Conceptual Model of Employee Trust in Management and Organizational Justice in International Companies

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Abstract

The main purpose of this study is to propose a conceptual framework between constructs of organizational justice and trust in the management of Pakistan. Besides this objective, this paper also developed a conceptual framework showing Procedural Justice, distributive justice, interpersonal justice and informational justice as a predictor of trust in management. The literature of trust in management, organizational justice, and the related theories are backing as a starting point for constructing the conceptual model for this study. Based on the prior literature all the variables and dimensions are discussed in depth. This study also attempts to reduce the gap in the literature of trust in management and organizational justice. It is anticipated that this study expands the scope of trust in management and organizational justice in the field of research and also it gives insight to researchers and the managers, how to gain the trust of the employees.

Keywords: Organizational Justice, Trust, Trust in Management

Introduction

Trust in the management has acquired substantial importance since past few decades, as functions of organizations are changing over from the controlled system to self-directed, employee empowered and globalized system. Forming a trust between the management and the employee is essential for all the organizations around the world (Khan & Maalik, 2011a). HR managers can produce a positive impact in the organization by promoting trust between the management and the employees (Tzafrir, Baruch, & Dolan, 2004).

Trust is the backbone of employee's attitude in the organization. It can be influenced by numerous internal and external factors. Personal characteristics are studied as a key determinant in developing trust (Brashear, Manolis, & Brooks, 2005; Gambetta, 1988). Prior studies have indicated reward expectation, ability, benevolence and organizational justice as a determinant of trust in the organization.

This study will expand the field of research by purposing the relationship between trust in management and organizational justice. This study will provide better views for individuals to gain a perception of trust towards their management. Also, the research and the literature regarding the study of the role of an organizational justice on trust in management are very limited in the context of Pakistan (Khan & Maalik, 2011b). This study will help in

better understanding the challenges associated with trust in management in the Pakistani context. It is also expected that the results of this study will add knowledge in the field of organizational justice and trust in management. To conceptualize this proposed study, various data basis were used including Scopus, Science Direct, Elsevier etc. Latest research studies were reviewed, and important citations are added.

Literature review

Trust is defined as the quality or attribute of an individual or a thing. Mayer *et al*., defines trust as "A positive expectation that another will act benevolently towards other" similarly McCauley and Kuhnert (1992) extended the definition of trust, including behavior, intention and objective as, "a psychosomatic state comprising the objective to recognize susceptibility based upon positive expectations of the intentions or behavior of another". Maritz, Robbins, Odendaal, and Roodt (2003) proposed a simple definition of trust as, "A positive expectation that another will not act opportunistically". All these definitions of trust prove trust as a quality and attribute. Absences of trust produce severe consequences in the organizations as trust is considered as an intangible resource for the modern organizations (Tzafrir *et al*., 2004). For the success of the organization building trust between the management and the employee is crucial. Prior research suggests that organizations consider trust

as a necessary attribute (Dolan & Garcia, 2002; Gambetta, 1988; McKnight, Cummings, & Chervany, 1998). The presence of the trust culture represents that promise are fulfilled by the senior management that would reduce uncertainty in countless extent (Calnan, Rowe, Connell, & Mannion, 2006). To cultivate the trust between the management and the employee is a time intensive process with the display of trustworthiness from both stakeholders(Khan & Maalik, 2011b). This investment in forming trust can be lost effortlessly but forming trust is a very hard and effortful process (Khan & Maalik, 2011b). The one who does not honor the promises is never being trusted again by the stakeholders (Blois, 1999). Trust in management is related to the perception of employees how they will be treated, fulfill their promises and obligations and also in future they will fill their pledges and obligation. Chami and Fullenkamp (2002), argued that if the level of trust encouraged by the organization is high and vigorous, then it is likely to facilitate the development of a network of communication. This network of communication encourages the employees to meet the extra role behavior in the organization. Employee commitment to the organization and willingness to do extra role behavior depends on the support given by the management. This assessment is based on employee perception about their managers and top managers.   Prior studies have revealed several predictors of employee trust in management. For example Ellis and Shockley-Zalabak (2001) in their study on 2068 individuals from 60 different organizations have tested the model of trust in management and clarifies the role of the information receiving as a predictor of trust in management. In another study Wong, Ngo, and Wong (2003) found out job security and subordinate-supervisor guanxi as a predictor of employee trust in the organization. According to the prior studies various organizational factors are antecedents of trust in management. If this is true then organizational justice is one of the significant elements in an organizational (Zainal & Abdullah, 2008). Therefore this study will propose a conceptual framework of trust in management and organizational justice. Although most of the researchers on organizational justice are from western settings (Sparr & Sonnentag, 2008) this study will generalize the results by proposing the study in the context of Pakistan.

