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**Abstract:** The intellectual capital of any organisation is often its most valuable asset and organisational performance depends on the capture, development and exploitation of the explicit and implicit knowledge that exists in the organisation. The problem for organisations is that, although they need to access the knowledge of their employees, this contribution by employees is outside their job description and therefore any contribution is discretionary. Such discretionary extra-role behaviour by employees is a vital input to organisations because managers cannot specify in an employment contract all of the demands they will place on employees. To encourage this discretionary behaviour, organisations therefore need to create an appropriate environment and shared mindset where employees are encouraged to share their knowledge with others for the benefit of the organisation. This paper will discuss trust in management as an important indicator of this willingness to engage in positive discretionary extra-role behaviour.
TRUST IN MANAGEMENT AS AN IMPORTANT DETERMINANT OF THE WILLINGNESS TO ENGAGE IN DISCRETIONARY EXTRA-ROLE BEHAVIOUR

Abstract

The intellectual capital of any organisation is often its most valuable asset and organisational performance depends on the capture, development and exploitation of the explicit and implicit knowledge that exists in the organisation. The problem for organisations is that, although they need to access the knowledge of their employees, this contribution by employees is outside their job description and therefore any contribution is discretionary.

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This paper will discuss trust in management as an important indicator of this willingness to engage in positive discretionary extra-role behaviour.

Key words

Trust, Trust in management, Discretionary extra-role behaviour, Psychological contract.

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Introduction

Organisations operate through people and it is likely therefore that their contributions,
particularly their discretionary extra-role contributions, will be important for the
success of an organisation. Organisations need to access, develop and then harness the
knowledge, skills and abilities of their employees because this can enable them to
improve their performance (Teece, Pisano and Shuen, 1997; Housel and Bell, 2000).

One problem facing organisations is that the traditional employment relationship of
long term commitment, reciprocity and job security has declined and been replaced by
a new psychological contract which incorporates higher levels of precariousness
(Cappelli, 1999). The reduction in employer guarantees to employees, and the
consequent reduction in commitment by employees back to the organisation, has
highlighted the important need to understand how employees decide on their level of
discretionary effort.

The importance of trust in management in gaining discretionary effort from
employees and increasing organisational effectiveness is being recognised, according
to Dirks (2000). Trust is also seen as a significant contributor to organisational
performance because employees’ discretionary contributions cannot be easily
replicated or imitated (Jones and George, 1998).

Trust as a prerequisite for communication and for discretionary extra-role
behaviour

Von Krogh, Ichizo and Nonaka (2000) claim that the basis for discretionary extra-role
behaviour is the establishment of trust as a prerequisite for the effective
communication of ideas. If the trust level is high and resilient enough, it facilitates the
development of a network of interactions which is essential to maximise the value of
discretionary contributions from employees. Infrastructure, technology and rhetoric cannot be relied on to create this communication flow, according to Davenport and Prusak (2000). Trust is likely to be the essential element in the knowledge exchange process, a process that relies on personal acquaintance, reputation and promises of reciprocity. Thus individual contact is needed to overcome a number of impediments in the knowledge exchange market. These impediments arise partly because organisations do not always know where the skills and knowledge are located within the organisation, and partly because skills and knowledge are not evenly spread throughout the organisation. Goh (2002) argues that the relationship among individuals has an important influence on an individual’s propensity to contribute. Little trust is likely to develop in an extended relationship and therefore it is likely that less knowledge will be transferred in circumstances where the relationship is distant or the communication difficult.

According to Garvey and Williamson (2002), communication is likely to be more effective where there is openness, trust, respect for people and a commitment to truthfulness. If communication is open, it is likely to result in the production of new ideas and new ways of doing things but, as noted above, the prerequisite is trust. Trust can lead to, and is a necessary condition for, cooperative behaviour among individuals, groups or organisations. It is also a prerequisite for the development of sufficiently high levels of communication to effectively facilitate the sharing of skills and knowledge (Newell, Robertson, Scarbrough and Swan, 2002).

Moreover, Kaser and Miles (2002) have found that, in order to get high levels of cooperation and skills and knowledge sharing, management has to provide opportunities for workers to interact with others in order to develop sufficient levels of trust to enable this cooperation and sharing to proceed. Unfortunately, competitive pressures often force management to adopt procedures that may reduce opportunities for workers to communicate and build up trust. On the other hand, Chami and Fullenkamp (2002) argue that, where an organisation encourages and cultivates trust, the result will be higher performance as a result of increased cooperation and sharing of ideas and knowledge.
Trust is related to the perception an individual has about a number of factors: how they have been treated by the organisation, management and other employees; whether they perceive that these parties have been fair, kept their promises and met their obligations; and whether the parties can be trusted to fulfil their promises and obligations in the future (Guest and Conway, 2001; Fuchs, 2003). Management policies and practices that are likely to reflect the values and beliefs espoused by management may have a significant effect on how employees view the organisation. If employee perceptions are favourable, then the prospects for sharing are likely to be improved.

