Trust That Binds: The Impact of Collective Felt Trust on Organizational Performance

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The impact of employees’ collective perceptions of being trusted by management was examined with a longitudinal study involving 88 retail stores. Drawing on the appropriateness framework (March, 1994; Weber, Kopelman, & Messick, 2004), the authors develop and test a model showing that when employees in an organization perceive they are trusted by management, increases in the presence of responsibility norms, as well as in the sales performance and customer service performance of the organization, are observed. Moreover, the relationship between perceptions of being trusted and sales performance is fully mediated by responsibility norms.

Keywords: trust, responsibility, organizational performance, appropriateness theory

In recent years, research on the importance of trust in organizations has grown rapidly. Notably, researchers have sought to understand the relationship between trust, defined as the willingness to be vulnerable based upon positive expectations of the intentions or behavior of another (Rousseau, Sitkin, Burt, & Camerer, 1998), and organizational performance. Many have hypothesized that trust in management should enhance organizational performance (e.g., Argyris, 1962; Golembiewski & McConkie, 1975; Larson & LaFasto, 1989), and others have found a relationship between trust in higher-ups and workplace correlates of organizational performance (e.g., Kim & Mauborgne, 1993; Rich, 1997; Robinson, 1996). Two empirical studies have directly examined trust in management and actual performance at the group or organization level. Dirks (2000) found team members’ trust in coaches to be related to the performance of basketball teams. Similarly, Davis, Schoorman, Mayer, and Tan (2000) found that employees’ trust in the general manager of a given restaurant was positively related to the restaurant’s sales and net profits. Taken together, these results suggest that employees’ collective perceptions of trust in management can influence the performance of the organization.

Yet, as Mayer and Gavin (2005) clearly stated, there is much we still need to learn about the impact of trust on performance. In particular, whereas attention thus far has focused on how behavior and performance are affected by trusting, we do not yet understand if, and how, behavior and performance are affected by being trusted (Kramer, 1996). Indeed, employees’ behavior may be shaped not only by how much they trust management but also by how much they feel trusted by management—two distinct constructs that need not be balanced or mutual in hierarchical relationships (Brower, Schoorman, & Tan, 2000). To fully understand the trust–performance dynamic and its underlying causes, we therefore need to consider not only the effect of employee trust in management, as we have done to date, but also how being trusted, in and of itself, affects employee behavior. Indeed, our ability to predict and manage employee behavior by uncovering its potential antecedents is fundamental to the field and critical to improving organizational effectiveness. As such, our study will have value to both researchers and managers to the extent that we can show that employees’ experience of being trusted impacts behavior directly tied to organizational effectiveness.

The purpose of this study, then, is to address this gap in our knowledge by examining if, and how, employees’ perception of the extent to which they are being trusted affects organizational performance. Drawing on the appropriateness framework (March, 1994; Messick, 1999; Weber et al., 2004), we contend that when employees perceive they are trusted by management, they are likely to develop higher responsibility norms, or assign greater importance to assuming responsibility for organizational outcomes. Higher responsibility norms, in turn, enhance organizational performance.

The focus of this article is important for two main reasons. First, it contributes to trust research—not only by advancing understanding of the relationship between trust and organizational performance but also by potentially shedding light on dynamics of trust that are not currently considered in models of trust. Current models (e.g., Mayer, Davis, & Schoorman, 1995) posit that a party decides whether to trust the other (the trustee) on the basis of expectations about the other party’s future behavior, as determined by the perceived trustworthiness of the trustee. Yet, if our study shows that being trusted affects behavior, it suggests that the decision to trust should incorporate assessments of others’ future behavior based not only on evaluations about trustworthiness but also on how the act of bestowing (or not bestowing) trust, in itself, will...
affect that future behavior. In the employment context, this sug-
gests that managers need to determine how much trust to give
employees on the basis of not only their judgments of employees’
trustworthiness but also their evaluations of how giving them trust
may influence employees’ future behavior.

