.

**Key words:** Competence, Concern for Employees and Customers, Efficiency and Effectiveness, Employees' Job Satisfaction, Identification with the Organization.

JEL classification: O15

### 1 Introduction

For the past few decades, the literature in the field of psychology, sociology, economics and politics has underlined the specific purpose of *organisational trust*, which determines the efficacy and efficiency of business activities and motivates people by giving them satisfaction in their work. If within a company, its culture is the "personality" of the human resource, the trust generates the *specific way* of action, of establishing relationships within and outside the company, as well as of capitalizing all the other resources, generating a specific way of action and evolution of the organisation members, generally, as a group and individually.

### 2 The concept of organizational trust

There are various meanings of the concept of organisational trust. "The expectancy... regarding a certain ethical behaviour – which represents moral decisions and analytical actions

based on moral principles" (Hosmer, 1995, p. 399) is the first meaning.

More precisely, trust is: expectancy, someone's assumption or belief that a further action shall be profitable, favourable or at least shall not have unfavourable consequences for another person (Robinson, 1996, p. 576). This idea may further developed to consider trust as a general attitude or the expectancy of a person on other people and of people in the social system they are involved in (Garfinkel, 1963; Luhmann, 1988). Therefore, we can describe the trust as a set of "learned or confirmed social expectancies which people have on each other, on organisations and institutions, as well as on the moral norms and rules applicable in the society they live in" (Barber, 1983, p. 164-165).

Many reference papers from the literature develop this theory, by arguing in favour of using the concept of trust, referring to the behaviour chosen by a person when confronted to various situations (Arrow, 1974; Hollis, 1998; Kreps, 1990; Miller, 1992).

There are two different ways of understanding trust as choice: 1) the choice from a rational point of view – from a sociologic perspective (Coleman, 1990), an economical one (Williamson, 1993) and a political perspective (Hardin, 1992; 2002) and 2) an image that gives more weight to decisional situations, when there is a risk involved: i.e. when it comes to choices that increase benefits and lower damages (Schelling, 1960, p. 4).

The economical and managerial issues are related to the concept of “encapsulated trust”, which means correlating the interests of those who take part to a certain process, to a business etc. (Kramer, 2009, p. 4 - 6). „People can trust someone at a certain time and in certain circumstances if they consider that that person is trustworthy” (Hardin, 2002, p. 153). „You can trust me, if you know that my interest is to fulfil your expectancies. In this case your trust encapsulates my interest” (Hardin, 1991, p. 189). Other scholars focused on assessing trust in online social networks as they tried to identify the predictors of users’ trust (Cătoiş et al., 2014). We took over from the literature a model of organisational trust, which, according to some reference studies can be reproduced in every organisation, as long as there is a serious and constant concern on this matter and an appropriate training of the company’s management (Shockley-Zalabak et al., 2010, p. 28).

According to the model that we adopted, there are five key issues that lead to creating organisational trust: 1) The competence of the company’s employees and managers; 2) An open and honest attitude; 3) The concern towards employees and customers; 4) Safety and stability; 5) The identification of the employee with the organisation (according to Shockley-Zalabak et al., 2010, p. 26).

A high level of trust leads to efficacy, to a high level of efficiency in the business activity and to a high level of employees’ satisfaction in the work they carry out.

### 3 Research methodology

Starting from the devoted literature and empirical researches that we previously carried out, we changed the initial “high-trust” model proposed by Shockley-Zalabak and Comp. We noticed that the “concern for the client” which Pamela Shockley-Zalabak and Comp include in the concept of “concern for employees and other stakeholders”, is more suited for the second part of the model, together with the results of the level of organisational trust, meaning “efficiency and effectiveness” and „job satisfaction”. The concern for their own employees can determine a certain level of identification with the company, which contradicts the needs of the client and the cases that we analyzed proved it (Sonea, 2014). That is why we considered that the level of organisational trust (**To**) is determined by the five „key drivers”: Competence; Openness and Honesty; Concern for Employees; Reliability; Identification with the company (after Shockley-Zalabak et al., 2010, p. 28). And **Tr** (the global result of a certain level of trust) obtained in the organisation refers to 1) Effectiveness and efficiency of the business, 2) Employee job satisfaction and 3) Concern for customer (which is the most important for the efficiency and for the whole existence of the organisation) and other stakeholders (figure 1).

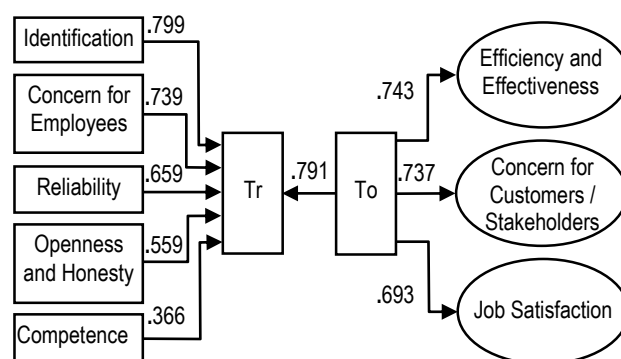


Figure 1. Model of Organizational Trust (**To**) and the global result (**Tr**) in the case of Romanian company

Source: Authors vision

(re-written after Sonea et al., 2015)

The model that we modified was conceived based on a sociological survey, carried out in a Romanian company, where the subjects we

analysed were employees of the company (see Sonea *et al.*, 2015).

