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Perceptions of Trust in an Organisation
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Perceptions of Trust in an Organisation

The Factors that Influence the Sharing of Tacit Knowledge

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Abstract: It is knowledge and the capabilities that can be produced from it, rather than physical assets or resources, which enhance the fundamental ability of an organisation to sustain its competitive advantage. The willingness of people to share their tacit knowledge for use by the organisation will be an important consideration because much of the organisation's knowledge base is embedded in its people. A dependent factor in this willingness to share may be the perception of trust staff have in an organisation, including their fellow workers. Trust and hence a predisposition to share tacit knowledge may be moderated by their perception of the values and beliefs espoused by top management, as they see these as setting the conditions of the psychological contract, the conditions under which work is undertaken and hence affecting their willingness to trust. This paper examines theoretical and empirical research and uses this to identify ten factors expressed in the form of propositions which may influence the willingness of individuals to trust their organisation and predispose them to share their tacit knowledge for the benefit of the organisation.

Keywords: Knowledge creation, Knowledge sharing, Trust, Knowledge management

Introduction

MANAGEMENT POLICIES AND practices, traditions, philosophical beliefs and the ways of doing things and the tone and expression of these will be reflected in the culture of an organisation and can act to encourage or discourage employees in the sharing of their knowledge. If the culture is perceived by an employee as being favourable to them, then the prospects for sharing are likely to be optimised and they may be predisposed to share their tacit knowledge. On the other hand, if the context is perceived to be unfavourable this has the potential to discourage the sharing of knowledge. The optimisation of knowledge sharing is likely to require a trusting, caring and non-threatening culture as a prerequisite before people are likely to enter into a sharing mode and make available their tacit knowledge. With perceptions of trust in the organisational climate being critical for knowledge sharing, it is important that the factors that influence these perceptions be identified.

This paper attempts to identify those factors which may create feelings of trust within an individual and therefore may predispose them to share their tacit knowledge. Trust is a subjective perception of how an organisation and its employees will relate to an individual in the future and will be based on an individual's perception of the culture of the organisation as viewed through the psychological contract. Trust will be operationalised in this paper as the perception an individual has about (1) how they have been treated by the organisation, management and other employees, (2) whether they perceive that these parties have been fair, kept their promises and met their obligations, and (3) whether the parties can be trusted to fulfill their promises and obligations in the future (Guest and Conway 2001; Fuchs 2003).

The emphasis in this paper is on the trust that is needed for sharing tacit knowledge because explicit knowledge is typically of low strategic value to an organisation in their pursuit of sustainable competitive advantage because the more commonly available knowledge is the greater the access to it by competitors and this reduction in exclusivity reduces the strategic value of this knowledge. This is not to undervalue explicit knowledge as an aid in increasing efficiency within the organisation but the availability and non-specificity of explicit knowledge lowers its strategic value. Propositions are developed in this paper about the factors which may reinforce the predisposition of individual employees to place their trust in an organisation and then share their tacit knowledge for the benefit of an organisation.

Factor 1 Affecting trust and Knowledge Sharing (Group Identity and Work Teams)

Shaiken, Lopez and Mankita (1997, p31) argue that the cultivation of self managed teams is important for the lean production approach of high performance work practices. They argue that teams substitute peer control for hierarchical control and as a result help people to feel accountable and responsible for organ-
isational success as well as providing an environment in which workers ‘more readily help one another and more freely share their knowledge.’ The importance of teams in the development of an environment where workers felt comfortable enough to share ideas was promoted by Irner (2002) who argued that group identification was a significant predictor of actual sharing of knowledge by individuals. They also argued that sharing was found to be more prevalent with members of their own group than with members of other groups. Group identity is also important as team member support for the sharing of new ideas increased the contribution of new ideas according to Axtell, Holman, Unsworth, Wall, Waterson and Harrington (2000).

Perceptions of a supportive work team together with identification with a group was a factor in the development of trust leading to knowledge sharing according to Fuchs (2003) who analysed 53 Austrian and German firms to examine the major organisational factors affecting trust of employees and hence their commitment to build social capital. He found a very positive relationship between a management system that supports cooperation between employees and trust within the organisation and the growth of social capital (Social Capital $r^2 = 0.29 \beta = 0.547$). Fuchs argued that it was trust that determined the quality of this cooperation. Further support for including supportive work teams and group identity as a factor in engendering trust comes from Ramsay, Schlarbrock and Harley (2000) who found a positive relationship between a number of high productivity practices, including team autonomy, and improvements in commitment and performance.

Knowledge sharing was found by Putnam (2000) to depend on the value placed on social relations and on whether this social network could be relied on for mutual support. Faraj and Wasko (2001) also found that there was a significant positive relationship between knowledge sharing and team identification. Research by MacDuffie (1995) in a review of 62 US automobile plants also supported the importance of work teams and group identity in the development of trust and argued that work practices incorporating work teams and employee involvement in quality control were a significant factor in explaining a strong connection between the introduction of high commitment HR policies and practices and higher productivity and quality.

