

**A PROPOSED TRUST MANAGEMENT MODEL FOR ORGANISATIONS:  
THE CASE OF THE ETHIOPIAN BANKING SECTOR**

by

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submitted in accordance with the requirements for the degree of

DOCTOR OF ADMINISTRATION

in the subject

HUMAN RESOURCE MANAGEMENT

at the

UNIVERSITY OF SOUTH AFRICA

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### **A PROPOSED TRUST MANAGEMENT MODEL FOR ORGANISATIONS: THE CASE OF THE ETHIOPIAN BANKING SECTOR**

I declare that the above thesis is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

I further declare that I submitted the thesis to originality checking software and that it falls within the accepted requirements for originality.

I further declare that I have not previously submitted this work, or part of it, for examination at UNISA for another qualification or at any other higher education institution.



SIGNATURE

5 May 2021  
DATE

## ACKNOWLEDGEMENTS

Praise and Glory to Almighty God!!

My sincere gratitude goes to the following persons and institutions, without their assistance and contribution my dream to successfully complete this study would not have been a reality.

- Professor PA Grobler, my supervisor, for his superb insights, unreserved support, and an intelligent guidance with his incredible experience all the way to the completion of this study.
- Dr JC Diedericks, my co-supervisor, for her important comments, guidance, and encouragement to the completion of this study.
- Dr Marthi Pohl, for her assistance with the statistical analysis.
- Mrs AJ Kuhnast, for assisting with the language editing of the questionnaire and accompanying documents.
- Mrs Ann Bytheway, for assisting with the language editing of the thesis.
- Mrs Annemarie Steenekamp, for assisting with the Afrikaans translation of the abstract.
- KM Nocwaningo, for assisting with the IsiZulu translation of the abstract.
- Human resource managers of the participating banks in Ethiopia, for granting permission to conduct the research in their respective banks, and employees of the banks, for providing the relevant information for the study.
- University of Gondar and FDRE - Ministry of Education, for providing me the opportunity to pursue the doctoral study at UNISA, and all the support.
- All the friendly staff of the UNISA Regional Learning Center – Ethiopia, and Addis Ababa University, for library services and all the support.
- Mrs Getenesh Girma, my wife, and wonderful sons, Dagmawi, Michael and Yonas, for all the love, understanding, unending inspiration, and support during all the difficult times, and the busy years of reading and typing.
- Finally, my brothers, sisters, friends and colleagues, for all the support, advice and encouragement.

## DEDICATION

I dedicate this thesis to my parents:

**Mr Wagaw Temesgen and Mrs Shewaye Amare**

## **ABSTRACT**

### **A PROPOSED TRUST MANAGEMENT MODEL FOR ORGANISATIONS: THE CASE OF THE ETHIOPIAN BANKING SECTOR**

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Ethiopia, a developing country on the African continent, has experienced double digit growth during the last decade. To sustain this growth, the country needs a sound and healthy banking sector.

Consensus exists that trust is a valuable resource that can make a difference. It influences the quality of relationships between an organisation and its employees and management. It enables organisations such as banks, to retain their most valuable employees and customers, and improve organisational functioning. Most leaders agree that high levels of trust are critical to the success of their organisations.

In this study, the existing theoretical principles and models relating to trust, were analysed in depth, and followed up by an empirical study to determine to what extent trust management practices were being applied. A quantitative survey was conducted on a probability sample of 405 participants from the eight largest banks in Ethiopia.

From the measured items, 54 usable factors were identified by using exploratory factor analysis. The calculated Cronbach alpha values indicated a satisfactory internal consistency. While the Pearson product-moment correlation applied to the factors, indicated a dominance of statistically significant positive correlations.

Various informative results emerged from the empirical survey, amongst which were, the relative weak application of trust management practices such as trust drivers and trust builders. Some barriers were also identified such as the trustworthiness of co-workers/team members, the immediate supervisor and top management. Thus, it was evident that proper trust management practices had not been fully established within the banking sector in Ethiopia. There was thus a need for some guidelines in this regard. An integrated trust management model was therefore developed, and tested, through Structural Equation Modelling, and validated to satisfy this need.

## **KEY TERMS**

Organisational trust; Trust management; Building trust; Trust drivers; Trust busters; Trust repair; Maintaining trust; Trust outcomes; Banking Sector; Ethiopia

## **SAMEVATTING**

### **N VOORGESTELDE VERTOUENSBESTUURMODEL VIR ONDERNEMINGS: DIE GEVAL VAN DIE ETHIOPIESE BANKSEKTOR**

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Ethiopië, 'n ontwikkelende land op die vasteland van Afrika, het gedurende die afgelope dekade 'n dubbelsyfergroeikoers getoon. Om met hierdie groei vol te hou het die land 'n soliede en gesonde banksektor nodig.

Daar is konsensus dat vertroue 'n waardevolle hulpbron is wat 'n verskil kan maak. Dit beïnvloed die kwaliteit van verhoudings tussen 'n organisasie en sy werknemers en bestuur. Dit stel organisasies soos banke in staat om hul waardevolste werknemers en kliënte te behou, en dit verbeter organisatoriese werking. Die meeste leiers stem saam dat hoë vlakke van vertroue noodsaaklik is vir die sukses van hul organisasies.

In hierdie studie is die bestaande teoretiese beginsels en modelle rakende vertroue grondig geanaliseer. Daarna is 'n empiriese studie uitgevoer om vas te stel in watter mate vertrouebestuurpraktyke toegepas is. 'n Kwantitatiewe opname is gemaak op 'n waarskynlikheidsteekproef van 405 deelnemers uit die agt grootste banke in Ethiopië.

Uit die gemete items is 54 bruikbare faktore deur middel van verkennende faktoranalise geïdentifiseer. Die berekende Cronbach Alpha-waardes het bevredigende interne konsekwentheid aangedui. Die Pearson-produkmomentkorrelasie wat op die faktore toegepas is, het daarop gedui dat statisties beduidende positiewe korrelasies oorheersend voorkom.

