A model for managing trust

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Abstract The study, representing 6,528 employees, investigates the relationship of the “big five” personality dimensions and managerial practices to the dimension of trust relationships between managers and employees, and also the relationship between the “big five” and managerial practices. Results indicate that managerial practices have an influence on the trust relationships between managers and employees. A weaker relationship with the dimension of trust was obtained for the “big five” personality dimensions. Although there appears to be a weaker relationship between the “big five” and the dimension of trust, the relatively good fit of the model indicates that an overall implication of the model is that both managerial practices and the “big five” personality aspects of the manager might influence his/her subordinates indirectly. The results indicate that although managers perceived it to be a good instrument to use, future research is needed to expand other anecdotes of trust.

Introduction
Trust affects all relationships between individuals and groups of individuals. For example, it affects relationships between couples, parents and children, teachers and students, citizens and governments, doctors and patients, school administrators and teachers, and managers and employees (De Furia, 1996). Interest in the concept of trust grew throughout the 1980s and into the 1990s (Creed and Miles, 1996) and trust has been studied from a variety of perspectives over the past several decades (Kipnis, 1996). Charlton (2000) sees trust as a non-negotiable – a constant learning process in any relationship and in trusting children to take responsibility. Global trends in the 1990s saw a sharp upsurge in re-engineering, mergers, outsourcing and downsizing that suddenly affected company levels that, for years, had been havens of job security (Bews and Martins, 1996). In South Africa, organisations immune to this type of change under the old order have recently had their foundations shaken by drastic change, re-engineering, downsizing, ferocious global competition and the implementation of the new labour laws. These changes have led to a shift on both sides of the employment contract which is widening the trust gap between employees and their employers. These new organisational arrangements have fractured the bonds of loyalty which made trust possible in the past. A new trust relationship takes time to develop (Reynolds, 1997). According to Robbins (1999), trust takes a long time to build, can be easily destroyed, and is hard to regain. Also, since breaking trust gives rise to distrust, maintaining trust requires careful attention from management. It appears that effective managers today must develop trusting relationships with those they seek to lead.

The impact of trust is aptly summarised by Shaw (1997): “With trust, life becomes much simpler. With trust, we can devote our attention to a much broader range of activities than would be possible in an environment of
suspicion.” This article focuses on the relationship between managers and employees and the possibility of developing a model for managing trust in an organisational context.

Models of trust
Researchers have examined trust at three distinct levels of analysis: individual, interpersonal/intergroup, and institutional/cultural (McKnight and Webster, 2001). Trust has been dealt with at a multidisciplinary level by numerous scholars (Horton and Reid, 1991; Mayer et al., 1993; Hiltrop, 1995; Howard, 1996; Kramer and Tyler, 1996), which has led to the accumulation of a great deal of knowledge on the subject. However, there is little evidence of any effort to integrate this knowledge and to build a comprehensive theory of trust (Lewicki and Bunker, 1996). The context of this article is the institutional level, and the discussion and research will focus on the institutional or organisational impact of trust.

Research done during 1995/1996 by the Centre of Industrial and Organisational Psychology at the University of South Africa (Unisa) into the possible antecedents of trust (or mistrust) led to the assumption that trust within companies is probably created by personal factors and managerial practices. It is well known in industry that many unsuccessful attempts have been made at associating work performance with personality aspects. Over the last couple of decades, consensus has begun to emerge that five dimensions largely describe human personality (Ivancevich and Matteson, 1999). Recent research (on which consensus has widely been reached) has shown that these five personality aspects, popularly referred to as the “big five”, tend to significantly predict work performance in industrial settings. The five factors are agreeableness, conscientiousness, openness to experience (resourcefulness), emotional stability and extraversion. In the Unisa audit, these personality factors were viewed as possible antecedents of interpersonal trust between superiors and subordinates (Harvey et al., 1995; Martins et al., 1997).

Figure 1 gives an overview of the conceptual model which was the result of the factor analysis and path analysis of the preliminary analysis.

The positive results of these preliminary analyses and model encouraged the researcher to continue gathering data and to validate the model. The aim of this paper is to validate a model that can be used to predict the development of trust in organisations.