**The growth of precariousness in the employment relationship**

As discussed above, trust is the essential element in discretionary extra-role behaviour and the level of trust is currently decided in a context where the traditional employment relationship incorporating long term security, commitment and reciprocity has been replaced by a psychological contract with a high level of precariousness (Capelli, 1999). For employees who now perceive a greater level of precariousness in their employment relationship, discretionary extra-role behaviour is likely to be moderated by the level of perceived organisational support and the perceptions of trust in management. As this affects quality performance, management is responsible for fostering and supporting a culture of trust and sharing by putting individual employees at the centre of their considerations (Cohen and Prusack, 2001).

The traditional employment relationship, characterised by its behavioural principles of long-term commitment, reciprocity and internal promotion and development, has been adversely affected not only by the pressures of the marketplace, but also from management practices such as restructuring, downsizing and benchmarking. For example, although Housel and Bell (2000) recognise that some organisational knowledge can be owned and protected by procedures, processes, information management systems, trademarks, patents and contracts etc., they point to the potential dangers from the loss of managers and employees and the effect that the consequent loss of their embedded knowledge has on the organisation.
Employment security is fundamental to the implementation of most high performance management practices, according to Pfeffer and Vega (1999), with Locke (1995) arguing that innovations in work practices are not likely to be sustained over time when workers fear that by increasing productivity they will work themselves out of their jobs. On the other hand, Standing (1997) argues that there has been an overemphasis on employment insecurity that is a result of employers dismissing or laying off employees without great difficulty or cost. He argues that the critical areas of labour insecurity that should be considered are those that relate to income insecurity (unstable earnings or where earnings are contingency-based), working time insecurity (irregular hours at the discretion of the employer, and insufficient hours worked) and representation insecurity (where the employee has limited power to negotiate).

It could be argued that the new workplace relationships incorporate the implicit assumptions that employers can no longer offer job security, and that it is the responsibility of the employee to identify and develop their own skills. However Karpin (2001) argues that the employee should be entitled to expect that their employer will make them more employable by increasing their skills and experience, in return for the employee making their discretionary contributions to the organisation. Karpin also claims that if security is no longer included in the employment contract, then the benefit to the employee must come from being made more employable.

**Trust in management as an indicator of the level of trust**

The perception of trust as being character based suggests that employees make inferences about the leader’s character, such as their integrity or dependability, which in turn affects their level of trust. This perspective of trust in management exposes the vulnerability of the employee to the power of the management in a hierarchical relationship, with trust by the employee likely to depend on their perceptions of the character of the organisational leadership. In reporting on a survey of Australian workplaces by the on-line recruitment agency SEEK, Hall (2004) showed that only 36% of respondents agreed that management is open and honest with employees; only
37% agreed with the statement that management inspires trust in employees; and only 29.1% were happy or very happy in their job.

The more positive their assessment that management is trustworthy, the more likely it is that employees will feel safe and this is likely to result in higher organisational commitment, according to Dirks and Ferrin (2002). Similarly, Mayer, Davis and Schoorman (1995) assert that employees will feel safer engaging in behaviour that is likely to put them at risk (e.g. sharing sensitive information) if they believe that management will behave with integrity, benevolence and capability. Mayer and Gavin (1999) support this by arguing that lack of trust in a leader will create a distraction from engaging in high work performance. On the other hand, research by Tan and Tan (2000) on the antecedents of trust in organisations, shows that perceived organisational support, procedural justice and distributive justice are all significant predictors of the level of trust in organisations. Two of these factors are supported by Connell, Ferres and Travaglione (2003) who found that perceived organisational support, procedural justice and transformational leadership were significant determinants of trust in management.

Keen (1990) has concluded that the traditional management approaches have changed as organisation structures have been flattened and team control has strengthened. Möllering, Backmann and Lee (2004) support this and argue that as a result there is an increasing need for flexibility, cooperation and learning which requires organisational openness, both structurally and with regard to individual behaviour. This in turn highlights the importance of trust, which will enable managers to achieve organisational openness and ultimately, competitiveness, while reducing social uncertainty and vulnerability. This heightened importance placed on trust has resulted from the diminishing binding power of reciprocal obligations, from hierarchical relationships and from social institutions relying on hierarchy to sanction deviant behaviour (Bijlsma and Koopma, 2003).

