Organizational Trust in the Contemporary Context: An Analytical Review

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Abstract

Organizational trust has become the key to fostering synergy in the relationship between employees and the company. Organizational trust can determine the level of employees' contribution to building the organization. Thus, it is essential to examine the changes that influence Organizational Trust. The purpose of this study is for organizations to understand how to enhance employee trust. This, in turn, enables employees to increase their participation, and organizations can receive maximum contributions from their employees. This study employs a literature review research method. In this method, the authors examine scholarly literature such as articles and books. This study found that Organizational Trust is influenced by changes in the era, global situations, and conditions. Organizational Trust is affected by competence, reliability, integrity, managerial practices, the Big Five, and impersonal trust. This research focuses on how Organizational Trust is influenced by indicators that have been examined in previous studies. This research holds high originality as it is conducted in accordance with the current needs of organizations.

Keywords: *Organizational Trust; Human Resources; Trust; Literature Review*

1. Introduction

Trust is a factor that influences human interaction and social functioning. In the contemporary context, trust plays a crucial role in the realm of organizations. Organizational trust is not an abstract concept but a crucial factor that affects various aspects such as culture, relationships, and even the performance of the organization. Trust forms the basis for building effective leadership, collaboration, and the success of the organization.

Organizational trust has evolved over time in response to social, technological, and economic changes. Traditional hierarchical models where employees implicitly trusted their leaders have transformed. Modern organizations are characterized by structural transparency and diverse workforces, leading to a complex understanding of trust.

Historically, trust in organizations was rooted in authority and control. Employees trusted their leaders because leaders had power and were expected to make the best decisions for the organization. However, the emergence of the information era and the democratization of knowledge have shifted the

basis of trust. Employees now seek transparency, authenticity, and shared values as the foundation of trust within their organizations. This evolution reflects a broader social shift towards greater individual autonomy and empowerment (Kellerman Barbara, 2012).

As a key player in shaping an organization's culture and performance, organizational trust can be likened to the lubricant that facilitates smooth functioning of internal and external relationships. Trust fosters cooperation, open communication, and a willingness to take measured risks, all of which are essential for building innovation and adaptability in today's rapidly changing business landscape.

Furthermore, trust is not limited to organizational boundaries. It plays a crucial role in building strong relationships between organizations and their employees, customers, partners, and stakeholders. Organizations with high levels of trust will generate high levels of loyalty from partners, employees, and customers alike.

The implications of trust within organizations are vast. Trust not only influences internal dynamics but also the relationship with the external environment and overall performance.

Internally, trust fosters a positive work environment marked by high morale, job satisfaction, and commitment. Employees are more likely to be engaged and motivated when they trust their leaders and coworkers, leading to increased productivity and innovation. Externally, trust is key to building and maintaining relationships with customers, partners, and stakeholders (Ferrin D L et al., 2007).

In 2019, the world was shocked by the spread of the COVID-19 virus. The pandemic that swept across almost all parts of the world brought challenges and changes to the social, economic, and cultural landscape. The COVID-19 pandemic brought about unique pressures on the dynamics of trust within organizations, both internally and externally. The pandemic altered the norms that had been in place for so long and forced rapid adaptation.

The pandemic accelerated changes at the speed of technological and informational influences that had to be adapted by society. Moreover, the most significant change occurred in how people view their lifestyles. People became more aware that time and health are crucial aspects to be pursued. These two factors prompted organizations to adapt to the demands of the times.

This study will analyze how the changes in organizational trust have occurred from the pre-pandemic era, through the pandemic, and into the post-pandemic period. Through this literature review, we will analyze how the factors influencing organizational trust have shifted over time. This research aims to provide recommendations for organizations to understand the changing factors affecting the building of organizational trust.

2. Methodology

2.1 Literature Review

A literature review entails a survey of scholarly articles, books, and other pertinent sources related to a specific issue, research area, or theory. It involves providing a description, summary, and critical evaluation of prior works. The objective of a literature review is to offer readers an overview of the sources that have been examined, demonstrating how this research contributes to the broader context. A literature review constitutes a description of relevant literature in a particular field or topic. Its purpose is to bring readers up to date with the latest literature on a subject and serve as the foundation for other objectives, such as justifying future research within that field (Ramdhani et al., 2014)

This structured literature review serves as a crucial initial step in this research. It provides a robust foundation for understanding Organizational Trust in the context of contemporary work and assists

in identifying the conceptual framework for further research. First, the authors gather a variety of literature sources that are relevant to the topic of Organizational Trust. These sources encompass scholarly articles, books, research reports, and other materials contributing to the understanding of the various facets of Organizational Trust.