In the South African context, the concept of trust is even more important if we consider the impact of culture, work ethics, language, politics, dress codes, time management, basic values, and all the other prejudices influencing relationships. Whom do we trust? Those we can understand; those most predictable to us. Who are they? Those who are most like ourselves (Ritvo et al., 1995). In many organisations, the level of trust among key groups is low. Different groups often have not only divergent objectives, but also differing points of view on how the business should operate (Shaw, 1997). According to Shaw (1997), people who cannot trust each other will end up cooperating only
under a system of formal rules and regulations, which may have to be negotiated and enforced, sometimes by coercive means.

The changing South African environment emphasises the need to develop a model of trust in organisations. Various researchers have highlighted different aspects and dimensions of trust in an effort to develop a theory of trust. Towards this end, Mayer et al. (1993) proposed that the characteristics of both the trustee and the trustor should be considered. Their proposed model also differentiates between factors that give rise to trust, trust itself and outcomes of trust. According to Shaw (1997), the key imperatives in building high-trust organisations and teams are achieving results, acting with integrity and demonstrating concern. Shaw (1997) identifies the key leverage points as leadership practices, organisational architecture and organisational culture. Mishra (1996) also emphasises the importance of competency, openness, concern and reliability.

Charlton (2000) summarises the competencies of trust as:

- congruence in word and deed;
- expressing positive regard and belief in others (individual trust);
- manifesting accountability, predictability and reliability of an organisation’s position;
- articulating and embodying a moral code that cares about people (innate worth of people); and
- relying on people and enabling them to enrich their lives.

**Definition of trust**

Various definitions of trust have emerged based on the individual researcher’s disciplinary focus, for instance:

Belief that those on whom we depend will meet our expectations of them (Shaw, 1997).
There is inspiring trust in the leader and what he/she is trying to accomplish – as well as the leader trusting other people to do what needs to be done. Leaders need to be congruent and ethical in word and deed (Charlton, 2000).

The willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party (Mayer et al., 1993).

Reciprocal faith in others' intentions and behaviour (Kreitner and Kinicki, 1995).

These definitions show that trust is a dynamic phenomenon that depends on the interplay of various factors that might affect the building of a model of trust. How trust is defined is also likely to vary with the context.

Various characteristics emerge from the current models and definitions, which focus on features such as integrity, competence, openness, vulnerability, reliability and expectations and also on the role of the trustee and trustor. Most researchers focus only on some aspects or characteristics of trust. In this study the focus is on trust in an organisational context with the emphasis on the relationship between employees and those to whom these employees report directly. It extends previous research by looking not only at trust between the two groups but also at the dimensions that influence this relationship. Given this, trust can be defined as the process in which a trustor relies on a trustee (a person or group of people) to act according to specific expectations that are important to the trustor without taking advantage of the trustor’s vulnerability.

Hypotheses
In structural equation modelling (SEM) the purpose is to reject the null hypothesis, given that the null hypothesis is false. The null hypothesis is assessed by means of a discrepancy function of the covariances between the variables included in the model and the data characteristics.

The research hypotheses are as follows:

\(H1\). There will be statistically positive relationships between the “big five” and the trust relationship.

\(H2\). There will be a statistically positive relationship between the managerial practices and trust relationship.

\(H3\). There will be a statistically positive relationship between the “big five” and managerial practices.

\(H4\). The proposed (conceptual) model of organisational trust will fit the empirical data.

Method
Sample and sampling procedure
Using the model and dimensions of the preliminary analysis, organisations were invited to participate in a trust audit.

A covering letter that explained the purpose of the survey was included in the questionnaire. A contact person at each company assisted with the distribution
and collection of the questionnaires. Respondents received questionnaires and covering letters in person at work and could send or hand in the questionnaires after completion. A combination of convenience and judgmental sampling was employed to select employees to whom to distribute questionnaires.

The research involved 6,528 employees from 22 South African companies. The participants ranged from executive management to operational staff. All qualification and language groups were included in the audits (Table I).

Most participants indicated their home language as Afrikaans (40.1 percent) or English (22.0 percent); many candidates (21.7 percent) indicated Grade 12 (Std 10) qualifications; 60 percent of the participants were male and 40 percent female. In some instances facilitators were used to explain concepts in the various African languages.