A second potential contribution of our study is that by examin-
ing whether being trusted affects performance, some light may be
shed on the ongoing debate across management philosophies.
Indeed, the extent to which management should trust employees to
enhance organizational performance is one of the differences be-
tween philosophies of management. For example, control-oriented
philosophies of management, rooted in economic rationality, as-
sume that alternatives to trust are necessary and therefore focus on
the creation of mechanisms that ensure employees’ compliance
(e.g., Jensen & Meckling, 1976). In contrast, high involvement or
empowerment management philosophies assume that trusting em-
ployees is critical (e.g., Argyris, 1962; Lawler, 1992) and that
control theorists may overlook the favorable impact that employ-
ees’ perceptions of trust can have on their behavior (Davis, Schoor-
man, & Donaldson, 1997). Surprisingly, trust research to date has
not yet empirically examined whether and why employees’ per-
ception of being trusted by management affects organizational
performance. This article may add new insights to this discussion.

Collective Felt Trust

Organizations differ in the extent to which they trust the work-
force; some highly trust their employees, others minimize their
vulnerability to them. We contend that, over time, employees
working together in the same organization come to agree on the
extent to which they are trusted by management. We call this
shared group-level cognition collective felt trust. This collective
perception is likely to be prompted by procedures or systems
implemented in the organizations as well as by management be-
avior.

Collective felt trust differs from other relational constructs
found within the employment context, namely, perceived organi-
zational support, procedural justice climate, and trust in manage-
ment. Perceived organizational support, or global beliefs concern-
ing the extent to which the organization values employees’
contributions and cares about their well-being (Eisenberger, Hun-
tington, Hutchison, & Sowa, 1986), is similar to collective felt
trust in that it addresses the relationship between an employee and
the employing organization. However, perceived organizational
support focuses on employees’ belief concerning the extent to
which the organization cares about their well-being and supports
them rather than on how much the organization is willing to be
vulnerable to employees, based on positive evaluations of their
trustworthiness.

Procedural justice climate and collective felt trust both address
a group-level perception regarding managerial treatment of em-
ployees. Nevertheless, they address different aspects of employee
behavior. Procedural justice climate, a team-level cognition re-
garding how fairly the team as a whole is treated procedurally
(Naumann & Bennett, 2000) focuses on the extent to which the
policies, practices, and procedures of the organization are per-
ceived as fair (Moorman, 1991). Collective felt trust, on the other
hand, addresses employees’ global perception regarding the extent
that the organization trusts them.

Finally, trust in management differs from felt trust by manage-
ment. Researchers have suggested that these constructs should be
conceptually and empirically separated and are not necessarily
mutual or balanced in hierarchical relationships (Brower et al.,
2000). To date, however, whereas extensive research has examined
the effect of employee trust in management (see Dirks & Ferrin,
2002, for a meta-analysis), little research has empirically examined
the organizational outcomes of felt trust. In this study, we examine
the effect of collective felt trust on organizational performance
while controlling for employees’ trust in management.

Theoretical Framework and Hypotheses

It has been repeatedly suggested in the organizational literature
that in environments where employees feel trusted by manage-
ment, employees will be more motivated to cooperate with the
organization (e.g., Argyris, 1962; Davis et al., 1997; McGregor,
1960). Although this proposition has been frequently advanced, it
has not been empirically tested, and the underlying mechanisms of
the felt trust–performance relationship remain unclear and unmea-
ured. In this article, we draw on the appropriateness framework
(March, 1994; Messick, 1999; Weber et al., 2004) to examine how
collective felt trust leads to enhanced organizational performance.
Specifically, as described in Figure 1, we suggest that collective
felt trust affects organizational performance through responsibility
norms.

The appropriateness framework proposes that individuals’ be-
havior in social settings is influenced by their interpretation of
what constitutes the appropriate conduct in a given social context
(Messick, 1999). In contrast to more rational models of social
behavior, which adopt a logic of consequences (i.e., actors are
viewed as choosing rationally among alternative behaviors on the
basis of their calculations of expected consequences), this theoret-
ical framework adopts a logic of appropriateness (i.e., actors are
viewed as acting on the basis of conceptions of appropriate action).
The appropriateness framework thus highlights that individuals
attend to the normative context of their environment (Weber et al.,
2004).

According to the appropriateness framework, employees’ be-
haviors are driven in part by their interpretation and definition of
the social environment in which they find themselves. Before
individuals act, they must first know what kind of social environ-
ment they are acting within (Messick, 1999). Individuals engage in
interpreting and making sense of their environments through an
interplay of existing knowledge structures and external informa-
tion (Weick, 1979). Sense-making and interpretation are facilitated
by the use of categories and schemas or cognitive frameworks that
help organize knowledge. On the basis of environmental cues,
individuals make sense of their situation and categorize a partic-
ular context as one type over another.