Organizational Justice

Organizational justice refers to the fairness received by the employee at work and the perception of treatment received by the employee at the workplace (Cropanzano & Ambrose, 2001; Moorman, 1991). Earlier research on the organizational justice describes four types of organizational justice, namely: Distributive Justice; Procedural Justice; Interpersonal Justice; and Informational justice (Colquitt, Conlon, Wesson, Porter, &

Ng, 2001). This section of paper, discusses four types of organizational justice in order to provide a basis for adopting in this study.

Distributive justice and trust in Management

Distributive justice is referred by the perceived fairness of outcome and has its roots in equity theory**.** As per equity theory of distributive justice by Adams (1965), Distributive Justice comprises of psychological processes in building fair perception. This theory postulates that individuals are anxious about whether they have been given balanced output (e.g. Pay, promotion and reward) based on their inputs (e.g. Time and effort) as compared to the inputs and outputs of other individuals in the same workplace. For example, If a person feels that he has been given fewer rewards as compare to the other individuals in the workplace with the same inputs, people will judge their effort rewards as unfair. Individual perception of reward is not only based on the internal standards, but it may also be influenced by the external environment standards (Greenberg, Greenberg, & Antonucci, 2007). Distributive Justice is one of the important predictors of various work outcomes and behaviors. Pillai, Williams, and Justin Tan (2001) in his study argue that higher level of trust in an organization can be achieved if the distribution of organizational outcomes is considered unbiased. Whereas the perception of unfairness in the distribution of organizational outcomes may lead to negative consequences such as mistrust towards the management (Saunders & Thornhill, 2003). Hence

P1: Distributive justice will positively affect employee trust in management

Procedural Justice and Trust in Management

Following the overview of the theory of distributive justice, emphasis on justice is moved from the allocation of outcomes to process involve in distribution of outcomes (Leventhal, 1980; Thibaut & Walker, 1975). This is the observed fairness of the procedure by which rewards are distributed (Cohen & Spector, 2001). Development of the trust is not only based on the fairness distribution of the rewards but also based on the procedures adopted in the allocation of rewards (Saunders & Thornhill, 2003). Leventhal (1980) works of procedural justice and his theory has significant influence on equity theory. For example, Folger and Konovsky (1989) found that employees who felt that their manager had conducted appraisals without bias they tend to produce more trust towards their managers. In contrast, if there is an absence of procedural fairness, it will likely to produce a lower level of trust towards the management.

P2: Procedural justice will positively affect employee trust in Management

Similar to Adams (1965); (Leventhal, 1980) work was also criticized by researchers. Bies and Moag (1986) have formulated new framework as an alternative to procedural and distributive framework named as interactional justice. In this approach, they have extended the interactional factors which are not discussed in previous approaches. They explained communication is significant to confirm that implementation of procedures is completed properly. For example, interactive communication is important for the feedback of performance appraisal procedures. Like procedural justice and distributive justice, interactional justice also faced the criticism as it is part of procedural justice (Cropanzano & Ambrose, 2001; Greenberg, 1993). Greenberg (1993) proposed that interactional justice should be separate into two different components: informational justice and interpersonal justice. Informational justice refers to the social future of procedural justice, the combination of truthfulness and justification rules. Interpersonal justice refers to the social aspect of distributive justice, a combination of respect and modesty rules from (Bies & Moag, 1986). Later Colquitt *et al*. (2001) have expanded the interactional justice with two types, interpersonal justice, and informational justice and proposed four dimension model of four dimensions of organizational justice: distributive justice, procedural justice, interpersonal justice and informational justice. Examining the model both in laboratory and field studies, Colquitt *et al*. (2001) had found support to the proposed model of organizational justice.

Interpersonal justice and trust in Management

Interpersonal justice comprises of respect, truthfulness, justification and politeness; these are the key components that capture the crux of interpersonal dealing during the operationalization of procedures and decision making (Bies & Moag, 1986; Kwon, Kim, Kang, & Kim, 2008). Though, after 21 years Bies (2005) given an updated approach to interpersonal behavior which goes beyond decision-making events and includes invasion of privacy, critical judgments, deception, and disrespect in everyday life (Colquitt, Scott, Judge, & Shaw, 2006; Roch & Shanock, 2006). Four elements are found to use interpersonal communication and to encourage an interpersonal justice perception: (1) truthfulness in interaction; (2) decision explanation; (3) refraining from harmful statements; (4) treating employees with respect (Bies & Shapiro, 1987). Collectively it reflects that individual's sense of being treated properly at an interpersonal level (Khaleel, Chelliah, Khalid, Jamil, & Manzoor, 2016). The existence of interpersonal justice is

significant for the Frontline employees as if they receive fair treatment from their organizations they will develop a sense of trust towards their organization. For example, a study byWong *et al*. (2003) on 295 employees working in joint venture organizations found that employees trust in the management are associated with the interpersonal relationship of the manager and the subordinate. Employees who feel that they are fairly and friendly treated by the manager tends to have more trust towards the management. Hence