Measuring instruments
The “big five” personality aspects were measured by means of the adapted “big five” questionnaire (Kramer and Tyler, 1996).

The “big five” personality aspects can be described as follows (Table II):

- **Conscientiousness.** This includes traits such as being organised and hardworking as well as dependable, trustworthy and responsible. The opposite pole would be carelessness or irresponsibility.

- **Agreeableness.** This reflects being liked, courteous, good-natured, cooperative, forgiving and soft-hearted. The opposite pole would be cold, rude, unkind and independent.

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<th>Operational and professional</th>
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<tr>
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<td>29.6</td>
<td>11.3</td>
<td>2.9</td>
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<td>%</td>
<td>29.4</td>
<td>24.1</td>
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**Table I.**
Biographical composition of the population
Agreeableness  
cold-hearted – warm-hearted  
unfriendly – friendly  
rude – tactful  
insensitive – sympathetic  
hostile – peaceful  
mean – gentle  
opposing – cooperative  
angry – happy  

Conscientiousness  
irresponsible – responsible  
disorganised – organised  
sloppy – neat  
lazy – hardworking  
dishonest – honest  
careless – careful  
deceitful – trustworthy  

Extraversion  
quiet – talkative  
withdrawn – sociable  
unassertive – assertive  
reserved – outgoing  
gloomy – cheerful  
shy – bold  
passive – active  

Resourcefulness  
dull – intelligent  
unimaginative – creative  
conventional – innovative  
indifferent – curious  
believing – questioning  
simple – complex  
prefers routine – prefers variety  

Emotional stability  
nervous – relaxed  
moody – stable  
insecure – confident  
touchy – even-tempered  
agitated – calm  

- Emotional stability. This reflects the absence of anxiety, depression, anger, worry and insecurity. The opposite pole is called neuroticism.  
- Resourcefulness (openness to experience). This reflects imaginativeness, creativeness, broad-mindedness and intelligence. The opposite pole is narrow-mindedness, unimaginativeness and conventionality.  
- Extraversion. This reflects sociability, cheerfulness, talkativeness and activity. The opposite pole dimension is introverted, quiet, shy and reserved.  

Altogether 35 questions relating to the “big five” personality dimensions were included in the questionnaire.  

A more pragmatic approach was followed in regard to managerial practices. Interviews were conducted with more than 100 employees to establish what managers and supervisors can do to enhance trust in their organisation. These responses were operationalised by compiling a questionnaire with items related to the presence of managerial practices which enhance trust within an organisation. A sample of 475 employees from six companies participated in the preliminary analysis of the proposed model (Martins et al., 1997).  

The managerial aspects were measured by the following managerial dimensions:  
- Credibility. This includes a willingness to listen, consider proposals, allow others the freedom to express feelings, tolerate mistakes and ensure that employees enjoy prestige and credibility in the organisation.
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- **Team management.** This dimension refers to the effective management of team and individual goal accomplishments and the handling of conflict within groups.

- **Information sharing.** This dimension indicates willingness to give individual feedback on performance and to reveal company-related information in an honest manner.

- **Work support.** This dimension deals with willingness to support employees when necessary and to provide job-related information for the accomplishment of objectives.

**Trust measurement**
With regard to the measurement of trust, five questions in the questionnaire were directly related to the trust dimension. These five questions deal with various aspects of trust between employees and their immediate supervisor. The trust relationship dimension reflects the relationship with the immediate supervisor in terms of openness, honesty, fairness and intention to motivate employees.

Table III shows the results of Cronbach’s alpha for the ten dimensions. The alpha coefficients portray highly satisfactory results with coefficients ranging between 0.82 and 0.95.