Verskeie insiggewende bevindings het uit die empiriese opname na vore gekom, waaronder die relatief swak toepassing van vertrouebestuurpraktyke soos vertroueaandrywers en vertrouebouers. Struikelblokke is ook geïdentifiseer soos die betroubaarheid van kollegas/spanlede, die direkte toesighouer en topbestuur. Dit was dus duidelik dat behoorlike vertrouebestuurpraktyke nie na behore in die banksektor in Ethiopië gevestig is nie. Daar was dus 'n behoefte aan riglyne wat dit betref. 'n Geïntegreerde vertrouebestuurmodel is ontwikkel en getoets met behulp van strukturele gelykmakingsmodellering, en bekragtig om aan hierdie behoefte te voldoen.

## **SLEUTELWOORDE**

Organisatoriese vertroue; Vertrouebestuur; Die bou van vertroue; Vertroueaandrywers; Vertroue-onderdrukkers; Die herstel van vertroue; Behou van vertroue; Vertroue-uitkomst; Banksektor, Ethiopië

# IQOQA

## IMODELI EDIDIYELWE YOKUPHATHA UKWETHENJWA KOMKHAKHA WAMABHANGE KWELASE-ETHIOPIA

ngu

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Kule minyaka eyishumi edlule, i-Ethiopia, okuyizwe elisathuthuka elisezwekazini lase-Afrika, ibe nokukhula komnotho okungamadijithi amabili. Ukuze iqhubeke nalokhu kukhula komnotho, kudingeka ukuthi ibe nomkhakha wamabhange osebenza kahle futhi osesimweni esihle.

Kukhona ukuvumelana maqondana nokuthi ukwethenjwa kuyinsiza esemqoka engenza umehluko. Ukwethenjwa kunomthelela kwikhwalthi yobudlelwano phakathi kwenhlangano nabasebenzi bayo kanye nabaphathi. Kwenza ukuthi izinhlangano ezinjengamabhange zikwazi ukugcina abasebenzi kanye namakhasimende azo asemqoka kakhulu, futhi zikwazi nokwenza ngcono indlela ezisebenza ngayo njengezinhlangano. Iningi labaholi liyavumelana ukuthi amazinga aphakeme okwethenjwa ayinto esemqoka kakhulu empumelelweni yezinhlangano zabo.

Kulolu cwaningo kwahlaziywa ngokujulile imigomo yethiyori kanye namamodeli akhona njengamanje ahlobene nokwethenjwa futhi lolu hlaziyo lwalandelwa wucwaningo olugxile kubufakazi ophathekayo nobubonakalayo okwabe kuhloswe ngalo ukuthola ukuthi zisetshenziswa kangakanani izinqubo-nkambiso zokuphatha ukwethenjwa. Ocwaningweni kwenziwa inhlolovo egxile ebuningini (*quantitative survey*) kubabambiqhaza abangama-405 abavela kumabhange ayisishiyagalombili amakhulu ase-Ethiopia.

Ezimpdulweni zemibuzo eyabe ibuziwe kubabambiqhaza, kwahlonzwa izimo nezici ezingama-54 ezingasebenziseka, futhi lokhu kwenziwa ngokusebenzisa uhlaziyo lokuhlolwa kwezimo nezici olubizwa, phecelezi, nge-*exploratory factor analysis*. Izikalizilinganiso ze-Cronbach Alpha ezibaliwe zabonisa ukungaguquguquki nokuhambisana kwangaphakathi okugculisayo, futhi kusenjalo isikali samandla okuhambelana phakathi kwezinto ezikalwayo ocwaningweni esibizwa, phecelezi, nge-*Pearson product moment correlation* esasetshenziswa ezimweni nezici ezikalwayo sabonisa ikakhulukazi ubudlelwano obuhle bokuhambelana kwezimo nezici ezikalwayo.

Kwinhlolovo yobufakazi obubonakalayo nobuphathekayo kwavela imiphumela ehlukehlekene ewusizo futhi ehlinzeka ngolwazi olusemqoka, phakathi kokunye, eyabonisa ukungasetshenziswa neze kahle kwezinqubo-nkambiso zokuphatha ukwethenjwa, ezinjengezinto eziqhuba futhi zikhuthaze ukwethenjwa kanye nezinto ezakha ukwethenjwa. Zikhona futhi nezithiyo ezithile ezahlonzwa, ezonjengokwethembeka kwabantu okusetshenzwa nabo/amalungu eqembu, umphathi wethimba labasebenzi (*immediate supervisor*) kanye nabaphathi abakhulu. Ngakho-ke kwahlaluka ukuthi izinqubo-nkambiso zokuphatha ukwethenjwa ezifanelekile azikasungulwa ngokuphelele emkhakheni wamabhange kwelase-Ethiopia kanye nokuthi, uma kunjalo-ke, kunesidingo sokuthi kwenziwe imihlahlandlela ethile maqondana nalokhu. Ngakho-ke kwenziwa imodeli edidiyelwe yokuphatha ukwethenjwa kusetshenziswa i-*Structural Equation Modelling* ukuze kwaneliswe lesi sidingo futhi emuva kwalokho eyahlolwa yabe seyiqinisekiswa.

## **AMATEMU ASEMQOKA**

Ukwethenjwa kwenhlangano; Ukuphatha ukwethenjwa; Ukwakha ukwethenjwa; Izinto eziqhuba futhi zikhuthaze ukwethenjwa; Izinto eziqeda ukwethenjwa; Ukulungisa ukwethenjwa; Ukugcina ukwethenjwa; Imiphumela yokwethenjwa; Umkhakha wamabhange; i-Ethiopia

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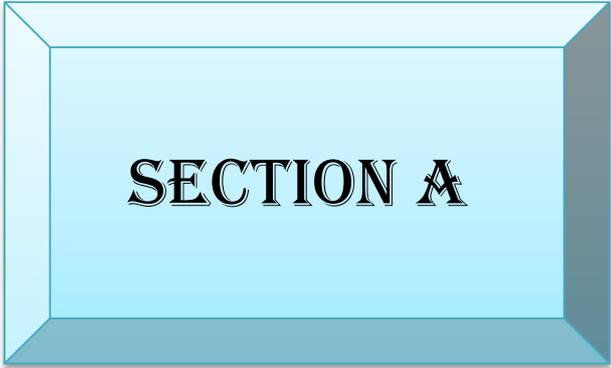
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**GENERAL INTRODUCTION**

# CHAPTER 1

## SCIENTIFIC BACKGROUND AND CONTEXTUALISATION OF THE STUDY

### 1.1 INTRODUCTION

According to numerous studies reported in the literature (Chughtal & Buckley 2009; Colquitt, Scott & LePine 2007; Gill 2008; Hunt, Lara & Hughey 2009; Knoll & Gill 2011; Mooijman, Van Dijk, Van Dijk & Ellemers 2019; Poon 2006; Semerciöz, Hassan & Aldernis 2011; Tyson 2006; Van der Berg & Martins 2013; Zak 2017; Zeffane 2010), trust within organisations has an impact on employee morale, job-performance, conflict, innovation, productivity, collaboration, communication, loyalty, and energy levels. Thus, organisations in different sectors of the economy need to establish and maintain the phenomenon of trust through appropriate managerial practices (Hunt *et al* 2009; Vanhala, Puumalainen & Blomqvist 2011; Zak 2017).