Subsequently, the collected sources are grouped by the year of publication. This approach aids the authors in observing the evolution of the concept of Organizational Trust over time, as well as identifying changes and trends in the literature. Furthermore, the sources are then arranged chronologically. This sequencing allows researchers to explore the progression of understanding about Organizational Trust sequentially, enabling a view of how this topic has evolved from a literary perspective.

The categorization of sources is also done based on the phenomena that shape the model of Organizational Trust. With this approach, researchers seek to establish the relationships between existing theories and practices within the context of the current workplace environment. Finally, each source within the literature review undergoes critical evaluation. This evaluation encompasses an assessment of source reliability, the research methodology employed in the source, and the relevance of the information presented. This evaluation ensures that the sources used in the research maintain a high level of quality.

3. Model of Organizational Trust

In this research, the author will examine how Organizational Trust has evolved over time. This development will be depicted through changes in indicators that influence Organizational Trust, where each indicator is influenced by changes in eras as well as changes in the global situation and conditions. Figure 1 is a description of the current state of Organizational Trust:
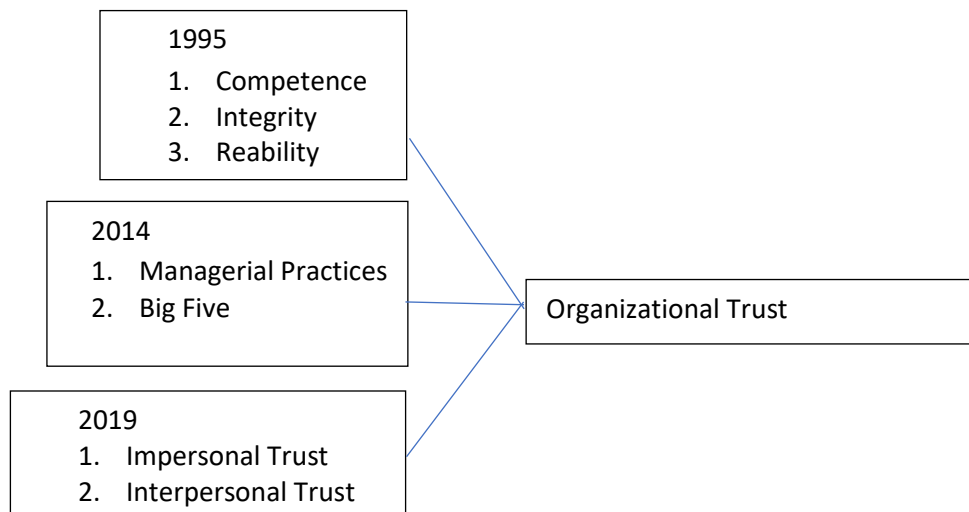

Figure 1: Organizational Trust Models

The indicators mentioned above are drawn from research conducted by Mayer et al., (1995), where Mayer found that Organizational Trust is influenced by an organization's reliability, integrity, and competence. In the study mentioned by Von & Ohe, n.d. (2014), it was found that Organizational Trust is influenced by two aspects, namely the Big Five and Managerial Practices. Furthermore, research conducted by Vanhala (2019) in (Jaskeviciute et al., 2021) found that Organizational Trust is influenced by Impersonal Trust.

4. Literatur Review

4.1 A Review of Experimental Research on Organizational Trust

This research was authored by Oliver Schilke, Andy Powell, and Maurice E. Schweitzer in 2023. In this study, organizational trust is depicted as a multi-faceted, multi-level, and dynamic construct. Organizational trust is characterized as a construct comprising several dimensions, such as affect or cognition, and it operates at both interpersonal and inter-organizational levels. Furthermore, organizational trust can develop between individuals and collectives and may evolve over time. However, most experimental research conducted thus far has primarily focused on goodness-based trust in dyadic relationships. Consequently, numerous questions remain unanswered regarding different forms and types of trust within the organizational context.

Previous studies have tended to emphasize goodness-based trust in dyadic relationships, whereas this research proposes to investigate ability-based trust and integrity-based trust. Additionally, this study underscores the importance of considering the history of relationships and its influence on trust, as well as exploring trust as a multi-level construct. This research also introduces an ideal-typical process model to develop or adapt experiments on trust in line with the research objectives.

