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Key words

Trust, management, discretionary extra-role behaviour, character trust

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Introduction

The development of sustainable competitive advantage is a vital management function and critical to this, is the need for management to encourage employee behaviour that is spontaneous and innovative. This will extend to encouraging employees to go beyond their role prescription and act, in a discretionary way, to support the goals of the organisation.

How to get this discretionary effort is still a mystery, according to Bath (2005) but, as work becomes more individualised, this need to get discretionary effort from employees becomes even more important. This is because the knowledge, skills and abilities of individual employees are still needed if the organisation is to successfully
build the level of its social capital. If the knowledge, skills and abilities of employees can be accessed and harnessed, through cooperation and collective action, then social capital will start to develop and will become embedded in the social networks of the organisation.

Research conducted with employees of Local Government Councils in New South Wales, Australia, shows that trust in management is a strong indicator of the level of discretionary extra-role behaviour (Sharkie 2007). Gillespie and Mann (2004, 590) similarly argue that trust in management is an important determinant of the level of discretionary effort and that ‘… all theories posit trust as a central feature of the relationship leaders have with their followers, and postulate that it is through follower’s trust and respect in their leader, that they are motivated to perform beyond expectations’.

Trust is needed for discretionary extra-role behaviour

Fiol (2003, 84) claims that trust is an essential element in all social relations and that this trust requires an individual to have confidence in the ability, character and integrity of another person. He claims that without trust in social relations ‘… knowledge is withheld instead of disseminated and protected rather than enlarged upon. When the level of trust is low, people are gripped by worry and fear and use their energies to protect themselves and limit personal involvement’.

At the organisational level the culture, or work environment, will reflect the values and behaviours espoused by management and individuals will make independent, subjective evaluations about how they will be affected. If their perception is unfavourable, or their management is viewed as untrustworthy, then potential positive extra-role behaviour will be discouraged. Moreover, Guest and Conway (1997) contend that perceptions about the supportiveness of the culture will be based on: The perceptions of fairness and equity; perceptions of trust; expectations of future benefits likely to flow to them; and the way in which these benefits are to be made available to them.
Support for the proposition that trust in management is a key element in an individual’s decision to share their knowledge, comes from Dirks and Ferin (2001) and from Noe, Collquitt, Limmering and Alvarez (2003), who contend that trust and the consequent willingness to be vulnerable to another party, is needed before individuals will be willing to share their knowledge.

**Trust in management as a character based view of Trust**

Trust in management as a character based view of trust reflects the issues of leadership, reliability and integrity. Trust by the employee in the management of an organisation, will depend on their perceptions about a leader’s character and leadership ability, because employees are vulnerable to the power of management from a hierarchical perspective. This vertical perspective of trust, to a large extent, will be based on an examination of organisational decisions made by management, rather than on the personal experience of management’s character, words and actions. This is a consequence of not all employees having the opportunity to personally experience the performance of management. A positive perception, that management is likely to behave with integrity, benevolence and capability, is essential before employees are likely to put themselves at risk, by voluntarily engaging in discretionary extra-role behaviour (Mayer, Davis and Schoorman (1995)).

Trust is about the expectation, or belief, that the motives and actions of other persons are honourable and that they are likely to behave with integrity (O’Malley and Tynan 1997). In an employment situation, trust is therefore about ‘… the willingness of a subordinate to be vulnerable to the actions of his or her supervisor, whose behaviours and actions he or she cannot control’ (Tan and Tan 2000, 243). This is supported by Cook and Wall (1980) who define trust as the extent to which one is willing to ascribe good intentions, and have confidence in the words and actions of others.

Newell, Robertson, Scarbrough and Swan (2002) contend that trust is a psychological mechanism that an individual uses to decide if exposing themselves to risks, and making themselves vulnerable by engaging in discretionary extra-role behaviour, will
be associated with acceptable levels of hurt or risk to themselves. Because of the risks and uncertainties, individuals are going to be potentially vulnerable in such areas as self efficacy, reputation and financial position. Stompka (1999, 25) contends that because of this, ‘… trusting becomes a crucial strategy for dealing with an uncertain and uncontrollable future’. Moreover, this argument is also supported by Weick (2001) who claims that an organisation can only handle unexpected problems, occurring in turbulent times, by placing high importance on trust.

Improving the level of employee confidence in management is important for trust and discretionary effort. Gillespie and Mann (2004) argue that there were three practices that were critically important for the level of trust that employees had in their superiors: Acting in ways that build confidence and pride in employees; communicating and role modelling the organisation’s vision and goals; and the inspirational motivation of these common values and goals, so that they can be readily adopted by the employees as shared goals.