Despite its importance in creating a positive work environment, trust is at present at an all-time low within many organisations (Dietz & Gillespie 2012; Mishra & Mishra 2013; Zeffane 2010; Zigarmi, Nimon & Conley 2018). Perry and Mankin (2007) state that in the past few years, due to the change in employees' views of organisations, there exists a weak bond between employees and their organisations. This situation can be attributed to a variety of reasons, including unethical business practices, resulting, for example, in major corporate scandals, such as the Standard Chartered Bank, Barclays, Siemens, Mattel, and BAE Systems (British Broadcasting Corporation - BBC 2012; Bachmann, Gillespie & Priem 2015; Dietz & Gillespie 2012; Tourylalai 2012).

Because of its importance, a Trust Index for countries has also been developed over the years (Medrano 2013) (see Appendix A). The Trust Index is based on the following formula:

$$\text{Trust Index} = 100 + (\% \text{ most people can be trusted}) - (\% \text{ cannot be too careful})$$

The Index is applied as follows:

An index over 100 corresponds to a situation where the majority of the people trust others, while an index under 100, corresponds to a situation where the majority of people think that one can never be too careful when dealing with others.

The 2013 Index in Appendix A reflects the results of the most recent survey for each country. It is clear from the Appendix that there appears to be a lack of trust in the world, with the exception of the following countries: Norway, Sweden, Denmark, Finland, Switzerland, China, New Zealand, Saudi Arabia and Vietnam. People in countries such as Turkey, Trinidad and Tobago and Rwanda appear to be the least trustworthy.

For organisations to thrive in the current competitive business environment, trust is not a nice-to-have; but a must-have (Reynolds 1998; Blanchard, Olmstead & Lawrence 2013). This is due to the fact that if organisations do not harness the trust effect to get results and reduce costs, other organisations in a similar line of business will drive them out of business (Reynolds 1998). But what does trust mean?

According to Currall and Inkpen (2006:236), trust can be defined as “the decision to rely on another party (i.e. person, group, or organisation) under a condition of risk”. The amount of risk that one is willing to take is indicative of the level of trust that exists (Fulmer & Gelfand 2013; Schoorman, Mayer & Davis 2007).

## **1.2 STATEMENT OF THE RESEARCH PROBLEM**

Worldwide, the banking sector plays an important role in the economy of a country (Abusharbeh 2017; Matthews & Thompson 2005; Somashekar 2009). For example, it contributes to the economic growth of a country by mobilising savings for capital formation, it facilitates trade and develops the country’s infrastructure by providing money for houses, offices, buildings, hospitals and schools, to mention but a few. It also helps to develop the industrial and agriculture capacity of the country through loans to entrepreneurs and farmers (Abraham 2012; Abusharbeh 2017; Cecchetti, Schoenholtz & Fackler 2011; Saini & Sindhu 2014). Thus, without banks, individual transactions would be expensive and difficult, evaluating and monitoring borrowers would be impossible, and the cost of borrowing would be high (Cecchetti *et al* 2011). According to Chamley, Kotlikoff and Polemarchakis (2012:114), banks “control the financial highways, and when their actions shut that system down, in whole or in part, the economy suffers”. Consequently, it seems that the well-being of the economy is closely tied to the soundness of the financial institutions in general, and the banking sector in particular (Cecchetti *et al* 2011).

It should be noted that the use of technology in the banking sector since the 1980s has had a major impact on how banks operate today (Al Ajlouni & Al-hakim 2019; Wu, Hsia &

Heng 2006). Aspects such as Internet banking, telephone banking, and the use of Automatic Bank Tellers (ATMs), have all changed the methods of service delivery to clients (Ayo, Adewoye & Oni 2010; Wu *et al* 2006; Yaghoubi & Bahmani 2010). Despite all these developments, the banks remain a people-intensive sector. Over 2 million people in the United States of America, over 3 million people in the European Union countries, over a quarter of a million people in Canada, and over 150,000 people in South Africa, are for example, employed in the banking sector (Canadian Bankers Association - CBA 2013; European Central Bank - ECB 2013; USBankLocations 2013; Banking Association of South Africa 2012). Thus, the banking sector remains a major employer.

To keep abreast of the latest developments, employees need to be trained on a regular basis (Armstrong 2010; Mahapatro 2010; Mathis & Jackson 2011). Besides this, the work environment also needs to be conducive to creating motivated, well-disciplined and passionate employees (Ajala 2012). It would appear that good leadership and managerial skills are required to realise these goals (Holloway 2012; Shekari & Nikooparvar 2012). There also needs to be a climate of trust between the employees themselves, as well as with the employer, otherwise it may not be possible to provide an effective and efficient service to the clients (Yilmaz & Atalay 2009).

Hence, the ability to build and manage trust within an organisation such as a bank, is vital for its survival and success (Grudzewski, Hejduk & Sankowska 2008). Trust amongst employees and management (the employer), however, cannot be created in a short time, it has to be earned, and this is a difficult task in today's work environment (Mishra & Mishra 2013).

As indicated earlier, the banking sector plays an important role in the economic growth of a country. This role cannot be ignored, especially in developing regions such as those found in Africa, South America, the Middle and Far East (World Bank 2013a). Many of the countries in these regions are seen as low-income countries, and besides this, they have a higher population growth rate, in comparison to the middle and high-income countries, which are normally classified as developed countries; in the region of 1.9% compared to 1.2% or even as low as 0.4% in developed countries (World Bank 2013a).