Several factors influence organizational trust:

  a. Communication: Effective and transparent communication within an organization can foster trust among employees and between employees and management.

  b. Leadership: Trust in leaders and their behaviors, such as integrity, competence, and consistency, can significantly impact trust within the organization.

  c. Organizational Culture: A positive and supportive organizational culture that values trust, collaboration, and fairness can enhance trust among employees.

  d. Perception of Fairness: Fairness in decision-making processes, resource allocation, and treatment of employees can contribute to the development of trust within an organization.

  e. Relationship History: The history of interactions and experiences between individuals or groups can influence the level of trust in ongoing relationships.

  f. Perceived Competence: Trust can be influenced by perceptions of individual or organizational competence and expertise in fulfilling their roles and responsibilities.

  g. Shared Values and Norms: When individuals or groups share common values, beliefs, and norms, it can contribute to the development of trust within an organization.

  h. Trustworthiness: The perception of an individual or organization's trustworthiness, including their reliability, honesty, and ethical behavior, can impact trust within the organization.

These factors interact and mutually influence the formation of trust within organizations. Therefore, it is imperative for organizations to consider and address these factors to cultivate a culture of trust and enhance organizational performance (Schilke et al., 2023).

4.2 Preserving Organizational Trust During Disruption

The focus of this research analysis lies in intra-organizational trust, specifically the trust that employees place in the organization where they work. The authors perceive intra-organizational trust as a socially constructed "fragile" achievement carried out through social structures or discursive interactions, encompassing the organizational workplace and individual subjects.

The table above illustrates the distinctions between trust building, trust repair, and trust preservation. Trust Building is the process of establishing trust in a relationship or organization. Trust Repair is the process of restoring trust in a relationship or organization after it has been damaged or violated. Meanwhile, trust preservation focuses on safeguarding the trust that has been established when confronted with disruptions, while trust building and repair entail the establishment or restoration of trust in different contexts and situations (Gustafsson et al., 2021).

The above figure outlines the three main components underpinning organizational trust preservation, namely, conditional factors, trust preservation practices, and empowerment mechanisms. The factors, practices, and mechanisms influencing trust preservation within organizations are as follows:

Conditional Factors

a. Disruption to Familiarity: This factor pertains to significant events or disruptions that disturb the established workings of the organization and challenge its sustainability. It questions what has been built and introduces uncertainty.

b. Vulnerability Awareness: Disruption to familiarity makes vulnerabilities in the employee-organization relationships highly visible. Employees become aware of their vulnerability and the potential risks associated with the disruption.

Trust Preservation Practices

a. Cognitive Bridging: This practice involves shifting attention from the current uncertainty resulting from disruption toward a more positive view of the future built upon the organization's heritage. It reframes disruption as an opportunity for growth and development.

b. Emotion Processing: Emotion processing creates space, structure, and support that help organizational members cope with the emotional uncertainty and ambiguity triggered by disruptions. It acknowledges and addresses the emotional impact of disruptions, allowing individuals to work through their emotions and develop resilience.

c. Inclusive Implementation: Inclusive implementation allows for understanding and exchange by giving voice, sharing control, and ensuring fair procedures. It involves employees in decision-making processes and ensures they are heard. This practice fosters a sense of fairness, inclusion, and ownership.

4.2.1 Empowerment Mechanisms

a. Mobilizing Existing Trust Foundations: This mechanism involves safeguarding and implementing the core trust foundations within the organization. It requires organizational actors to be reflective and knowledgeable about specific trust foundations, collect them, and implement them based on specific trust foundations, reflecting the complexity of the changing context. This creates familiarity in uncertain situations.

b. Leader Role Understanding: Leaders play a crucial role in trust preservation by viewing themselves as guardians and protectors of the organization during disruptions. They understand the need to preserve the organization's heritage and have agency in how to respond to it. Their understanding of their role influences trust preservation.

c. Power Dynamics and Employee Agency: Power dynamics and politics shape the achievement of trust preservation. Trust preservation practices are typically initiated by empowered actors, such as managers. However, active acceptance, engagement, and legitimacy of non-managerial employees in their roles are also essential. Employees have agency to withdraw their trust if they interpret the situation and actions as inappropriate for sustained trust.