The change to a new implicit psychological contract

This paper follows the Bowen, Gilliland and Folger (1999) expression of the employment relationship as being through a psychological contract involving two parties and embodying the implicit rules and regulations that determine the relationship. Harrison and Kessels (2004) argue that the psychological contract incorporates the felt or perceived expectations of wants and rights of both parties, as well as incorporating the emotional and social aspects of the implicit agreement.

The employment relationship can be expressed as being explicit or implicit. An explicit relationship would attempt to specify the duties, terms and conditions of the employment and the rewards which are likely to flow to the employee in return for their meeting their obligations to the employer. Yet in times of rapid change, it is extremely difficult for management to predict and make explicit, the full expectations that will be required from employees now and in the future.
A number of writers have argued that there has been a significant shift in the relationship between employers and employees. They claim that the traditional principles of reciprocity, long term commitment and internal promotion, have been adversely affected by recent social and economic changes and changes in employment relations (Cappelli 1999, Burgess and Campbell 1998). This paper contends that this has increased the level of precariousness in the employment relationship and that this has affected employee trust in management and employee behaviour.

Brosnan and Underhill (1998) have suggested that this higher level of precariousness, has caused a corresponding reduction in perceived job security, regular income and stable hours of work for employees. This erosion of the rights and protection built into permanent contracts has resulted from reduced union influence, persistent unemployment, agreements incorporating trade-offs, a move to individual workplace agreements and the expansion of non-permanent employment (Burgess and Campbell 1998).

It is important to recognise, according to Standing (1997), that it is not only traditional employment insecurity that is affected by the precariousness. Other areas of concern to employees are: The high level of income insecurity, where earnings are not stable and where income has become contingency based; working time insecurity – resulting from irregularity in the number of hours worked and where this may be insufficient to satisfy employee needs; and representation insecurity – where the employee has relatively low bargaining power, compared with that held by the employer.

These insecurities highlight the problem for employers in obtaining employee discretionary effort that will assist the organisation in achieving its goals. The problem is that ‘… innovations in work practices, or other forms of worker-management cooperation or productivity empowerment, are not likely to be sustained over time, when workers fear that by increasing productivity they will work themselves out of their jobs’ (Locke 1995, 18-19).

Despite the argument that employers have weakened their ties and guarantees to employees, employers still need to identify, access and then use the knowledge and
skills of employees, because it is skilled workers operating in a supportive culture who can potentially produce the only sustainable competitive advantage (Thurow 1999). Similarly Hanson, Dowling, Hitt, Ireland and Hoskisson (2005) support this argument, by claiming that the value of human capital in the development and use of capabilities to develop sustainable competitive advantage, must not be understated.

**Trust creation constitutes a massive managerial challenge**

Hull and Read (2003, 31) contend that creating trust is a ‘… mysterious social phenomena which develops by tiny incremental amounts, via an intricate cycle or web of trust creation, whereby the players in the process dance around the issues at stake for some time, before they each decide that the other person can be trusted and also that that other person is trusting in return’. According to Costa (2003), with the decline in the effectiveness of command/control management philosophies, there is a need for a more collaborative approach in relationships. Mollering, Backman and Lee (2004) support this and argue that the increasing need for flexibility and cooperation in decision making, highlights the importance of trust, because without trust, managers will not be able to: Reduce social uncertainty and vulnerability; increase organisational openness; or improve the level of organisational performance.

The diminishing importance of power coming from explicit employment relationships and from power positions in the hierarchy, has placed more emphasis on trust (Bijlsma and Koopma 2003) because trust makes voluntary cooperation possible. Tyler (2003) agrees that trust is critical because of the strong desire to understand how to create effective cooperation within the organisation.

The importance of trust, as a determinant of the level of cooperation by employees, is supported by Gillespie and Mann (2004, 602), who argued that trusting improves an employee’s confidence in their supervisor and this would make them ‘… more willing to make themselves vulnerable to the leader by engaging in trusting behaviour, like disclosing sensitive information or relying on the leader’s judgement’.

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This paper contends that perceptions by employees of their level of trust in management, is a critical factor in their behaviour and argues that individuals independently, subjectively and interpretively, form their own perceptions about the culture, or work environment, and continually reassess and act on their feelings. Support comes from Dirks and Ferrin (2001) who argue that trust in management is a key element in the decision to contribute to the organisation.

The challenge for management is to build this trust in order to obtain the discretionary contributions of employees. If an employee perceives that the culture is favourable to them, then the prospects for engaging in positive sharing behaviour are likely to be maximised.

**Trust at the team level**

The argument that group identity, flowing from a supportive work team, is positively related to trust and knowledge sharing, is based on social capital theory and social dilemma theory according to Cabrera (2003). Teams are important in the development of an organisational environment where employees feel comfortable enough to share ideas. Irmer (2002) found that an environment that promoted group identification was a predictor of discretionary extra-role behaviour and that this was more pronounced with fellow members of their own work group rather than with other employees.