**Proposition 1**

Group identity and the perception of work teams as being supportive will be positively related to trust and knowledge sharing.

**Factors 2 and 3 Affecting Trust and Knowledge Sharing (Individual and Group Obligation)**

This paper argues that trust is an important prerequisite for knowledge sharing and it is valuable therefore to examine factors that might affect this relationship. Oldham (2003) examined a number of contextual factors affecting the willingness to share creative ideas and argued that both commitment to an organisation and the perception that there was cultural support for doing so would both be favourable factors towards knowledge sharing. He further argued that feelings of obligation to help the organisation will be greater if an individual is committed to and intends to stay with the organisation and that supportive supervision and the perception that fellow workers believe sharing knowledge is the norm, will also increase the likelihood that individuals will share their knowledge. Frese, Teng and Wizmen (1999) also highlighted the need for cultural support and argued that Management in particular must encourage the development of this supportive climate to encourage knowledge sharing. They also found that more ideas were submitted when there was explicit encouragement from supervisors and coworkers to do so.

Normative commitment is derived from an ‘individual’s internalised beliefs about the appropriateness of being loyal’ and Meyer and Topolnytsky (2000, p342) argue that normative commitment with its distinct emphasis on obligations via the psychological contract might provide the best explanation of the strength of the likely commitment by an individual to an organisation and their predisposition to trust and then share knowledge for the benefit of the organisation.

Guest and Conway (2001) found that this obligation to an organisation was related to an individual’s perception about security of employment and this in turn was moderated by their perceptions of the case with which they would be able to find a job at least as good as their present one. The perceived opportunity to obtain such a job was strongly correlated with work satisfaction ($p < 0.01$).

**Proposition 2**

Feelings of obligation towards the organisation will be positively related to trust and knowledge sharing.

**Proposition 3**

Feelings of a cultural norm of obligation towards the organisation will be positively related to trust and knowledge sharing.
Factor 4 Affecting Trust and Knowledge Sharing (Individual Satisfaction)

Fuchs (2003) argued strongly that there was a connection between job satisfaction and the predisposition of individuals to trust an organisation and share their knowledge. His research on organisational factors affecting trust showed a very strong connection between idiosyncratic job content such as meaningfulness of work, work content and empowerment and the commitment of employees to invest in trust and social capital ($r^2 = 0.44$ Standardised $\beta = 0.665$). Leong, Furnham and Cooper (1996) supported this finding and argued that job challenge increases personal competence which in turn leads to increased commitment.

In line with the proposal that satisfaction moderates trust and knowledge sharing, Grover and Crocker (1995) found that family supportive policies eg. daycare assistance, were perceived by the worker as being supportive and fair. Similarly in a more restricted finding Scandura and Lankua (1997) found a positive relationship between availability of flexibility in work hours and commitment by females. Guest and Conway (2001) also found that satisfaction with job content was highly positively correlated with the provision of challenging and interesting work ($p < 0.001$) and that in particular worker satisfaction with a job was strongly related to job design and the opportunities available for direct participation.

Proposition 4

An individual’s satisfaction with the challenge, interest and perceived fairness in their own job will be positively correlated with trust and knowledge sharing.

Factor 5 Affecting Trust and Knowledge Sharing (Autonomy)

Fuchs (2003) supports the inclusion of autonomy as a factor in the generation of trust and knowledge sharing and showed a strong relationship ($r^2 = 0.24$) between the level of self-determination in the workplace and the level of trust and intrinsic motivation. It also showed a positive relationship between trust and the building of social capital based on a perception of being able to actively participate. A low status structure in an organisation was also seen as facilitating participation in the decision making process (Trust $r^2 = 0.02$, Social Capital $r^2 = 0.09$).

MacDuffie (1995) in examining quality and productivity in the US automobile industry showed a positive association between productivity and quality and employee involvement and the presence of low status differentials. Similarly Arthur (1994) found that steel mills using high commitment/high performance work practices such as participation, low status and decentralisation experienced higher performance and financial results. Pfeffer and Vega (1999) also emphasised the importance of autonomy and low status in an organisation because they argued that frontline skills and initiatives were needed to resolve organisational problems and that individuals needed to take responsibility for improving organisational practices.