5. *Implication*

This research has implications for other theories in the fields of management and organizational psychology. Organizational trust plays a vital role in the Trust and Social Exchange theory. Trust and Social Exchange theory views human interactions within organizations as essentially a series of exchanges based on the principle of reciprocity. When employees feel they receive sufficient instrumental and emotional support, they are more willing to contribute their expertise to organizational development, build loyalty, and subsequently be willing to contribute more to the organization. Reciprocal trust primarily serves the function of promoting social exchange relationships. The relationship between Organizational Trust and organizational members' behavior, specifically Organizational Citizenship Behavior, reflects a social exchange relationship. Particularly, a trustworthy organizational environment can help build positive Social Exchange relationships between employees and the organization. Therefore, Organizational Trust can provide psychological security to organizational members, encouraging employees to freely voice their ideas and innovations, ultimately enhancing job performance (Dai et al., 2022).

Furthermore, Organizational Trust also has implications for Stakeholder Theory. Stakeholder theory identifies the organization's responsibility for the impact of its decisions and activities on society and the environment. Stakeholder Theory is defined as stakeholders being any group or individual who can influence or be influenced by the organization's objectives (Marzully Nur & Denies Priantinah, 2012).

Ivan Yulivan, in "Analysis of the Influence of Organizational Trust and Entrepreneurial Leadership on Employee Engagement in the Ministry of National Defense," noted that there is a positive and significant influence of Organizational Trust on Entrepreneurial Leadership and Employee Engagement. Organizational Trust contributes to building employees' trust in the organization, which, in turn, affects Entrepreneurial Leadership and Employee Engagement. Organizational Trust supports employees through the consistency, integrity, loyalty, competence, and openness practiced by the organization. With high trust, employees feel more engaged and highly motivated to achieve organizational goals. Additionally, Entrepreneurial Leadership plays a significant role in building employee trust. Leaders who use their influence to motivate employees and seize opportunities for the organization's progress can enhance trust and employee engagement. Hence, Organizational Trust plays a supportive role in creating optimal Entrepreneurial Leadership and Employee Engagement (Yulivan, 2022).

Johannsen & Zak, (2021) observed a positive relationship between Organizational Trust and Business Performance. This research indicates that trust within the organization and alignment with corporate goals is associated with improved employee engagement, longer tenure, high job satisfaction, lower chronic stress, improved life satisfaction, and higher productivity. It also highlights that management practices that enhance organizational trust have a positive impact on business performance.

Mürşide & Hamitoğlu (2019) found a relationship between Organizational Trust and Turnover Intention. This research suggests that the level of trust within an organization can influence employees' intentions to leave their jobs. The research shows that trust within the organization is negatively related to turnover intention. Additionally, trust in managers or leaders can also influence employee turnover intentions. If employees perceive leadership styles as positive, their turnover intentions will be reduced, and this relationship can be strengthened by trust in their leaders. Organizational Trust and trust in leaders are also associated with intentions to stay and turnover intentions. According to this research, the impact of Organizational Trust on Turnover Intention is that the level of trust within an organization can influence employees' intentions to leave their jobs. The research indicates that trust within the organization is negatively related to turnover intention. Additionally, trust in managers or leaders can also influence employee turnover intentions. If employees perceive leadership styles as positive, their turnover intentions will be reduced.

6. Result & Discussion

Organizational Trust is a concept that refers to an individual's trust in an organization's reliability, integrity, and competence (Mayer et al., 1995). It involves a willingness to be vulnerable and a belief that others will behave benevolently toward individuals who trust them. Organizational Trust can be analyzed at various levels, including the organizational, team, and individual levels (Jaskeviciute et al., 2021).

The ten factors studied by Mayer et al. (1995) serve as a foundation for researching the factors influencing Organizational Trust, a field of study that has been developed over time. Tan and Woodward (2005) and Zucker (1986) in Mühl, n.d. (2014), mention that the complexity of modern organizations requires three forms of trust: trust in processes, trust in systems, and trust in specific individuals. Zucker (2005) states that within organizations, institutionalized trust is explained as consisting of three distinct elements: specific individual and company actions, intermediaries, and regulation. These three mechanisms are considered to contribute to the trust required for economic exchange, but each mechanism has different capabilities in maintaining trust and ways in which trust can be built and eroded.

On the other hand, Martin, as mentioned in Von & Ohe, n.d. (2014), conducted a trust audit project involving 17 evaluated companies. This model was developed over several years, starting with questionnaire distribution and validation in 1997, with the initial model tested in 2000 for its first international publication. The model suggests that trust in organizations is built through specific managerial practices and personality characteristics, and that antecedents of interpersonal trust in an organizational setting occurred in 2002. Martin observed that trust, affecting Openness, Honesty, Fairness, Intention, and Belief, is influenced by the Big Five personality characteristics and Managerial Practices. The Big Five consists of agreeableness, conscientiousness, resourcefulness, emotional stability, and extraversion. Managerial practices, on the other hand, are influenced by information sharing, work support, credibility, and team management.