Despite the fact that the developing countries at present have relatively low incomes, the International Monetary Fund (IMF 2010) indicated that these regions, during the period 2003-2013, had achieved higher growth rates than the developed countries, and can thus

be seen as potential growth areas for the immediate future. In view of this growth potential, these regions have a major opportunity to attract investment to their individual countries, and consequently improve the quality of life for all their citizens. One important and strategically placed country on the African continent, which falls into this category, is Ethiopia. Ethiopia is the second most populated country on the African continent. Historically, it is the oldest independent country on the continent (UN n.d.) and due to its importance, it needs to be looked at more closely in this regard.

As indicated, success can only be realised if these countries have an efficient and effective banking system with the presence of trust being a key component. Ethiopia has 18 major banks (public and private) which employ approximately 57,588 people. One negative aspect, however, affecting the country, is its low rating on the Trust Index of only 55.2 (see Appendix A). This can have a negative impact on its ability to attract new investments.

In view of the foregoing, a need exists to develop a trust management model which can be tested within the Ethiopian banking environment with a view to improving the management of trust within this sector. In order to proceed with the development of such a model, an effort should first be made to conceptualise the concept of trust, and secondly to identify the basic principles, best practices and existing trust management models as they appear in the literature. Finally, it will be important to identify the building blocks of such a proposed trust model. The proposed model will then be tested within the banking sector in Ethiopia, determining the scope and depth of trust management practices, and identifying any barriers which might exist within the banks at present. Recommendations will also be made relating to the implementation of the model within this sector.

### **1.3 AIM OF THE RESEARCH**

The aim of the research is to present an exploration and analysis of the concept of trust, and to develop a trust management model. The aim of exploring the trust concept is to identify the building blocks and the best practices associated with the concept, while the construction of the model will assist in the improvement of the management of trust within organisations. The suitability of the proposed model will be tested within the banking sector in Ethiopia. For the banks, this will have the advantage of helping them to manage the trust between their employees efficiently and effectively, and thus, create an

awareness of the importance of trust, which is vital to attract new business. While in the case of the employees, this model will enable them to improve their motivation and commitment to their employers and thus grow as valuable employees for their respective banks.

In the light of the foregoing, the following specific research questions that are relevant to the literature review and the empirical study, are posed.

### **1.3.1 Research questions with regard to the literature review**

- **Research question 1:** How is trust conceptualised in the literature?
- **Research question 2:** What are the basic principles and best practices of trust management?
- **Research question 3:** What are the building blocks of an effective and efficient trust management model?

### **1.3.2 Research questions with regard to the empirical study**

- **Research question 1:** What is the scope and depth of trust management practices, as measured against the proposed trust management model, within the banking sector in Ethiopia, as manifested within the sample of respondents within the sector?
- **Research question 2:** What are the barriers which exist, regarding the practice of trust management, within the banking sector in Ethiopia, as manifested within the sample of respondents within the sector?

### **1.3.3 Research Aims**

Given the above research questions, the general and specific research aims, as stated below, have been formulated.

#### **1.3.3.1 General aim of the research**

The general aim of the research is to present an exploration and analysis of the concept of trust, its principles, practices and models and to develop a trust management model which will be tested within the banking sector in Ethiopia.

### 1.3.3.2 Specific aims of the research

- **Literature Review**

In terms of the literature review, the specific aims are as follows:

- **Research aim 1:** To conceptualise trust from a theoretical perspective.
- **Research aim 2:** To identify the basic principles and best practices of trust management.
- **Research aim 3:** To identify the building blocks of an efficient and effective trust management model.

- **Empirical Study**

In terms of the empirical study, the specific aims are as follows:

- **Research aim 1:** To determine the scope and depth of trust management practices, as measured against the proposed trust management model, within the banking sector in Ethiopia, as manifested within the sample of respondents within the sector.
- **Research aim 2:** To identify the barriers which might exist, regarding the application of trust management practices, within the banking sector in Ethiopia, as manifested within the sample of respondents within the sector.

## 1.4 SCOPE OF THE RESEARCH

There are currently 18 banks (public and private) operating in Ethiopia and due to time and money constraints, it was not possible to involve all the banks in this study. Consequently, it was decided to investigate the top eight banks based on the assets they hold. The group includes the following public banks: Commercial Bank of Ethiopia (CBE) and Development Bank of Ethiopia (DBE), and the following private banks: Awash International Bank S.C., Dashen Bank S.C., United Bank S.C., Bank of Abyssinia S.C., Wegagen Bank S.C., and Nib International Bank S.C. In total, these banks employ about 48,850 people, which is 85% of the total workforce in the banking sector in Ethiopia.

## 1.5 STATEMENT OF SIGNIFICANCE

Numerous empirical studies, using a variety of theories, have been undertaken to indicate how a climate of trust can be created within organisations so that these organisations can benefit from the positive outcomes of trust, and become more competitive (Röttger 2018; Shockley-Zalabak *et al*/2010). However, no integrated trust management model has been developed to address all these aspects. This study aims to make a contribution in this regard, by testing a proposed trust management model within the banking sector in Ethiopia. The significance of this research is explained in terms of its contributions as follows.

### 1.5.1 Whetten's view of research contribution

The theoretical contribution of this research is presented firstly in accordance with Whetten's (1989) recommendations. According to Whetten (1989), the theoretical contribution needs to be viewed from three essential elements, namely: what, how and why.

- *What?*

This research aims to bring a new holistic trust management model within the trust management field that could be used to efficiently and effectively manage trust within organisations. The model consists of empirically rich building blocks such as builders of trust, drivers of trust, destroyers (busters) of trust, trust repair, maintaining trust, and measuring the outcomes of trust. Thus, unlike prior studies, this integrated model aims to bring clarity within a highly fragmented field of trust management model building theory, and create a sound foundation upon which other future researchers can build and undertake research. This research also has implications in terms of acquiring new knowledge and skills in trust management practices for employees and managers in general, and human resource managers in particular.

- *How?*

The building blocks of the proposed trust management model were obtained from an extensive literature review undertaken by evaluating the existing theory and models, and identifying their strengths and weaknesses as measured against a set of criteria drawn from the literature of best practices in the field of trust management.