Appelbaum, Bailey, Berg and Kallenberg (2000) examined a number of measurable outcomes of employee satisfaction such as commitment, job satisfaction, personal satisfaction and trust and found a very high positive relationship between these measures of satisfaction and high performance work practices which is supportive of the inclusion of autonomy and participation as factors which may influence the placing of trust in an organisation. Ramsay et al (2000) also found a strong relationship between improvements in productivity, performance and worker commitment and satisfaction with the level of job control and autonomy. Support for the proposal is also available from Guest and Conway (2001) who refer to two surveys by the UK Chartered Institute of Personnel and Development on the correlation between high performance work practices and satisfaction and found that direct participation ($p < 0.01$) and keeping workers informed ($p < 0.01$) were important factors in the self determination of work-related satisfaction.

Proposition 5

Perceptions of autonomy, participation, good information flows and a low status structure positively correlates with trust and knowledge sharing.

Factor 6 Affecting Trust and Knowledge Sharing (High Performance Work Practices)

This paper is seeking to determine those factors which may affect trust in an organisation which might in turn affect knowledge sharing intentions. Guest and Conway (2001) argued that working in a dynamic climate, categorised as being innovative, cutting edge and forward looking, was very positively correlated with worker-related satisfaction ($p < 0.001$) and that there was also a positive correlation between worker satisfaction and the perceived presence of the HR practices of Equal Opportunity ($p < 0.01$) and Anti-Harassment ($p < 0.05$).

Perceptions that an organisation was pursuing a policy of promoting from within was found by Meyer and Smith (1998) to be supportive of the individual and led to an increase in commitment. The finding was also supported by Pfeffer and Vega (1999) who showed that practices which were perceived as being supportive of employees eg. emphasis on selection and extensive training, demonstrated to employees that the organisation was interested in
operating an employment model which would deliver gains to the employees as well as to the organisation. Arthur (1994) also found that extensive training, a focus in the selection process on interpersonal skills and openness to learning were seen as supporting fairness and hence trust while MacDuffie (1995) also argued that extensive training as a component of high performance/commitment work practices was associated with higher levels of productivity and quality.

Proposition 6

The perceived presence of high performance work practices and a dynamic culture, as demonstrated in careful employee selection, training, promotion from within, equal opportunity, and anti-harassment are positively correlated with trust and knowledge sharing.

Factors 7 and 8 Affecting Trust and Knowledge Sharing (Non-judgemental Sharing and Mutual Sharing)

Knowledge which is tacit or personal is really subjective and highly specialised and will, according to Husted and Michailova (2000), be hard to formalise and communicate. There may therefore be a reluctance to share it because of a perceived fear that the knowledge will be inappropriately interpreted or that knowledge that is made available will be critically appraised and that as a consequence the provider will also be subjected to a critical evaluation. Support for a proposal that a non-judgemental climate is important for trust and knowledge sharing comes from Frese, Teng and Wiznen (1999) who recommended that Management needed to foster a culture of knowledge sharing and ensure that all ideas put forward were constructively considered, from Zhou and Oldham (2001) who showed that an expectation of helpful evaluations encouraged sharing and thus expectations of positive developmental evaluations and from Fuchs (2003) who found that an organisation showing concern for employees and allowing employees to discuss and reflect on what is being done will support the development of trust towards the organisation (Trust $r^2 = 0.03$, $\beta = 0.185$).

The importance of a non-judgemental climate was seen by Axtell, Holman, Unsworth, Wall, Waterson and Harrington (2000) to be more conducive to positive suggestions about work when the organisation’s climate was perceived as being non-judgemental. They found that individuals were more likely to share their personal knowledge if they expected their ideas to be positively received and not subject to ridicule. Oldham (2003) also argued that a non-judgemental organisational climate should enhance an employee’s willingness to share their creative ideas with others and that an organisation therefore needed to foster a culture of knowledge sharing and acknowledge both the idea that is submitted and the person who submitted it.

Finally Meyer and Allen (1997) showed that employees wanted fair treatment for their ideas because this was seen as contributing to their perceptions of competence and net worth. They argued that emotional attachment to an organisation was based on fair treatment as well as job characteristics and experiences. Guest and Conway (2001) also found a very strong positive correlation between perceptions of a friendly climate, described in terms of trusting, supportive, fair minded and public spirited and work-related satisfaction (p < 0.001) and this is a strong endorsement of the following propositions.

Proposition 7

Perceptions that ideas will be welcomed and assessed in a non-judgemental way will be positively correlated with trust and knowledge sharing.

Proposition 8

Perceptions that others will also share their knowledge will be positively correlated with trust and knowledge sharing.

Factor 9 Affecting Trust and Knowledge Sharing (Rewards)

Oldham (2003) lent support to including the rewarding of knowledge sharing as a factor which may predispose individual employees to place their trust in an organisation and then share their tacit knowledge. Oldham (2003) argued that creative ideas and the employees producing them must be rewarded and the rewards given must show support for idea sharing and must avoid the perception that the organisation is trying to control the generation of ideas. Husted and Michailova (2002) further argued that employees will be reluctant to share the results of their efforts with those who have not made the same investment in developing their own knowledge base and that it is important that care be taken to ensure that rewards go to the contributor of knowledge and not to those whose contribution is negligible.