The appropriateness framework further suggests that individu-
als’ interpretation of an environment as a particular type leads to

![Figure 1. Collective felt trust and organizational performance.](image-url)
social judgments about the appropriate behavior in that situation—judgments involving a constellation of beliefs about what one is expected to do, what others will do, and the norms or social heuristics appropriate to this kind of social environment (Messick, 1999; Tenbrunsel & Messick, 1999). Social heuristics typically do not delineate complete plans of action that say exactly what to do in every possible incident. Instead, these are global behavioral rules or norms that guide behavior and that individuals use when deciding how they ought to interact with others (Allison & Messick, 1990).

The appropriateness framework has received considerable empirical support (Weber et al., 2004). Tenbrunsel and Messick (1999) demonstrated, for example, that environmental cues in the form of surveillance systems, which communicate distrust of those under surveillance, led individuals to frame the situation as “business,” whereas the absence of surveillance systems led to framing the situation as “ethical.” The cognitive frame adopted influenced individuals’ responses. When individuals adopted a business framing of the environment, it led to a self-serving, calculative mode in which individuals focus on securing rewards or avoiding penalties (“Is it worth it?” “Will I get caught?”). This focus, in turn, encouraged normative behavior. In contrast, when an “ethical” cognitive framing was evoked, it led to the processing of moral considerations (“What is the right thing to do?”), which resulted in other-regarding, cooperative behavior.

Applying this theory to the collective felt trust–performance relationship in organizations, we suggest the following. When environmental cues lead employees to believe that management trusts them, they will be likely to adopt an “ethical” cognitive frame. In other words, management willingness to be vulnerable to employees, and the expectation that employees will not exploit this vulnerability, will likely influence employees to consider how they ought to behave (an ethical frame) rather than only what is most advantageous to them (a business frame). Individuals who perceive that they are trusted, and recognize that the trust invested in them binds their behavior, will act responsibly, that is, in a manner that does not violate the expectations of the trusting party (Deutsch, 1958). In our context, responsible behavior would include employee behavior that advances the goals of the organization and would exclude acts that are detrimental to such goals.

Importantly, the appropriateness framework suggests that the perception of being trusted will not only inform an individual employee that responsible behavior is suitable in a given environment but will also create expectations that other employees are likely to behave in the same manner. We therefore suggest that collective felt trust will lead to the development of responsibility norms among employees. We define responsibility norms, according to the literature on felt responsibility (Cummings & Anton, 1990; Latham, 1998; Pearce & Gregersen, 1991), as employees’ shared beliefs regarding the importance of accepting responsibility for organizational outcomes. Drawing on the appropriateness framework, then, we propose the following:

Hypothesis 1: Collective felt trust will be positively related to the responsibility norms in the organization.

Our conceptualization of responsibility norms incorporates two intermingled elements, as identified by the research on felt responsibility (Cummings & Anton, 1990; Latham, 1998). One component is a before-the-fact voluntary acceptance of obligations or duties in relation to organizational outcomes (Cummings & Anton, 1990). In other words, when responsibility norms are high, employees share the belief that they are obligated to behave in ways that help the organization achieve its goals. Another component is a subjective after-the-fact voluntary acceptance of causation for organizational outcomes, or sense of accountability (Cummings & Anton, 1990). That is, the belief that organizational performance—favorable or otherwise—was caused by employees.

Norms are powerful contextual motivators of behavior in organizations (Cialdini, Bator, & Guadagno, 1999). As such, responsibility norms provide an impetus for individuals’ actions. When individuals perceive themselves as responsible for organizational outcomes, they will attempt to behave in ways that are congruent with their beliefs. Therefore, when responsibility norms are high, organizational members will be likely to engage in ongoing activities that advance organizational goals and to refrain from activities that hinder the pursuit of these goals. Given that a central goal of organizations is performance, we would expect responsibility norms to direct behavior toward enhanced organizational performance. Indeed, research findings attest to the impact of employees’ felt responsibility on productive behaviors, such as extra-role behaviors (Pearce & Gregersen, 1991) and “taking charge” behaviors (Morrison & Phelps, 1999).