- *Why?*

The literature indicates that trust is central to organisational success (Shockley-Zalabak *et al* 2010). However, numerous empirical studies indicate that there is a lack of trust between employees and management in many organisations due to unethical business practices. For example, the Edelman Trust Barometer, conducted on a global basis, indicates that trust in organisations dropped across the globe after the 2007-2008 financial crisis (Edelman 2012). Edelman (2020) also confirms that there is a continued distrust in organisations worldwide. Besides, due to the change in employees' views of their organisations, the bond between employees and their organisations has become weak (Perry & Mankin 2007). In order to curb the problem of trust in organisations, the proper management of trust seems to be a suitable strategy. Managing trust within organisations could be practical when there is a suitable model to use for this purpose. At present, however, such a model does not appear to exist within the trust literature. Thus, this research is undertaken to develop a holistic trust management model for organisations that desire to create an organisation with a high level of trust.

The contribution of the study may also be presented from a theoretical, empirical and practical perspective.

### **1.5.2 Theoretical contribution**

On a theoretical level, this research may develop a better understanding of the relationship between the building blocks of the proposed trust management model and their relationship to one another as well as their influence on organisational success. The relationships between the building blocks may also prove useful to future researchers in exploring possible interventions to strengthen these relationships. Furthermore, the research results could contribute to the body of knowledge within the field of trust management highlighting the importance of managing this phenomenon properly within organisations and how to go about implementing such a process.

### **1.5.3 Empirical contribution**

On an empirical or methodological level, the research may provide useful insight into firstly, the empirical interrelationships found between the different constructs identified from the exploratory factor analysis and secondly, the fit found between the constructs

identified from the structural equation modelling (SEM) process. If significant relationships /fit are found, then the findings will be useful in the field of trust management by indicating how the different constructs play a role in the successful management of trust within organisations.

#### **1.5.4 Practical contribution**

On a practical level, this research could provide guidelines for managers, Human Resource Management Officers and employees on how to go about managing trust successfully within their organisations. The building blocks of the proposed model can serve as a guideline to identify their present strengths and weaknesses and which interventions are needed to achieve their identified goals. Furthermore, as this research brings a new trust management model consisting of twelve identifiable steps and components to the field of trust management, it could be used firstly, to evaluate the current situation in organisations as to whether or not the basic principles and best practices of trust are in place, and secondly, to develop strategic mechanisms with a view to improve the trust management process within organisations.

In summary, the research can assist with the general improvement of trust management within all types of organisations which can lead to better competitiveness. Also, this research is breaking new ground as there appears to be no other study existing within the banking sector within Ethiopia addressing this specific aspect.

### **1.6 THEORETICAL FOUNDATION OF THE RESEARCH**

Organisational activities including managerial work are accomplished through interpersonal interaction and the nature of interpersonal relationships between persons which can determine their ability to get work accomplished (McAllister 1995). Different referents of trust can be found in an organisation such as a bank, namely: co-workers, supervisors and the organisation itself and each referent can have different relationships with any other referent (Dietz & Den Hartog 2006; Guinot & Shavi 2019). It is thus important in order to successfully undertake this research to understand the impact trust plays within those relationships. The underlying premise of successful relationships within organisations are based on what is known in the literature as the social exchange theory. This theory suggests that people expect some future return when they give another

person a reward, resource, authority, effort or other perceived commodity. In the workplace, social exchanges might include: strong job performance, high commitment and job satisfaction, low rates of turnover and absenteeism, and favourable supervisor – employee relationship (Bernerth & Walker 2009). The role of social exchange theory in the development of trust and commitment is thus critical especially relating to the successful management of trust within organisations (Lai, Singh, Alshwer & Shaffer 2014; Erturk & Vurgun 2015; Schilke, Reimann & Cook 2015).

Besides the importance of the social exchange theory for this study, a further theory will be considered, namely that of the proximal-distal theoretical framework, and its impact on the trust relationship (Wahrendorf & Siegrist 2014). The underlying premise of this theory is the impact aspects such as the employees' characteristics (proximal factors), and for example, an organisation's human resource policies (distal factors) can exert on the trust relationships within organisations. Thus, the impact of external factors within relationships, for example within the workplace, is seen as of importance (Chin Lee & Lunn 2019).

Given the above discussion, both theories will be drawn on for the purpose of this study.

## **1.7 OUTLINE OF THE RESEARCH REPORT**

This research report consists of the following sections:

**Section A:** This section provides the general introduction for the study. It consists of Chapter 1 which deals with the scientific background and contextualisation of the study. This chapter addresses issues such as the statement of the research problem, aim of the research, scope of the research, statement of significance, and the outline of the research report.

**Section B:** This section provides an overview of the banking sector in Ethiopia. Chapter 2 looks at the history of the banking industry in Ethiopia. There is a focus on the historical overview of the development of the banking system of Ethiopia during the imperial, the *Derg*, and the post-*Derg* periods. Other issues to receive attention in this chapter include the present legislation governing the banking system in Ethiopia, the profile of the present banking system in Ethiopia in terms of number of employees, branch network, number of clients, capital held, services provided, regulatory and supervisory body, the banking

association, and banking qualifications. It also looks at future challenges and threats facing the banking sector in Ethiopia.

**Section C:** Provides a theoretical overview of the concept of trust. Chapter 3 deals with the concept of trust. The chapter addresses aspects such as the psychological contract, defining the concept of trust, the nature of trust and trust referents. There is also a focus on the individual and organisational antecedents of trust, the benefits of trust in organisations, and trust versus distrust. Chapter 4 looks at the trust process. The focus of this chapter is on trust building, trust maintenance and trust repair. Also addressed, are the interplay between the organisational culture and trust, and trust in the virtual work environment. Next in Chapter 5, a number of important trust management models found in the literature are discussed. The models are firstly classified into the following groups: cognitive, affective, combined (hybrid) and situational, and then evaluated against criteria developed from the trust theory.

**Section D:** Looks at the development of an explanatory framework/building blocks for the proposed trust management model for organisations which will be tested in the banking sector in Ethiopia. Chapter 6 firstly looks at the characteristics of models in general, the relationships to their nature and types, the concept of group model building as well as the aspects of system dynamics. Hereafter, the individual building blocks of the proposed model are discussed.

**Section E:** Involves the empirical research. Chapter 7 discusses the concept of research methodology, the research paradigm, the research design and strategy. The design and layout of the questionnaire (measuring instrument), methods to ensure the validity and reliability of the measuring instrument, issues related to the pretesting of the questionnaire, data collection method, population, sampling and response rate, computerisation and coding of the data, data analysis as well as the ethical framework followed in this study, are also discussed. While Chapters 8 and 9 focus on the data analysis, Chapter 10 deals with the integration of the results of the empirical study with the literature review.