With the decline in the effectiveness of the traditional command and control style of management, Costa (2003) argues that it is necessary to move to the adoption of a more collaborative approach which incorporates more sharing of responsibility and more employee participation in decision making. McLain and Hackman (1999) argue
that this more collaborative approach will depend on the trust which employees place in those for whom they work and will require employees to take discretionary extra-role actions outside of their legal and contractual obligations. Such actions will depend on the trust that employees place in management. Trust in management demonstrates a relationship between the two parties, with the strongest relationship measurement being job satisfaction, according to Dirks and Ferrin (2002), while research by Tan and Tan (2000) shows that trust in a supervisor is positively related to satisfaction with the supervisor and their innovative behaviour.

Trust is important because of the strong desire to understand how to create effective cooperation within organisations, and trust is the key because it enables cooperation (Tyler 2003). Bijlsma and Koopma (2003) also argue that trust is the key to organisational performance, because it makes discretionary effort possible. Such discretionary effort is necessary in a work environment where management is becoming more reliant on the voluntary engagement of employees. Möllering, Backmann and Lee (2004) argue that this increased reliance by management requires employees to accept changes to their job roles as part of their new responsibilities. They also need to accept the need to identify opportunities for the organisation, develop their innovative skills and involve themselves in continuous learning. They claim that this change will be difficult unless employees perceive management to be trustworthy - that is, competent, understanding and benevolent.

**Trust in supervisors is critical**

Tan and Tan (2000) also found that there was a flow through to trust in the organisational leadership if an employee makes a judgement that they will trust a supervisor and the supervisor reciprocates. Trust in a supervisor is described by Tan and Tan (2000) as 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, and whose responsibility is to communicate to them the goals and policies determined by top management. Gillespie and Mann (2004) claim that it is important that supervisors act in ways that not only build followers’ beliefs about the leaders’ trustworthiness, but also build their behavioural and emotional trust towards the leader.
Consistent and fair leadership can strengthen an employee’s trust in a supervisor (McLain and Hackman, 1999). The extent of an employee’s trust will depend on the processes of gathering and sharing evidence of trustworthiness, which depend in turn on the opportunities available for interaction and then evaluation. This interaction and evaluation is a continuing process, where the success or failure to achieve expected outcomes and new information about the capabilities of management leads to a re-evaluation of the risks that were taken and the assessment of the willingness of the employee to trust the management (McLain and Hackman, 1999).

Amabile (2005) claims that a leader’s behaviour leads employees to feel more or less supported by the leader and that perceptions of strong support seem to influence the amount of creative work. The author contends that high levels of leader support are important for creativity because this influences an employee’s sense of ownership and competence in the work, which leads to deeper, more motivated involvement in the work.

Gillespie and Mann (2004) argue that all theories posit trust as a central feature of the relationship leaders have with their followers, and postulate that it is through followers’ trust and respect in their leader that they are motivated to perform beyond expectations. Their research shows that strong leadership practices of communicating and role modelling the organisation’s vision and goals, inspirational motivation of common values to get them accepted as shared goals, and acting in ways that build respect, pride and confidence in employees, accounted for 67% of the trust that employees had in their supervisor.

Employees assume that supervisors make either positive or negative evaluations of them and of the value of their contribution to the organisation (Eisenberger and Stinglhamber, Vandenberghe, Sucharski and Rhoades, 2002). Positive evaluations and demonstrations of concern are likely to be reinforced if the employee also perceives that their supervisor is valued and accorded high status within the organisation, because this means that the supervisor has an influence over important organisational decisions which may impact on the employee.
The level of expectations that are placed on an employee by their supervisor will also affect how they view the supervisor. If a leader has high expectations of an employee, the employee may in fact be given more feedback, more training and more challenging jobs, according to Wayne, Shore and Liden (1997). The authors further argue that a good quality supervisor-employee exchange often results in an increase in discretionary rewards, extra resources, and more career advice or training as a result of the leader attributing the employee’s good behaviour to their internal qualities, and poor behaviour to forces external to them.

Conclusion

The psychological contract that existed under the lifetime employment model has been replaced by one with a strong element of precariousness in the employment relationship. This is likely to have profound ramifications for the discretionary effort that individuals make to an organisation. The breakdown of the traditional employment relationship has come at a critical time because the increasingly competitive environment heightens the need for organisations to be able to find, enhance and then use the talents of employees. The problem is that organisations expect this from employees whose level of trust is likely to have been diminished by the changed security and advancement conditions offered by the employer (Capelli, 1999; Casey, 1999; Werner and DeSimone, 2006).

This paper has highlighted the importance of discretionary extra-role behaviour and trust in management for organisational performance. Despite the need for discretionary contributions to the organisation, the new psychological contract is associated with a reduction in job security, long term commitment, reciprocity and internal promotion and development. The resultant perception by employees is an expectation of reduced benefits flowing to them from the organisation. Thus there is a vital need to understand the criteria that employees use to determine their discretionary, reciprocal contributions to the organisation.
References