On the basis of the above discussion, then, we propose that collective felt trust affects organizational performance through the development of responsibility norms. Employees’ collective interpretation of the environment as trusting leads them to develop shared responsibility norms, which are perceived as the appropriate response to the situation in which they find themselves. These norms, in turn, enhance organizational performance. Thus, we propose the following:

Hypothesis 2: Responsibility norms will mediate the positive relationship between collective felt trust and organizational performance.

Method

Sample and Procedure

A large retail chain with 88 operationally independent locations across Canada took part in this study. The data were collected from every location by the organization. The data came from two sources: employee annual surveys and the organization’s archival records. The survey data used in our study came from two employee annual surveys, conducted a year apart. These surveys included trust-related items that we helped the organization design for its own purposes. The surveys were administered as hard copies during work hours, they were anonymous, and respondents were assured of confidentiality. In the first survey, 3,683 employees participated, providing an overall response rate of 69%. In the second survey, 4,751 employees participated, equivalent to an overall response rate of 67%.

Location size ranged from 36 and 160 employees, with a mean of 80.6. The percentage of part-time employees ranged from 10.34% to 66.7%, with an average of 36.1%. The percentage of the workforce receiving commissions ranged from 40% to 71.4%, with an overall average of 56.5%. Average age per location ranged between 22.5 and 30.7 years, with an overall mean of 25.7 years.
Design and Analyses

All our constructs were conceptualized at the organizational level of analysis. Archival records of each store provided measures of organizational performance. The survey items were aggregated at each store to provide location-level measures of collective felt trust, responsibility norms, and trust in management. Although somewhat different compositions of employees participated in each survey wave, this had minimal impact given that we aggregated individual-level perceptions of collective properties at each location to capture the existing location-level constructs, which transcend any given individual (Kozlowski & Klein, 2000).

We followed a longitudinal design. To test our hypotheses, we first conducted hierarchical regressions using collective felt trust from the first survey, responsibility norms from the second survey a year later, and organizational performance—measured as sales and customer service performance—for the quarter following the administration of the second survey. In addition, to ascertain the direction of causality between our independent and dependent variables with greater confidence, we conducted crossed-lagged panel analyses (CLPAs), which are described below in the subsection Additional Analyses.

This design has several noteworthy strengths. The longitudinal design provides some confidence about the direction of causality between our variables. The design also reduces common method bias because we used survey data for the independent variable and archival records for the dependent variable. Because our independent variable (collective felt trust) and one control variable (trust in management) were collected from the same respondents at the same point in time, their relationship could be artificially inflated (Campbell & Fiske, 1959). We therefore used the split-sample technique (Robinson & O’Leary-Kelly, 1998; Rousseau, 1985; Shamir, Zakay, Breinin, & Popper, 1998), whereby the sample is split randomly into two equivalent halves such that one half of the respondents provided their perceptions of one variable and the other half provided their perceptions of the other.

Measures

Collective felt trust. A three-item scale was developed. Employees were asked, using a five-point scale ranging from 1 (strongly agree) to 5 (strongly disagree), which we reversed, to explicitly indicate the extent to which they felt employees in their store were trusted by management. An example item includes, “Management believes that associates at this location can be trusted.” (The direct use of the word “trust” in items that measure trust and trustworthiness measures (e.g., Cook & Wall, 1980; Dirks, 2000; Mayer & Davis, 1999; Mishra, 1996; Robinson, 1996; Tyler & Degoe, 1996) confirms that all contain at least two, or three of these elements. Employees indicated to what extent they agreed or disagreed with six statements using a five-point scale ranging from 1 (strongly agree) to 5 (strongly disagree), which we reversed. A sample item includes, “Associates feel accountable for the performance of this store.” Cronbach alpha for the aggregated variable was .97; before aggregation it was .88.

Responsibility norms. To assess responsibility norms, we used five items, rated on a 5-point scale ranging from 1 (strongly agree) to 5 (strongly disagree), which we reversed. Three items were adapted from Hackman and Oldham’s (1975) scale of experienced responsibility, and two items were added. A sample item includes, “Associates feel accountable for the performance of this store.” Cronbach alpha for the aggregated variable was .87; before aggregation it was .83.

Organizational performance. We used two measures from archival records: sales and customer service performance.

Sales performance. We used the organization’s adjusted sales measure, a figure used by top management to compare the locations’ performance. It comprises the percentage of actual sales in a given location divided by target sales for that location. Because the target sales figure takes into account each location’s particular features (e.g., mix of products, clientele), this adjusted sales measure better reflects the actual operating performance of a given location than does the raw sales figure.