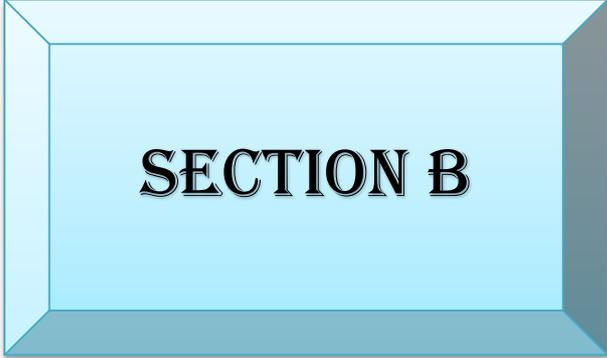
**Section F:** Involves the conclusion and recommendations of the study. While Chapter 11 consists of the conclusions, recommendations and limitations of the study.

**Section G:** Consists of the Appendices referred to in the text and the bibliography.

## **1.8 CHAPTER SUMMARY**

This chapter has highlighted the important role played by trust within organisations. It has also indicated the important value which trust plays in the motivation of the employees and the success which trust brings in the effective and efficient functioning of organisations. One sector which plays a major role in any country is its banking sector. The chapter has provided a brief insight into the banking sector in the second most populated country in Africa, namely Ethiopia, and has indicated that, despite the role which technology plays within the banking environment, the role of its employees remains vital. It is thus important that the employees within banks are managed properly. One aspect that plays an important role in the success of the banks is that of trust which exists amongst the employees and between employees and their employers. As countries worldwide face challenges in this regard, especially developing countries trying to obtain new investors, this aspect needs to be addressed specifically within the banking sector.

In this chapter, the current understanding and background information about the issue of trust within organisations have been presented. The research problem, supported by a set of research questions relating to the literature review and empirical study, have also been stated. Furthermore, an effort has been made to establish the scope, context, and significance of the research to be conducted. The theoretical foundation of the research has also been discussed. All these aspects set the stage so that the research can be conducted with a clear focus, purpose and direction. In the next chapter, Chapter 2, an overview of the banking sector within Ethiopia will receive attention.



**SECTION B**



**AN OVERVIEW OF THE BANKING  
SECTOR IN ETHIOPIA**

## CHAPTER 2

### AN OVERVIEW OF THE BANKING SECTOR IN ETHIOPIA

#### 2.1 INTRODUCTION

As indicated in Chapter 1, banks play an important role in the development of a country. They do not only encourage a savings-culture by attracting depositors and paying interest on money deposited, but they also increase capital formation by converting the deposits into loans. These loans are then used for housing, buildings, promoting investment, developing industries and the infrastructure of a country. Besides these important activities, banks also provide services such as sending and receiving funds from foreign countries in respect of trade between countries (Hubbard & O'Brien 2012; Saini & Sindhu 2014). For the individual, the banks provide services such as mobile and Internet banking, issuing debit and credit cards, and in many cases, also act as executors of the estates of their clients (Rose & Hudgins 2008). The banks not only enable the economy to generate employment opportunities, but also support agricultural development in a country (Saini & Sindhu 2014). Thus, the banking sector of a country plays an important role in the country's economy.

In this chapter, the focus will be on a brief overview of the banking sector in Ethiopia. Issues to be discussed include: a historical overview of the development of the banking system in the country, the legislation governing the banking system, the present banking system and the future challenges and threats facing the banking sector.

#### 2.2 A HISTORICAL OVERVIEW OF THE DEVELOPMENT OF THE BANKING SYSTEM IN ETHIOPIA

In this section, the focus will be on the development of the banking system within Ethiopia over a number of time periods. To put this discussion into perspective, it is important to first provide some facts about the country.

## **2.2.1 Facts about Ethiopia**

Ethiopia is officially known as the Federal Democratic Republic of Ethiopia (FDRE). It is located in the Horn of Africa, bordered by Eritrea to the north and north east, Djibouti and Somalia to the east, Sudan and South Sudan, to the west, and Kenya to the south (see Appendix B) (University of Texas Libraries 2014). It is the second most populated nation on the African continent. According to a 2016 estimation, the country has approximately 102 million people (Central Intelligence Agency - CIA 2016). The country occupies a total area of 1,104,300 square km. It is the 27th largest country in the world. Its capital and largest city is Addis Ababa with a population of approximately 3,195,000. Ethiopia is a multi-lingual society with around 80 ethnic groups, the two largest being the Oromo and the Amhara (CIA 2016; Central Statistics Agency - CSA 2013). In Appendix C, some interesting facts about the population, and the geography of the country, are provided. The country's nominal GDP per capita is USD 863 (National Bank of Ethiopia - NBE 2017).

According to the International Monetary Fund (IMF), Ethiopia is one of the fastest growing economies in the world, registering over 10% economic growth per annum since 2004. Agriculture accounts for almost 44.4% of its GDP, employing more than 80% of the labour force (IMF 2014; IMF 2013). It has 57 airports as of 2013, 681 km of railway lines, and 110,414 kilometres of roads, both paved and unpaved (CIA 2016). The country has 241 functional hospitals, 3,562 health centres, and 16,480 health posts (FDRE-MoH 2016). Some of the oldest evidence of the modern human can be found in Ethiopia. Its currency is known as *Birr*.

## **2.2.2 Developing the banking system in Ethiopia**

In this section, a brief overview on the development of the banking system in Ethiopia will be provided. The following time-periods will be used for the discussion:

- The Imperial period (1905 – 1974),
- The *Derg* period (1974 – 1991), and
- The Post-*Derg* period (1991 – to date)

### **2.2.2.1 The Imperial period (1905 – 1974)**

Modern banking in Ethiopia dates back to 1905, during the reign of Emperor Menelik II with the establishment of a national monetary system in the country (Mauri 1997).

The first bank, i.e. the Bank of Abyssinia (BoA), was established on 16 February 1906. BoA was managed by the National Bank of Egypt (NBE 2013). The charter of BoA included a number of provisions as indicated in Table 2.1.

Despite being a monopoly power in Ethiopia, BoA only started to make a profit in 1914. This was due to several reasons: a lack of awareness amongst the citizens as far as banking services were concerned, the initial costs incurred to establish the bank in the country, and the commuting of its administrative personnel from Egypt (Mauri 1997; NBE 2013; Pankhurst 1963; Schaefer 1992).