Identification with a group, and perceptions of a supportive work team, are factors in the development of trust, leading to discretionary extra-role behaviour, according to research by Fuchs (2003). This research also showed a very positive correlation between a management system that supports cooperation between staff and the level of trust within the organisation. He argued that it was the level of trust that determined the extent and quality of this cooperation. One of management’s role in this sharing, is to create a sense of mutual dependency in the team by clearly articulating how the sharing can help the team, the individual and the organisation (Von Krogh, Ichizo and Nonaka (2000)).
The development of a context where sharing and contribution are accepted as the norm, will require managers to give strong encouragement to, and emphasis on, the development of self thought, autonomy and diversity of opinion. This will require managers to practice active empathy with their employees, by making sure that help is freely available and that a high level of respect for the individual is demonstrated.

**Indicators of trust in management and discretionary extra-role behaviour**

Notwithstanding the importance of trust in management in assessing the likely discretionary contribution by employees, research reported by Hall (2004) showed that only 36% of respondents agreed that management is open and honest with employees, and only 37% agreed that management inspires trust in employees. It is critical therefore that management gain an understanding of the factors which are likely to influence the level of trust in management. This is important because research has shown that trust is a strong determinant of the willingness to engage in discretionary extra-role behaviour (Sharkie 2007).

Research on employees of Local Government Councils in NSW, Australia, showed that there were three significant indicators of trust in management: Use of high performance HR practices; level of status recognition; and an expectancy of procedural justice (Sharkie 2007).

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(i) Research by Sharkie (2007) has shown that perceptions about the use of high performance HR practices are making significant unique contributions to the variance of trust in management (standardised regression $\beta = .370$, $\rho = .000$, $R^2 = .569$).

Perceptions about the use of high performance HR practices are based on how employees see these HR practices affecting the conditions under which they work. There is no universal acceptance of which practices should be included, but the selection is designed to encourage the development of high skills, together with the discretion and opportunity to use these skills in conjunction with other employees (Batt 2002).
The level of status recognition is a strong and significant indicator of trust in management. \((\beta = .336, \rho = .000, R^2 = .569)\). Status recognition is a measure of the perceived fairness of the procedures of the organisation, which helps in turn to define an employee’s status within the group. It is therefore a measure of whether they consider they have been treated politely, with dignity and have had respect shown for their rights (Tyler and Blader 2000).

Expectancy of procedural justice, is a measure of perceptions about the extent of employee input and involvement in decision making. Konovsky and Pugh (1994) argued that this was a predictor of trust in management and is a perception which demonstrates to employees that their rights and dignity are respected.

The importance of this factor, as an indicator of trust in management, is confirmed by Sharkie (2007) which shows that expectancy of procedural justice is making a significant and unique contribution to trust in management \((\beta = .154, \rho = .004, R^2 = .569)\).

The above 3 indicators are together making a unique contribution of 13.7% towards the 56.9% explanation of the variance in trust in management. The difference of 43.2% is explained by the shared contribution of these three measures. This large shared contribution is associated with the high correlation of these measures with trust in management.

**Conclusion**

This paper has argued that trust in management (as a character form of trust), is likely to have an important affect on the level of discretionary extra-role behaviour. It is therefore essential to identify and understand the indicators, or factors, which lead employees to form positive perceptions about their trust in management. This
understanding is important because of the potential reciprocal actions that may be
taken by an employee to make a contribution to the organisation, based on their
perceptions of their trust in management. It has been argued that positive
contributions will assist the organisation to reach its goals.

Coyle-Shapiro (2002) argues that employees who have higher trust in their
organisation are more likely to reciprocate in the form of discretionary extra-role
behaviour, because of their heightened expectations that the relationship would
deliver on future promises. On the other hand, perceptions by an employee, that the
management has failed to deliver on their expected contributions to employees, results
in a lowering of trust in the organisation and reduced discretionary extra-role
behaviour, according to Robinson (1996).

This paper has identified: The use of high performance HR practices; the level of
status recognition; and the expectancy of procedural justice, as factors that
significantly affect trust in management. This will be very valuable for management
in that it provides clear guidance as to the factors that are important to employees in
their willingness, or otherwise, to trust management. This new understanding will
enable managers to concentrate on the factors which are likely to provide the largest
improvement in the level of trust in management, which has in turn been shown to
have a large affect on discretionary extra-role behaviour.

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Figure 1: Indicators of trust in management

Use of high performance HR practices

Level of status recognition

Expectancy of procedural justice

Indicators of trust in management

High trust in management

Positive discretionary extra-role behaviour

Low trust in management

Limited personal discretionary effort

Figure 2: Pearson correlation – Trust in management and its indicators

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