In 2019, marked the beginning of the tragedy of the spread of the Corona Virus or the Covid-19 pandemic. The Covid-19 pandemic has had a significant impact on Organizational Trust. Several studies have shown that the pandemic has disrupted trust within organizations and relationships between employees, management, and colleagues. The uncertainty caused by the pandemic, such as changes in work policies, a decline in organizational performance, and economic uncertainty, can reduce employees' trust in management and the organization. Moreover, the pandemic has also affected communication and collaboration among employees. With remote work and increased use of communication technology, employees may experience difficulties in building and maintaining interpersonal trust with their colleagues and superiors. The inability to interact directly and build strong relationships can hinder the formation of trust within the organization (Jaskeviciute et al., 2021).

The pandemic has also influenced employees' perceptions of organizational justice and support. Employees who feel that the organization did not provide adequate support during the pandemic, such as unfair work policies or lack of emotional support, may experience a decrease in trust in the organization. This negatively impacts job satisfaction and employee well-being. Therefore, it is crucial for organizations to take steps to build and maintain employee trust. This can involve clear and transparent communication about organizational policies and changes, providing adequate support to employees, and promoting effective collaboration and teamwork. Through these actions, companies can strengthen employee trust and enhance well-being during the pandemic.

According to Vanhala (2019) in (Jaskeviciute et al., 2021), the structure of Organizational Trust can be viewed from two perspectives: Interpersonal Trust and Impersonal Trust. Interpersonal Trust involves trust between individuals within the organization, such as trust between employees and managers or colleagues. In contrast, Impersonal Trust involves an individual's trust in the organization as a whole. In the structure of Interpersonal Trust, trust is built through the relationships of individuals within the organization. This involves trust in the competence, benevolence, and reliability of other individuals. For

example, an employee may trust the abilities and integrity of their manager or the goodwill and support of their colleagues. On the other hand, the structure of Impersonal Trust involves an individual's trust in the organization as a whole. This involves trust in the fairness, support, and reliability of the organization in fulfilling its obligations to employees. For instance, an employee may trust that the organization will provide fair policies, adequate support, and maintain reliability in its operations. These two types of trust are interrelated and mutually influence each other. For example, an individual's trust in their manager can affect their trust in the organization as a whole.

Post-pandemic, there have been significant changes in organizational trust. Many organizations have experienced a decline in trust from their employees. Research indicates that the Covid-19 pandemic has disrupted employees' trust in their organizations. High uncertainty, changes in work practices, and increased technology usage have affected employees' trust in the organization (Weibel et al., 2023).

In their research titled "Smart Tech is All Around Us - Bridging Employee Vulnerability with Organizational Active Trust-Building," Weibel et al. (2023) found that organizational trust can be influenced by factors such as high uncertainty, changes in work practices, and the organization's response to the pandemic. High uncertainty can reduce employees' trust in their organizations. Changes in work practices and technology usage can also impact organizational trust.

One significant impact of the pandemic on the workplace is the emergence of remote work models. Many studies have highlighted the advantages of remote work, such as work-life balance and higher productivity, as well as challenges like loneliness and less effective communication. The pandemic has accelerated the transformation of work models and emphasized the need for flexibility and adaptability in organizations (Savić & Dobrijević, 2022).

Conclusion

This research provides important insights into the role of Organizational Trust in contemporary contexts, especially when facing unforeseen challenges like the Covid-19 pandemic. The study's findings affirm that Organizational Trust is significantly influenced by an organization's ability to be flexible in adapting to rapidly changing work environments.

The Covid-19 pandemic has had a profound impact on the world of work, requiring organizations to swiftly adapt their strategies, structures, processes, and resources. The success of an organization in maintaining and enhancing employees' trust levels in this situation is crucial to ensure optimal workforce participation and contribution.

This underscores the importance of effective management in planning and implementing necessary changes, as well as open and transparent communication with employees. The conclusion of this research is that Organizational Trust is not a static attribute but something that continuously evolves and adapts to a changing environment. In a dynamic work environment, organizations need to consistently consider strategies and actions that allow them to maintain high levels of trust among their employees.

In the face of unforeseen changes, organizations that can preserve and enhance Organizational Trust will have a significant competitive advantage and the ability to harness maximum contributions from their human resources.

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