**Results**
The descriptive statistics for the ten dimensions are reported in Table IV.

**Developing a structural equation model**
Structural equation modeling (SEM) is a linear cross-sectional statistical modeling technique which includes confirmatory factor analysis, path analysis and regression analysis (Botha, 1999). Because SEM is mostly used to determine whether a certain model is valid rather than to “find” a suitable model, it is the most applicable statistical method to validate the proposed trust model. How can one determine which model is correct? This is where theory plays an important role in justifying (specifying) a model. Path analysis does

<table>
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<th>Dimensions</th>
<th>No. of questions</th>
<th>Cronbach’s alpha</th>
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<td>Conscientiousness</td>
<td>8</td>
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<tr>
<td>Agreeableness</td>
<td>8</td>
<td>0.95</td>
</tr>
<tr>
<td>Emotional stability</td>
<td>5</td>
<td>0.87</td>
</tr>
<tr>
<td>Resourcefulness</td>
<td>7</td>
<td>0.87</td>
</tr>
<tr>
<td>Extraversion</td>
<td>7</td>
<td>0.89</td>
</tr>
<tr>
<td>Credibility</td>
<td>13</td>
<td>0.94</td>
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<tr>
<td>Team management</td>
<td>9</td>
<td>0.89</td>
</tr>
<tr>
<td>Information sharing</td>
<td>4</td>
<td>0.84</td>
</tr>
<tr>
<td>Work support</td>
<td>3</td>
<td>0.82</td>
</tr>
<tr>
<td>Trust relationship</td>
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<td>0.91</td>
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**Table III.**
Scales description
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<th>Mean</th>
<th>Std</th>
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<th>4</th>
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<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
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<td>1 Agreeableness</td>
<td>70.5248</td>
<td>23.6966</td>
<td>1.00</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Conscientiousness</td>
<td>73.3473</td>
<td>23.6629</td>
<td>0.67</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>3 Extraversion</td>
<td>70.5360</td>
<td>22.9379</td>
<td>0.65</td>
<td>0.53</td>
<td>1.00</td>
<td></td>
<td></td>
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<tr>
<td>4 Resourcefulness</td>
<td>68.3984</td>
<td>21.7220</td>
<td>0.57</td>
<td>0.53</td>
<td>0.55</td>
<td>1.00</td>
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<tr>
<td>5 Emotional stability</td>
<td>69.9762</td>
<td>22.9519</td>
<td>0.73</td>
<td>0.61</td>
<td>0.54</td>
<td>0.60</td>
<td>1.00</td>
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<tr>
<td>6 Credibility</td>
<td>64.6208</td>
<td>25.4024</td>
<td>0.49</td>
<td>0.47</td>
<td>0.46</td>
<td>0.36</td>
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<tr>
<td>7 Team management</td>
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<td>24.3423</td>
<td>0.48</td>
<td>0.50</td>
<td>0.41</td>
<td>0.04</td>
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<tr>
<td>8 Information sharing</td>
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<td>24.4640</td>
<td>0.47</td>
<td>0.46</td>
<td>0.37</td>
<td>0.41</td>
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<td>0.63</td>
<td>0.67</td>
<td>1.00</td>
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<tr>
<td>9 Work support</td>
<td>71.2357</td>
<td>23.9704</td>
<td>0.54</td>
<td>0.52</td>
<td>0.39</td>
<td>0.42</td>
<td>0.51</td>
<td>0.62</td>
<td>0.65</td>
<td>0.67</td>
<td>1.00</td>
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<tr>
<td>10 Trust relationship</td>
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<td>21.9870</td>
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<td>0.54</td>
<td>0.58</td>
<td>0.57</td>
<td>0.61</td>
<td>0.65</td>
<td>1.00</td>
</tr>
</tbody>
</table>

Table IV: Descriptive statistics
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not provide a way to specify the model, but rather estimates the effects among
the variables once the model has been specified a priori on the basis of
theoretical considerations (Schumacher and Lomax, 1996).

The 6,528 questionnaires that were returned were statistically analysed.
Two software programs, namely SPSS and EQS for Windows, were used to
analyse the data. The SPSS program was used for the data integration,
analysing frequencies, establishing means, summarising dimensions and
reporting back to the participating companies. The EQS program was used to
test the trust model using structural equation modeling (Bentler and Wu, 1995).

To build the EQS model the following procedures were applied:

- The maximum likelihood (ML) estimation method. The ML function in
  structured means models reflects how closely the sample mean vector is
  reproduced by the estimated model mean vector. It also indicates how
closely the sample covariance matrix is reproduced by the estimated
model covariance matrix. As a result a model may fit badly if the means
are modeled poorly, or if the covariances are modeled poorly, or both
(Bentler and Wu, 1995).