Customer service performance. We used data from the organization’s quarterly survey of customers at each location (typically 170 to 220 customers per location). The survey includes 10 questions, such as whether the customer was greeted, how the customer was greeted, and whether the customer was provided with assistance. Each question has a range of possible scores, and the weight of each question in the total customer service rating is not equal. Scores could range from –60 to 166. Because customer service data were available to us only as a composite score, its reliability could not be assessed.

Control Variables

We controlled for several variables to rule out alternative explanations.

Location size. Location size reflected the number of employees at that location. Size can impact group’s affective tone (e.g., Mason & Griffin, 2003) and organizational performance (Chan, Feldman & Manning, 1999).

Part-time employees. The percentage of part-time employees at each location was considered. Part-time employees may have more favorable attitudes toward the organization than full-time employees (Eberhardt & Shani, 1984).

Commission. The commission variable captured the percentage of employees at a location who are on commission. Because commissions can affect motivation, they can be associated with outcomes such as sales.

Employee age. Average employee age per location was controlled for because some research suggests employee age can impact attitudes (Rhodes, 1983) and performance (McEvoy & Cascio, 1989).

Trust in management. To demonstrate with greater confidence that collective felt trust affects organizational performance beyond the effect of employees’ trust in management, we controlled for the latter. Consistent with previous trust research, we measured trust in management with a six-item scale that taps into employees’ beliefs about three dimensions that have been identified as key to trust: whether management cares for their interests, or benevolence; is fair or will act with integrity; and is competent (Mayer, Davis, & Schoorman, 1995). Indeed, a review of existing trust and trustworthiness measures (e.g., Cook & Wall, 1980; Dirks, 2000; Mayer & Davis, 1999; Mishra, 1996; Robinson, 1996; Tyler & Degoe, 1996) confirms that all contain at least two, if not three of these elements. Employees indicated to what extent they agreed or disagreed with six statements using a five-point scale ranging from 1 (strongly agree) to 5 (strongly disagree), which we reversed. A sample item is “Management is effective in helping solve job-related problems.” The reliability of this scale was .94 after aggregation and .82 before aggregation.
Justification of Aggregation

To statistically justify aggregation, we first calculated the inter-rater agreement index ($r_w$) with the method proposed by James, Demaree, and Wolf (1984, 1993). The results indicate that employees exhibited a reasonably high level of agreement on these variables; analyses yielded median values above .70, thus meeting the acceptable criterion (Janz, Colquitt, & Noe, 1997). The median was .78 for collective felt trust, .82 for responsibility norms, and .75 for trust in management. We then computed two intraclass correlation coefficients: ICC1 and ICC2. ICC1 is an estimate of the degree to which individuals within groups responded similarly, and ICC2 is an estimate of the reliability of mean scores (James, 1982). The ICC1 and ICC2 for collective felt trust were .11 and .72. The ICC1 and ICC2 for responsibility norms were .08 and .82. The ICC1 and ICC2 for trust in management were .12 and .74. There are no definitive guidelines on acceptable ICC1 values (Ostroff & Schmitt, 1993). Whereas our ICC1 values are somewhat below the median of .12 observed by James (1982), all of the analyses of variance (ANOVAs) on which these ICC1 values were based were significant. The ICC2 values were all above the 0.6 criteria suggested by Glick (1985). Taken together, we concluded that these results adequately justified aggregating our measures to the location level.

Results

Table 1 reports means, standard deviations, and zero-order correlations of all the variables.