In the current stage of our research our target is to use a second questionnaire, conceived for the students of some of the universities in Transylvania (Romania), with the purpose to rebuild the “high-trust” model, not just for one company, but in general, for all the companies where these young people work. The purpose of our attempt is to establish the value of the level of trust in the organisations where these young people are integrated, to see what should be improved (according to the opinion of the respondents) in the education process, in the schools where they are trained, so that their activity in the companies can evolve towards a “high-trust organisation”.

For this purpose, our main objective is to compare the level of trust, established according to the model we conceived, in the Romanian capital companies and the foreign capital companies, respectively mixed companies (Romanian and foreign capital).

We relied upon the fact that students are more receptive to understanding and getting involved in a research project than the usual employees and besides, the students are not afraid of the boss when expressing their opinions, as was the case for other employees (see Sonea *et al.*, 2015). This questionnaire was applied to students, within their activities in school.

The questionnaire was conceived by the authors, and the answers of the subjects were processed with SPSS software.

Our initial hypothesis is that the young are more critical in expressing themselves than the older employees, so that we shall obtain less “conformist” information, compared to a company with different categories of employees. Following a previous research, we observed that some of the young people who study in our universities and employed and highly appreciated by foreign companies in Romania and abroad.

Thus we reached a second hypothesis (highlighted also following empirical researches of the authors), according to which the level of the five “key drivers”, as well as the results of the

trust of the employee in a company is different in the Romanian companies as compared to the foreign share companies. We thus expected to reach higher To and Tr values for the foreign share companies than for the Romanian companies, as well as better correlation coefficients.

#### 4 Findings and discussions

The questionnaire was applied to 554 students in an important university in Transylvania (Romania) and we shall hereby present part of the results. All the subjects study in the economic field and work in different companies, while attending the university. The companies where the students work are located: 94% in Romania and 4.2% abroad. 521 respondents work in companies all across Romania.

Table 1. Sample structure according to answer Q1 – Q5 by sources of capital (codes average)

Companies' category	Q1	Q2	Q3	Q4	Q5	To
Romanian companies	3.95	3.77	3.52	3.79	3.71	3.77
Foreign capital companies	4.22	3.89	3.71	3.97	3.64	3.91
Mixed capital companies	4.09	3.77	3.47	3.86	3.57	3.79
TOTAL	4.09	3.82	3.61	3.89	3.67	3.84

Source: The data was processed using SPSS Software

The responses of the subjects, on a Likert scale, from 5 to 0, measure the level of appreciation of the 5 “key drivers”, the results of the organisational trust and the values of To and Tr. The appreciation is higher if the average of the obtained codes is close to 5. 222 respondents (40.1% of the total number) work in Romanian share companies, 231 respondents (41.7%) work in foreign companies and 79 subjects (14.3%) work in mixed share companies.

Table 2. Sample structure according to answer Q6 – Q8 by sources of capital (codes average)

Companies' category	Q6	Q7	Q8	Tr
Romanian companies	3.62	3.69	3.52	3.61
Foreign capital companies	3.61	3.65	3.62	3.62
Mixed capital companies	3.45	3.48	3.28	3.41
TOTAL	3.58	3.64	3.54	3.58

Source: The data was processed using SPSS Software

Tables 1 and 2 present the average of the obtained codes on the total sample and on the three categories of companies. All the appreciations of the respondents regarding the 5 “key drivers”, are around the code 4 (the average of codes between 3.47 and 4.09), meaning they considered that the positive statements in the questionnaire are true at a good, respectively average level.

But, compared to the results in the company previously analysed (see Sonea *et al.*, 2015), where we also had code 5 (meaning a very good level), in some cases, it is clear that the critical spirit of the students and their freedom of expression are much higher (Table 1).

Table 3. Correlations between „key drivers” and the global result of organizational trust (Tr) by sources of capital

Tr . Average of Q6-Q8	Q1	Q2	Q3	Q4	Q5
Romanian companies	0.637	0.612	0.600	0.653	0.585
Foreign capital companies	0.502	0.518	0.365	0.566	0.536
Mixed capital companies	0.378	0.453	0.494	0.560	0.508
TOTAL	0.524	0.545	0.485	0.590	0.535
N = 554					

Correlation is significant at the 0.00 level (2-tailed)

Source: The data was processed using SPSS Software

We can also notice that the average of the codes is better at the foreign share companies, both compared to the Romanian companies and to the total sample. There is only one significant exception: the answers to Q5 (*Identification with*

*the organisation*) prove a better situation for the Romanian companies both compared to the other two categories of companies and to the total sample.