**TABLE 2.1:** Charter of the Bank of Abyssinia

- 1) To be the only bank,
- 2) Have the sole right to issue notes,
- 3) Have the sole right to mint coins,
- 4) To be the sole financial agent of the government,
- 5) The preferred bank for all government loans,
- 6) Have permission to build bonded warehouses,
- 7) Have a free grant of all the land needed for the bank, and
- 8) To transport its money by rail at government rates.

Source: Mauri (1997:40)

In the first fifteen years of its operation, BoA opened branches in different commercially strategic areas of Ethiopia such as Harar in 1906, Dire Dawa in 1908, Gore in 1912, and Dessie and Djibouti in 1920. The first Governor of the bank was Mr D. MacGillivray, and at the beginning of 1907, Mr H. Goldie followed, with Mr M.R. Backhouse in 1909, and Mr C.S. Colier in 1913 (Schaefer 1992).

Despite a 50-year monopoly right given to BoA, in May 1908, a development bank called *Société Nationale d'Ethiopie pour le Développement de l'Agriculture et du Commerce*, an Ethiopian bank, was established by an order of Emperor Menelik, and his wife Empress Taytu (Schaefer 1992; Pankhurst 1963). The reason for this move was related to the fact that the Emperor and the Empress were unhappy that BoA fell under British control, and the fact that the bank primarily financed foreign enterprises and wealthy clients. Since the new bank was mainly serving the neglected market segment, it was not seen as being in competition with BoA (Mauri 1997). In August 1928, the new bank was renamed, the *Societe Nationale d'Ethiope* (SNE). Sixty percent of the capital of SNE was subscribed by a French bank, namely

the *Societe Financière de France*. Further French involvement in Ethiopia followed in 1934, when the *Banque de l'Indochine* (Ble) succeeded in opening a branch in Addis Ababa, the capital of Ethiopia (Mauri 1997). However, after the invasion of Ethiopia by Italy in 1936, the French bankers decided to withdraw from Ethiopia. Consequently, the Ble branch office in Addis Ababa was closed while the shares of SNE were sold to an Italian financial group and the bank was kept going under a new name *Societa Nazionale d'Etiopia*, and the staff were retained. However, the Bank of Ethiopia which was established after the accession to the throne of Emperor Haile Selassie in 1930, replacing BoA (EIG 1931) was not so lucky, and was closed (Mauri 2003; Mauri 1997; NBE 2013; Symes 2013). It is important to note that the Bank of Ethiopia, was the first truly Ethiopian bank, and also the first indigenous bank in Africa (Mauri 1997). The Bank of Ethiopia opened branches in Dire Dawa, Gore, Dessie, Debre Tabor, Harar, Gambella, and a transit office in D'jibouti.

During the period of the Italian invasion of Ethiopia (1936-1941), the Italians were operating the banking business in the country through branches of their main banks such as *Banca d'Italia*, *Banco di Roma*, *Banco di Napoli* and *Banca Nazionale Del Lavoro*. However, with the exception of *Banco di Roma*, and *Banco di Napoli*, which remained in Asmara (Eritrea), others ceased operations following the withdrawal from the country by Italy as a result of the British, the Ethiopian patriots, and the Commonwealth armies invasion in 1941 (Milkiyas 2011; NBE 2013; Rena 2007).

As a result of the presence of the British troops in the country, another foreign bank, i.e. Barclays Bank came to Ethiopia. The bank opened in Addis Ababa on 1 July 1941, taking over the premises previously used by the Italian bank – *Banca Nazionale De Lavoro*. Although the bank provided services to the commercial sector in the country, its main focus was on doing business with the British army. After the signing of the Military Convention Agreement between Ethiopia and the British Government on 31 January 1942, Ethiopia became an independent state. As the bank's policy at the time dictated that Barclays Bank would only operate in British territories, the independence of Ethiopia forced the bank to close its operations on 15 April 1943 (Symes 2013).

Soon after the British departure, the State Bank of Ethiopia was established in 1942 and started full operations on 15 April 1943 in the former *Banca d'Italia* building in

Addis Ababa. Being the agent of the Ministry of Finance, the bank was considered to be the central bank of Ethiopia. It was empowered to issue bank notes and coins. Moreover, the bank was given the sole right of issuing currency and dealing with foreign currency. The bank was also engaged in commercial banking activities. The bank opened 21 branches including a branch in Khartoum (Sudan) and a transit office in Djibouti (NBE 2013; Symes 2013).

In 1963, the Monetary and Banking Proclamation came into force ending the operation of the State Bank of Ethiopia (EIG-MOP 1963a). The main purpose of this proclamation was:

- (a) the separation of the functions of the commercial part and the central banking services section, and
- (b) the formation of the National Bank of Ethiopia, and the Commercial Bank of Ethiopia.

Through the Disposition of Assets and Liabilities Proclamation enacted in 1963, assets and liabilities of the State Bank of Ethiopia were divided between the National Bank of Ethiopia and the Commercial Bank of Ethiopia (EIG-MOP 1963b). In 1963, the National Bank of Ethiopia Charter was also declared (EIG-MOP 1963c). Hence, the National Bank of Ethiopia and the Commercial Bank of Ethiopia both commenced operations on 1 January 1964, with the National Bank of Ethiopia, taking over the central banking services of the State Bank of Ethiopia, and the Commercial Bank of Ethiopia the commercial banking activities of the State Bank of Ethiopia.

The Monetary and Banking Proclamation also paved the way for foreign banks to operate in Ethiopia. These banks had their foreign ownership limited to 49%, while the remaining 51% was owned by Ethiopians (EIG-MOP 1963a; NBE 2013). In 1964, the first private bank, Addis Ababa Bank, opened its doors with a capital of 2 million *Birr*. It was a joint venture with Grindlays Bank, a British institution, which owned 40% of the total share capital. By 1975, the bank had 26 branches (NBE 2013). A further development of the Monetary and Banking Proclamation was that the banks which existed previously could re-apply for licenses, such as the *Banco di Roma* and *Banco di Napoli* (EIG-MOP 1963a). By 1975, these two banks had nine branches in the country (NBE 2013).