Table 1

<table>
<thead>
<tr>
<th>Variable</th>
<th>M</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
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</thead>
<tbody>
<tr>
<td>1. Size</td>
<td>80.55</td>
<td>24.87</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>2. Commission</td>
<td>0.57</td>
<td>0.06</td>
<td>.17</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Age</td>
<td>25.71</td>
<td>1.77</td>
<td>.08</td>
<td>.08</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>4. Part-time</td>
<td>0.36</td>
<td>0.10</td>
<td>.16</td>
<td>-.08</td>
<td>-.10</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>5. Trust in management</td>
<td>20.51</td>
<td>1.92</td>
<td>-.30**</td>
<td>.01</td>
<td>-.12</td>
<td>.20†</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Collective felt trust</td>
<td>10.87</td>
<td>1.09</td>
<td>-.23*</td>
<td>.15</td>
<td>.05</td>
<td>.08</td>
<td>.64**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Responsibility norms</td>
<td>18.64</td>
<td>1.17</td>
<td>-.11</td>
<td>.04</td>
<td>-.01</td>
<td>.22*</td>
<td>.32**</td>
<td>.51**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Sales</td>
<td>0.97</td>
<td>0.06</td>
<td>-.14</td>
<td>-.19†</td>
<td>-.08</td>
<td>-.18*</td>
<td>.15</td>
<td>.20†</td>
<td>.26*</td>
<td></td>
</tr>
<tr>
<td>9. Customer service</td>
<td>117.20</td>
<td>9.61</td>
<td>-.30**</td>
<td>.10</td>
<td>.10</td>
<td>.10</td>
<td>.31***</td>
<td>.39**</td>
<td>.30**</td>
<td>-.04</td>
</tr>
</tbody>
</table>

Note. $N = 88.$

† $p < .10.$  * $p < .05.$  ** $p < .01.$

Hierarchical Regression Examining the Impact of Collective Felt Trust on Responsibility Norms

Table 2

<table>
<thead>
<tr>
<th>Variables</th>
<th>Step 1</th>
<th>Step 2</th>
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<tbody>
<tr>
<td>Size</td>
<td>-.08</td>
<td>-.04</td>
</tr>
<tr>
<td>Commission</td>
<td>.07</td>
<td>.01</td>
</tr>
<tr>
<td>Age</td>
<td>.04</td>
<td>-.03</td>
</tr>
<tr>
<td>Part-time</td>
<td>.19†</td>
<td>.20†</td>
</tr>
<tr>
<td>Trust in management</td>
<td>.26*</td>
<td>.08</td>
</tr>
<tr>
<td>Collective felt trust</td>
<td>.137</td>
<td>.296</td>
</tr>
<tr>
<td>Adjusted $R^2$</td>
<td>.084</td>
<td>.243</td>
</tr>
<tr>
<td>Change in $R^2$</td>
<td>.159</td>
<td>.1828***</td>
</tr>
</tbody>
</table>

* $df = 1$, .81.
† $p < .10.$  * $p < .05.$  ** $p < .01.$  *** $p < .001,$ all one-tailed.
responsibility norms were regressed on customer service, and responsibility norms were added (Table 3, column labeled “Step 3”) under “customer service”). Responsibility norms were not significant (β = .13, ns). Thus, responsibility norms did not mediate this relationship. Taken together, these results provide partial support for Hypothesis 2.

Additional Analyses

The longitudinal nature of our data provides some support for the hypothesized direction of causality, that employees’ believing they are trusted by management enhances organizational performance. An argument can be made, however, that the direction of causality is reversed, namely, that the favorable performance of a location builds management’s trust in employees. To ascertain the direction of causality between our independent and dependent variables with greater confidence, we conducted crossed-lagged panel analyses (CLPAs).

CLPA involves measuring the two relevant variables at two points in time and inferring the source of a causal relationship based on the relative magnitude of the cross-lagged coefficients (Shingles, 1985). To conduct these analyses, we used our measure of collective felt trust at two points in time (one at the first survey, which we labeled Collective Felt Trust Time 1, and one at the second survey a year later, which we labeled Collective Felt Trust Time 2) and our measures of performance (one for the quarter following the first survey, which we labeled Sales or Customer Service Time 1, and one for the quarter following the second survey, which we labeled Sales or Customer Service Time 2). We used regression coefficients in the CLPAs we conducted (see Table 4) because they remove the confounding influences of the diachronic correlations present in zero-order correlations (Schneider, White, & Paul, 1998). Consistent with Kessler and Greenberg’s (1981) approach, to control for stability effects, the dependent variable at the initial point in time was included in each regression as a control variable, in addition to the other control variables. The regression coefficients of the predictor in each regression were then compared.

As shown in Table 4, the CLPA between collective felt trust and sales performance shows that when controlling for sales at Time 1, collective felt trust at Time 1 significantly related to sales performance at Time 2 (β = .234, p < .05), whereas when controlling for collective felt trust at Time 1, sales performance at Time 1 was not related to collective felt trust at Time 2 (β = .030, ns). This pattern of results provides some empirical support to the hypothesized direction of causality, that is, that collective felt trust leads to higher sales rather than the reverse.