According to table 2, the opinions regarding the results are closer to the average level of the Likert scale (code 3), than to the maximum level (code 5). But here, the appreciation of the Romanian companies are better for Q6 (Concern for the customers and the other stakeholders) and Q7 (Effectiveness and Efficiency), as compared to the other two categories of companies and, in the case of Tr, also compared to the total sample.

Table 4. Correlations between the level of organizational trust (To) and the results by sources of capital

To. Average of Q1-Q5	Q6	Q7	Q8	Tr
Romanian companies	0.645	0.575	0.693	0.716
Foreign capital companies	0.463	0.494	0.659	0.585
Mixed capital companies	0.477	0.446	0.719	0.496
TOTAL	0.533	0.509	0.688	0.616
N = 554				

Correlation is significant at the 0.00 level (2-tailed)

Source: The data was processed using SPSS Software

Tables 3 and 4 show the consistency in the appreciation of the respondents and their significance. The coefficients of correlation between the answers (values between 0.575 and 0.716) are better for the Romanian companies than those calculated both for the other two categories of companies and for the total sample. Particular importance must be attached to the correlation between the level of organisational trust (To) and the level of the global result (Tr), which expresses a great complexity of information (coefficient 0.716 – table 4) and which is, in terms of intensity, close to the situation of the company previously analysed (figure 1). We noticed very good values also for the correlation coefficients between Q8 (Employee job satisfaction) and To, in the case of companies with foreign share and mixed share (0.659 – respectively, 0.719), which proves the superiority of the management of these companies, in what concerns the relationship



with the internal customer – the employee (see table 4).

## 5 Conclusions

As we expected, according to our *first hypothesis*, the critical spirit is visibly expressed for this group of subjects, towards the company management efforts to support and develop the trust in the organisation. Compared to figure 1, figure 2 highlights less conformism in the appreciations and a lower influence of the five “key drivers” of organisational trust (To) on the results (Tr).

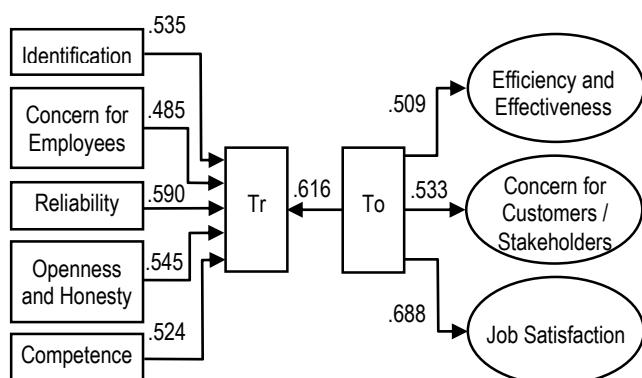


Figure 2. Model of Organizational Trust (To) and the global result (Tr) on the total research sample

The *second hypothesis*, which is only partially confirmed, is that: the appreciations of the respondents are better at the companies with foreign share, compared to the Romanian companies, but not in all the cases, and the correlations are better in the case of Romanian companies, which proves consistency and seriousness in the appreciations of the subjects. There is also a connection which we did not explore in these explanations: the students who work in foreign share companies or mixed share companies are mainly those who perform their studies in German or English. The influence of their education and behaviour is very strong, both from the teachers who teach here (teachers coming from Germany and Austria) and from the processes of professional training and specialisation provided by the companies where they work. We also analysed these influences in other projects, and the effects are: a better training of the young people who perform their

studies in German and English, better discipline and accountability, compared to the other students, but also a higher level of expectations and a higher critical spirit, expressed in relationship with their teachers, but also with the employers and managers.

A better identification with the company, in the case of Romanian companies (Q5 – Identification with the organisation) can be explained by the strong influence of the top management, situated in the country or even in the same building as the employee, as compared to the situation where the coordination is done from abroad, even from another continent. This shows a deficiency in the technical and psychological preparations of the companies, in the context of globalisation. But the strong identification with the organisation leads, in the case of some Romanian companies, to the use of manipulative techniques for pursuing the interest of the company, with negative impact on the trust of the customer and on the company, in the long term

Creating the conditions for a higher level of work satisfaction is a clear advantage of the foreign companies (Q8 – Employee job satisfaction), but the responses for Q6 and Q7 (Concern for customers and other stakeholders and Efficiency and effectiveness) show that there are deficiencies in the communication process and a poor level of providing information to the employees (on purpose or not), information regarding the results of the activities of the company.

## Extensions of the research

For the purpose of further developing this research, the authors wish to highlight the possibilities of improving the education system, for a better training of managers and other categories of employees, with a view of creating an organisation culture based on a high level of trust.

## Limits of the research

The size of the analysed sample was not established based on an established mathematical relation, as there is no clear evidence on the

number of students who are employed or own their own business. The questionnaires were processed with the consent of the students and according to their statements that they are employees or owners and they want to answer the questionnaire.

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