Compensation based on performance was found by MacDuffie (1995) to be associated with higher levels of productivity and quality in US automobile plants while Appelbaum, Bailey, Berg and Kallen-berg (2002) found a strong connection between performance rewards and employee outcomes of commitment, job satisfaction, personal satisfaction and trust. Welbourne and Andrews (1996) on the other hand argued that a high performance approach to rewards had influenced the long term survival rate of the organisations in their study. Cabrera (2003) claimed that social dilemma theory, social exchange theory and expectancy theory supported the proposition that perceived rewards was a factor positively associated with knowledge sharing intentions and
behaviour. Despite this the author argued that rewards are perceived differently by different people and that, while theory supports the view that rewards would increase knowledge sharing, there are mixed empirical results about the effects of rewards on knowledge sharing.

Proposition 9
Expectations of rewards will be positively correlated with trust and knowledge sharing.

Factor 10 Affecting Trust and Knowledge Sharing (High Performance Work Practices)

Support for the inclusion of this factor comes from Welbourne and Andrews (1996) in their study of US organisations where they found that the value placed on high performance work practices was very positively correlated with the prospects for survival. Those organisations that had one standard deviation above the mean on their usage being 20% more likely to have survived than those one standard deviation below. The high performance approach showed a 42% greater chance of organisational survival between the top 16% and the bottom 16% of firms based on the extent of the adoption of this approach. Huselid (1995) also researched the emphasis placed on high performance work practices and found that a one standard deviation increase in the use of such practices reduced staff turnover by 7% and on a per employee basis, produced $27044 more in sales, $18641 in market value and $3814 in profits. A further study by Huselid and Becker (1997) showed a remarkable increase in shareholder wealth of $41000 per employee associated with a one standard deviation increase in the degree of application of high performance, high commitment work practices. Blimes et al (1997) also found that industrial organisations that placed greater importance on the role of their employees were able to produce higher financial returns for their shareholders than the average organisation.

Proposition 10
That higher numbers of supportive high performance work practices are positively correlated with trust and knowledge sharing.

Summary
This paper has examined the factors which may influence an individual’s predisposition to share their tacit knowledge for use by others. It has been proposed that these factors will create feelings of trust in an organisation and cause an individual to respond in a positive way by sharing their knowledge.

Ten propositions have been developed and the following factors have been argued as being positively related to trust and knowledge sharing:

1. Group identity and the perception of work teams as being supportive.
2. Feeling by an individual of obligation towards the organisation.
3. Cultural norm of obligation.
4. Individual satisfaction with challenge, interest and perceived fairness in a job.
5. Perceptions of autonomy and participation.
7. Perception that ideas will be welcomed and assessed in a non-judgemental way.
8. Perceptions that others will share their knowledge.

Conclusion
Knowledge is the most important strategic resource and the ability to acquire and develop it, share it and apply it can lead to sustainable competitive advantage (Grant 1996) because organisations with strong knowledge resources can combine traditional resources in new and distinctive ways and thereby provide superior value to customers (Teece et al 1997). Because of the importance of knowledge in the creation of sustainable competitive advantage it is important to examine the factors that may influence knowledge sharing because knowledge sharing will only be optimised if the culture of the organisation is perceived by an employee as being favourable to them.

It has been argued that trust is an important moderator of an individual’s predisposition to share their knowledge and this paper has isolated ten factors that may have an effect on the trust of an individual towards the organisation, management and other employees and hence the predisposition of that individual to share their tacit knowledge with others for the benefit of the organisation.

The need for research into the factors which may create feelings of trust in an organisation and cause an employee to respond in a positive way by sharing their knowledge is supported by Cabrera (2003, p2).

‘Clearly there are many reasons why individuals may choose not to share their knowledge. Therefore an important yet underdeveloped area of research in knowledge management is the identification of factors that may influence the willingness of individuals to share their knowledge with others, despite their reluctant tendencies’. Deeds, D. (2003) also argued that the development of and maintaining trust and
strong relationships across organisational boundaries and the role of individual organisational members in developing and maintaining this trust are important areas for future research.

Connell, Ferres and Travaglione (2003) also support the value of research on the factors that may create feelings of trust in an organisation and argue that ‘Nevertheless the most important finding was, perhaps, the strong influence of perceived organisational support on trust in managers. To the authors’ knowledge there is limited research that formally recognises this relationship using a perceived organisational support scale. Consequently this relationship presents a significant research opportunity given the increasing relevance of trust as an important factor in contributing to organisational effectiveness’.

Ten factors which may positively correlate with trust and knowledge sharing have been identified in this paper and included as research propositions. These propositions now need to be tested empirically.

References


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