The examination of the relationship between collective felt trust and customer service performance shows that when controlling for customer service performance at Time 1, collective felt trust at Time

<table>
<thead>
<tr>
<th>Variable</th>
<th>Sales</th>
<th>Customer service</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Step 1</td>
<td>Step 2</td>
</tr>
<tr>
<td>Size</td>
<td>.00</td>
<td>.02</td>
</tr>
<tr>
<td>Commission</td>
<td>-.21</td>
<td>-.24</td>
</tr>
<tr>
<td>Age</td>
<td>-.07</td>
<td>-.10</td>
</tr>
<tr>
<td>Part-time</td>
<td>-.25</td>
<td>-.24</td>
</tr>
<tr>
<td>Trust in management</td>
<td>.20</td>
<td>.05</td>
</tr>
<tr>
<td>Responsibility norms</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>.119</td>
<td>.150</td>
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<td>Adjusted R²</td>
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<tr>
<td>Change in R²</td>
<td>.031</td>
<td>.049</td>
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<tr>
<td>F change</td>
<td>2.94</td>
<td>4.87</td>
</tr>
</tbody>
</table>

Note. Boldface represents the regression coefficients of the predictor in each regression.

As shown in Table 4, the CLPA between collective felt trust and sales performance shows that when controlling for sales at Time 1, collective felt trust at Time 1 significantly related to sales performance at Time 2 (β = .234, p < .05), whereas when controlling for collective felt trust at Time 1, sales performance at Time 1 was not related to collective felt trust at Time 2 (β = .030, ns). This pattern of results provides some empirical support to the hypothesized direction of causality, that is, that collective felt trust leads to higher sales rather than the reverse.

The examination of the relationship between collective felt trust and customer service performance shows that when controlling for customer service performance at Time 1, collective felt trust at Time
1 was not related to customer service at Time 2 ($\beta = .149, ns$), and when controlling for collective felt trust at Time 1, customer service at Time 1 was not related to collective felt trust levels at Time 2 ($\beta = .016, ns$). Overall, though not definitive, the results suggest that reverse causation is not an explanation for our findings.

Discussion

Drawing on the appropriateness framework, we developed and empirically tested a model that delineates the effect of collective felt trust. We found that when employees feel they are trusted by management, responsibility norms among employees are strengthened, and sales and customer service go up. Moreover, the relationship between employees’ perceptions of being trusted and sales performance was fully mediated by responsibility norms.

These results make several contributions. First, our findings identify an important additional venue through which trust affects organizational performance. Whereas prior research has focused on the effect of employee trust in management, our findings suggest that employees’ perception that they are trusted by management enhances organizational performance through responsibility norms. Importantly, we have shown that collective felt trust affects performance beyond the effect of employee trust in management. That individuals’ perception that they are trusted impacts responsibility and performance suggests that existing trust models may overlook an important factor that needs to be considered in the trusting decision. Whereas existing models (e.g., Mayer et al., 1995) posit that the decision of whether to trust another is based on evaluations of the other’s trustworthiness, our findings suggest that this decision should also consider how the extent of trust bestowed, in itself, will affect the other party’s behavior.

Second, our findings may add some interesting evidence to the ongoing debate between control-oriented managerial philosophies and high-involvement ones, which differ in assumptions about whether employees should be trusted by management. High-involvement management philosophies favor trusting employees (e.g., Argyris, 1962; Lawler, 1992; Davis et al., 1997), contending that control theorists overlook the favorable impact that employees’ perceptions of trust can have on their behavior. Although this study was not designed to provide empirical evidence as to which philosophy is correct, our findings lend support to the contention that when employees feel trusted by the organization, they are more likely to cooperate with it. Furthermore, by identifying that responsibility norms mediate the felt trust–sales performance relationship, our study responds to calls by researchers supportive of the high-involvement philosophies to provide a more-fine-grained analysis of the underlying psychological mechanisms that are involved (e.g., Davis et al. 1997).

It is noteworthy, however, that responsibility norms did not mediate the effect of collective felt trust on customer service performance. Given our relatively small sample, it is possible that the mediation was not statistically significant because of low statistical power. Significant mediations are more likely to be found when the association between the independent and mediating variable is similar or weaker than that between the mediating variable and the dependent variable (Hoyle & Kenny, 1999), which is not the nature of associations in our data. Another possible explanation is that other mechanisms may be operating for the relationships between collective felt trust and customer service. For example, it may be the case that collective felt trust affects customer service through affective variables, such as positive mood. Clearly, additional empirical research is needed to fully understand how being trusted by management influences customer service.