- A factor loading of 0.5. Any factor loading of 0.5 or above, in absolute
  value, is taken as evidence that a variable is a good indicator of a factor.

- All the variables in the model were used and for the exogenous latent
  variables, the factor variances were set equal to 1.0. For the endogenous
variables, one path linking each construct to its respective indicator was
  set equal to 1.0.

Following the procedure outlined by Schumacher and Lomax (1996) and
Bentler and Wu (1995) a confirmatory factor analysis was conducted to
determine whether the data conformed with the supposition that each of the
proposed latent variables represents separate constructs.

The first step in building an EQS model was to determine the relationship
between the personality factors (the “big five”) and the managerial practices.
The results revealed a chi-square of 646.92 based on 24 degrees of freedom with
a probability value of less than 0.001. The comparative fit index (CFI) = 0.982,
the Bentler and Bonet normed fit index (BDNFI) = 0.973 and Bentler and Bonet
non-normed fit index (BBNNFI) = 0.973, all close to the recommended perfect
fit (0 no fit and 1.0 perfect fit). The results reflect a good model fit.

The second step in building the EQS model was to include the personality
aspects, the managerial practices and the trust relationships.

Results revealed chi-square of 4404.5 based on 33 degrees of freedom with
a probability value of less than 0.001. The normal theory chi-square for this
solution is 3538.3. Additionally, the comparative fit index (CFI) = 0.890, the
Bentler and Bonet normed fit index (BDNFI) = 0.889 and the Bentler and Bonet
non-normed fit index (BBNNFI) = 0.850. All are very close to the recommended
perfect fit (0 no fit to 1 perfect), which reflects a good model fit.
The statistically significant standardised parameter estimates for the revised theoretical model are presented in Figures 2 and 3. It is clear from Figure 2 that all the dimensions of the “big five” personality aspects and the managerial practices correlate with the construct of trust. All the parameter estimations are significant on the 5 percent significance level. The error variance \((1 - R^2)\) indicates the extent to which the variance in the manifested variables can be contributed to the latent factor. Agreeableness as measured by the “big five” questionnaire is a significant manifestation of the “big five” personality aspects. However, it must be noted that 56 percent of the variance is due to measurement error and 44 percent of variance can be attributed to agreeableness. The biggest error variance is noted for information sharing (88 percent) and only 12 percent of the variance can be attributed to information sharing.

The results of Figure 2 confirm \(H3\), namely that there is a statistically positive relationship between the “big five” and managerial practices. It is interesting to note that all the dimensions correlate very highly (above 0.65) with the two main dimensions (the “big five” and managerial practices). These results also indicate a strong relationship between the “big five” and managerial practices.

As shown in Figure 3, there is a strong relationship between trust and the personality aspects (0.24). This supports \(H1\), which stated a positive relationship between trust and personality. The results of the model confirm \(H2\), which shows a positive relationship between trust and managerial practices (0.56). The summary of the statistics indicates a reasonable fit regarding the comparative fit index (CFI) as stated in \(H3\), although, in terms of the model presented in Figure 3, the dimensions on personality aspects are not supported.

In addition to the hypothesized relationship contained in the theoretical model, the additional nine statistically significant parameters are represented in Figures 2 and 3. These results suggest that agreeableness, conscientiousness, extraversion, resourcefulness and stability are associated with the personality aspects – the “big five”. The results also indicate that credibility, team management and work support are directly associated with managerial practices. Information sharing, on the other hand, does not appear to be directly associated with managerial practices (Figure 3).

**Discussion**
The results indicate support for a connection between trust relationships in an organisation and managerial practices (\(H2\)). This finding provides support for the belief that managerial practices have an influence on the trust relationships between managers and employees. These findings support the research of Tyler and Degoe (1996) that trust is affected by the decisions of people in authority in organisations. The weaker relationships between the “big five” personality aspects appear to indicate that employees’ trust in managers is to a large degree not influenced by their managers’ personality aspects as defined by the “big five”. Although there appears to be a weaker relationship between
Figure 2.