P3: Interpersonal justice will positively affect employee trust in management

Informational justice and employee trust in management

Informational justice has to do with the acceptability and credibility of details about processes as perceived by the individuals (Greenberg, 1993) and sharing the work related relevant information (Bies, 2005).Ambrose, Hess, and Ganesan (2007) explain informational justice as it provides an idea about events why it occurred as they did. This shows the fairness of the clear descriptions and explanations provided about procedures and decisions. Therefore, informational justice, not only provides the information regarding the events happen, but also about the rules and processes that direct the relationship. Bies (2005) proposes that scholars should be emphasis on the bigger approach of informational justice that is outside the circle of social accountability. Hence, the definition of informational justice should also include honesty in communication, suitable openness, and information sharing about organizational matters. In developing trust towards the management, fairness in the distribution of information has a key role. The individual who gets the fair feedback from the management develops more trust towards their management. Randolph (1995) suggested that sharing of performance related information to the employees will keep them informed about their participation in achieving organizational outcomes. Kramer and Cook (2004) concluded that exchange of timely and accurate information is associated with developing trust. Those employees who receive timely actual information possess more trust towards their management. Hence

P4: Informational justice will positively affect employee trust in management

Conceptual Research Framework

Based on prior studies and findings of review literature, the current study developed a research model for the purpose of examining the relationship between for dimensions of organizational justice and trust in management. The relationship between the variables is illustrated in figure 1.
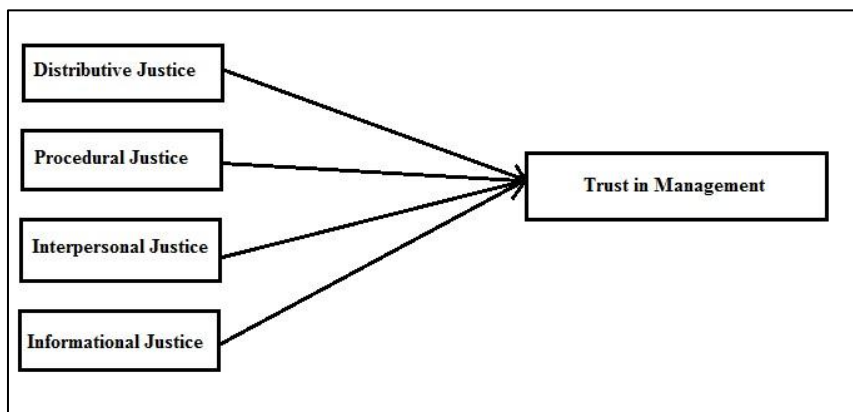
Figure 1: Conceptual Framework for the Study

Discussion

This study extends the research on organizational justice and trust in management by finding organizational justice as antecedent of trust in management.

As explained in the first section of the study that presence of organizational justice in the firm benefits both the employees and the employers. As organizational justice is predictor of several positive and negative organizational outcomes.

Since 1960s, the management, and social science literature (Evans, 1996) has recognized trust as an important social factor that is significantly related to the organizational performance. In the recent literature, trust is consider as an important outcome for the perception of fairness in the organization.

The main reason or problem statement to conduct this study was to prompt the employer to create an environment of justice that leads to the employees' trust towards their management. It is important to gain the trust of the employees in order to attain the organizational goals successfully. This study is conducted to inform the employers to develop trust in the employee by implementing fairness in the distribution of rewards, procedures, information and communication.

Conclusion

The main goal of this study is to develop a new conceptual framework for the trust in management among the employee. Other objectives for this study are to examine the concept of trust in management, its importance, antecedents, and outcomes. This study also examines distributive justice, procedural justice, interpersonal justice and informational justice as predictors of trust in management. Individual who finds injustice in the organization have less or no trust towards their management. Therefore to attain the trust of the employees there is a need to develop an environment of justice. Finally, one of the principal findings of this paper is that trust in management is a recognizable concept based on relationships.

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