Our study may also add to our understanding of the experience of responsibility in organizations. Whereas research to date has focused on characteristics of work design as antecedents of felt responsibility (Kiggunda, 1983), our findings suggest that the management–employee relational context can affect responsibility norms. It should be noted that this study’s design implies that characteristics of work design are very similar across all the locations in the study. Therefore, the contention that these previously identified antecedents accounted for the variability in responsibility norms across locations can be ruled out with some confidence.

It is noteworthy that shared perceptions of being trusted by management varied across the locations in this study, despite the fact that they all followed the same formal practices and procedures, such as selection, training, and degrees of surveillance. This suggests that perceptions of being trusted by management were not necessarily prompted by formal mechanisms in the organizations and were likely to be affected by the subjective treatment and ongoing communication by managers. Perhaps organizational managers act as “climate engineers” who affect the development of shared perceptions of meaning that become attached to organizational characteristics (Dansereau & Alutto, 1990). An important and interesting future study should seek to identify the specific managerial acts that lead a workforce to believe they are or are not trusted by management.

Limitations

This study is not without limitations. The within-organization design restricted our study to a relatively small sample size. Although it is always desirable to have a large sample, here we were limited to the number of locations in the organization. This small sample meant a conservative test of our hypotheses in that we did not have a lot of statistical power to reveal potentially significant relationships. Moreover, this design limits the generalizability of our findings. The trade-off however was that this within-organization design substantially increased our assurance that the locations were sufficiently similar to rule out alternative explanations for any observed variance in the dependent variables. Future examinations of our hypotheses across organizations will help address these limitations.

Furthermore, two notes of caution with respect to the interpretation of the findings are necessary. Although the longitudinal nature of the data and the CLPAs conducted provide support for the direction of collective felt trust causing performance—as with most organizational field research—this study cannot provide conclusive evidence of the proposed causal direction. In addition, it is difficult to ascertain whether we captured the right time frame for the effects of our variables to materialize. We were not able to find theoretical guidance for the appropriate time lags between our variables within existing literature. It is therefore possible that other time lags would have yielded stronger effects. Nevertheless, a 12-month lag between trust and responsibility norms, and a 15-month lag between trust and performance, seems consistent.
with longitudinal research that examined the effect of trust over time. Robinson (1996), for example, found effects of trust around the 18-month mark. Future attempts to replicate our study could benefit from testing various time lags in exploring the effect of collective felt trust.

Managerial Implications

Our study results highlight the importance of maintaining employees’ perceptions that management trusts them. Whereas previous research shows the importance of gaining employees’ trust (Dirks & Ferrin, 2002), our findings suggest that managers who strive for higher levels of performance should also demonstrate their trust in their employees. Nevertheless, this advice should be tempered by the fact that we do not yet understand the conditions under which collective felt trust leads to organizational performance. As research in this area develops, we may be able to better understand when felt trust leads to enhanced performance and when it does not. For example, availability of resources may moderate the relationship between collective felt trust and performance.

Moreover, it is worth emphasizing that our study was focused on employees’ perceptions of being trusted, rather than on management’s actual trust in employees. Indeed, it is possible for employees to perceive they are trusted by management when that is not the case and, more importantly, it is possible for management to trust employees but not sufficiently convey that bestowal of trust. The practical take-home message of this study is that if employees come to believe that management trusts them, responsibility norms and organizational performance will be enhanced. Of major importance for managers, then, is managing the meaning that employees attach to existing formal organizational characteristics and paying particular attention to the informal communication of trust in employees. Future research should explore the relationship between employee perceptions of being trusted, management actual trust in employees, and organizational outcomes.

Conclusion

We sought to examine the impact on organizational performance of employees’ collective perceptions of being trusted by management. We found that employees’ perceptions of being trusted do, in fact, influence responsibility norms developed in organizations as well as the sales and customer service performance of locations. These findings highlight the importance of studying the trusted party, a perspective that has been largely overlooked in extant research on trust. The results also suggest that managers will be well advised to nurture employees’ perceptions of trust, because those perceptions can substantially affect important organizational outcomes.

References


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