The Big Five and managerial practices.

E1 — 0.52 — AGREABLENESS

E2 — 0.63 — CONSCIENTIOUSNESS

E3 — 0.73 — EXTRAVERSION

E4 — 0.70 — RESOURCEFULNESS

E5 — 0.58 — STABILITY

“BIG FIVE”

E6 — 0.62 — CREDIBILITY

E7 — 0.58 — TEAM MANAGEMENT

E8 — 0.57 — INFORMATION SHARING

E9 — 0.59 — WORK SUPPORT

MANAGERIAL PRACTICES

0.83*

0.82*

0.81*

0.82*

0.78*

0.73*

0.78*

0.68*

0.71*

0.68*

0.85*
the “big five” and trust relationships, the relatively good fit of the model indicates that an overall implication of the model is that the manager’s personality might influence his/her subordinates indirectly.

Figure 2 shows a strong relationship between the “big five” personality aspects and the managerial practices. This is an indication that these dimensions influence each other, even if trust is not included in the relationship. The implication of this is that both the personality aspects of a manager and
his/her behaviour and managerial practices have an influence on the relationship (H3).

Additional research is needed to further investigate the relationships between trust and other managerial indicators. The weak relationship between managerial practices and information sharing might be focused on two aspects only of information sharing, namely individual feedback performance and the revealing of company-related information (two questions each). Additional questions that focus on other aspects of communication, for instance informal communication between manager and employee and communication sources, might improve the relationship.

It is proposed that the following questions should be added to the dimension of information sharing:

- I receive important information from the person I report to on time.
- The person I report to continuously informs me about the objective(s) of my department.
- The person I report to encourages open communication of both good and bad news.
- The person I report to communicates the organisation’s core values and principles.
- The person I report to clearly communicates the company’s rules and regulations.
- The person I report to listens to our ideas and opinions.

Feedback from participating companies

Focus sessions were held with the main participants in the audit (±4,500 participants) to determine the practical implications of the study, i.e. strengths and weaknesses.

The following is the main feedback that was received:

1. Positive
   - the questionnaire is a good tool to use;
   - the questionnaire was well understood;
   - the translation into four languages was positive;
   - the audit results are regarded as credible;
   - shareholder involvement was good;
   - the questionnaire dealt with trust issues in work teams; and
   - the results link with the results of other measuring tools.

2. Negative
   - more time is needed for marketing the audit;
   - the mix of the job levels is not adequate;
• some questions are difficult for people on lower levels;
• employees do not trust human resources professionals to give them feedback on the results of the audit;
• copying of the questionnaire is expensive; and
• biographical information was problematic due to the complexity of the organisation.

(3) Proposals
• audit before the annual business planning;
• proper communication to all stakeholders;
• simplify the biographical information; and
• obtain a more representative sample size.

Limitations
The high scale reliability of the dimensions (Table III) indicates high correlations between the items, but not a strong relationship between the two dependent variables and the independent variable. This might be due to an incorrectly formulated hypothesis which was included in the study, namely that personality aspects and managerial practices have a direct influence on trust in an organisation. Although much has been written about trust, not many models based on structural analysis were available for use as a starting point. In many ways the study was exploratory in nature. A limitation on the gathering and use of data was that the biographical composition of the population was largely in the hands of the various participating companies. During the biographical analysis of the data it was noted that not all respondents had indicated their home language. This might have had an impact on the overall goodness-of-fit of the model based on a specific population. A large percentage of participants (39.7 percent) also indicated their home language as other than Afrikaans and English, which could have had an impact on their understanding of the questionnaire.

Implications for future research
The findings of the present study indicate that additional processes relating to trust relationships need to be explained and researched. The research is especially important in that it showed the relationships between trust relationships and managerial practices, but also highlighted a low relationship between trust relationships and personality aspects. Future research needs to focus on expanding the dimension of information sharing and including other anecdotes of trust. Including dimensions such as leadership and their relationships with trust relationships as well as the styles of leadership might indicate other parameters of the influence on trust relationships between managers and employees. The feedback from the participating organisations and their proposals need to be incorporated into future studies.
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**Further reading**
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