Besides the establishment of formal banks in Ethiopia, other types of financial institutions also emerged from about 1945. These institutions mainly specialised in services such as providing loans and accepting savings. In the agricultural area, the Agricultural Bank, which was established in 1945, was subsequently replaced by the Investment Bank of Ethiopia in 1951. In 1965, it changed to the Ethiopian Investment Corporation S.C. (NBE 2013). In 1970, the assets of the Ethiopian Investment Corporation S.C. were taken over by the newly established Agricultural and Industrial Development S.C. (EIG-MOP 1970). Other institutions which were also established around 1963, were the Imperial and Home Ownership Public Association, which provided loans for the construction of houses for individuals, while the Saving and Mortgage Corporation S.C., was accepting savings and providing loans for the construction, repair and improvement of residential, commercial and industrial buildings (NBE 2013).

#### **2.2.2.2 The *Derg* period (1974 – 1991)**

With the end of Imperial rule in 1974, major political changes took place in Ethiopia. The country was taken over by a revolutionary group of military officers who established the Provisional Military Administrative Council (PMAC), referred to simply as the “*Derg*”, an Ethiopian word for “*committee*” (Geda 2001; Milkias 2011). This had a direct impact on the banking sector in the country. As a result of these changes, a shift took place from largely a market-oriented economy to a centralised economic system (socialism) where the state played a significant role in all areas of the economy (Geda 2001). As a result of this, the Addis Ababa Bank, *Banco di Roma* and *Banco di Napoli* were nationalised in early 1975 (NBE 2013).

The political changes also impacted on the other non-traditional financial institutions mentioned earlier such as the Savings and Mortgage Corporation S.C., and the Imperial Saving and Home Ownership Public Association. In 1975, these two institutions were merged through the Housing and Savings Bank Establishment Proclamation to form the Housing and Savings Bank with a working capital of *Birr* 6 million (PMAC-OCPMAD 1975). Other changes which were also made involved the merger of the Addis Ababa Bank, *Banco di Roma* and *Banco di Napoli* to form the second largest bank, namely the Addis Bank, with a capital of *Birr* 20 million. It had a staff of 480 and 34 branches in the country (NBE 2013). In 1980, the Commercial

Bank of Ethiopia Establishment Proclamation was issued. This resulted in the formation of a new government-owned bank called the Commercial Bank of Ethiopia, from a merger of the Addis Bank and the Commercial Bank of Ethiopia (PMAC-OCPMAD 1980). The bank started its operations with a capital of *Birr* 65 million, it had 3,633 employees, and 128 branches in the country (NBE 2013).

The Agricultural and Industrial Development Corporation, which was formed in 1970, with full government ownership, was brought under the umbrella of the National Bank of Ethiopia through the Monetary and Banking Proclamation, issued in 1976 (PMAC-OCPMAD 1976). This changed again in 1979, with a new proclamation, which re-established the bank as a public finance agency named the Agricultural and Industrial Development Bank (PMAC-OCPMAD 1979). The banks which continued to operate until the collapse of the socialist system in 1991 were: the National Bank of Ethiopia (NBE), the Commercial Bank of Ethiopia (CBE), the Agricultural and Industrial Development Bank (AIDB), and the Housing and Savings Bank (HSB).

### **2.2.2.3 The Post-*Derg* period (1991- to date)**

Economic liberalisation began in Ethiopia following the overthrow of the *Derg* regime in 1991. Unlike the *Derg* regime, this period turned the country around to a market-oriented economic system. The new economic policy changes limited the role of the government in order to encourage the participation of the private sector in the economy. As part of the structural adjustment programme, financial sector reform took place in the country improving the mobilisation of domestic resources for investment and improving the efficiency of financial intermediation through market forces, which were the two principal objectives of the financial reform (Geda 2001).

As part of the liberalisation programme implemented since 1994, the Monetary and Banking Proclamation, which was enacted in 1976 to define the role of the central bank, was replaced by two new proclamations: the Monetary and Banking Proclamation and the Licensing and Supervision of Banking Business Proclamation. While the first proclamation focused on redefining and outlining the functions of the National Bank of Ethiopia under the market oriented economic system, the second proclamation laid down the legal basis for investments in the banking industry by the private sector (TGE-HPR 1994a; 1994b). As a result of these changes, 16 private

banks were established from 1994 in Ethiopia with a staff complement of 30,963, and a total asset value of approximately *Birr* 150.3 billion.

Despite the establishment of the private banks, foreign investors were prohibited from doing banking business in Ethiopia. The reason for this was that the government was concerned about the impact this might have on the country, through the loss of control over its economy. As a result of this, the banking sector in the country has been greatly isolated from the effects of globalisation (Kiyota, Peitsch & Stern 2007).

During 1994 three regulations were enacted, namely: the Development Bank of Ethiopia Establishment Regulation, the Commercial Bank of Ethiopia Establishment Regulation, and the Construction and Business Bank Establishment Regulation. The first regulation was enacted to establish the Development Bank of Ethiopia as a public enterprise by repealing the proclamation which was enacted to establish the Agricultural and Industrial Development Bank in 1979 (TGE-HPR 1994c). The second regulation was enacted to establish the Commercial Bank of Ethiopia as a public enterprise by repealing the proclamation which was enacted to merge the Addis Bank and Commercial Bank of Ethiopia S.C. to establish the new Commercial Bank of Ethiopia in 1980 (TGE-HPR 1994d). The last regulation was enacted to establish the Construction and Business Bank as a public enterprise by repealing the proclamation which was proclaimed to establish the Housing and Savings Bank by merging the Savings and Mortgage Corporation S.C. and the Imperial Savings and Home Ownership Public Association in 1975 (TGE-HPR 1994e).

The Commercial Bank of Ethiopia, the Development Bank of Ethiopia, and the Construction and Business Bank continued to be public-owned banks operating in Ethiopia. The number of banks operating in the country reached 19 as at 30 June 2015, of which 16 were private banks, and 3 public banks. Since December 2015 however, the merger of two of the public banks, i.e. Commercial Bank of Ethiopia and Construction and Business Bank took place, and a new bank was formed namely the Commercial Bank of Ethiopia. This brought the total number of banks within the country to 18.

## 2.3 LEGISLATION GOVERNING THE BANKING SYSTEM IN ETHIOPIA

From the foregoing discussion it is clear that the establishment of the banking sector in Ethiopia has gone through a number of major challenges. The most prominent being the implementation of a socialist system during the *Derg*-period. This led to the nationalisation of the banks within the country. However, since the collapse of the socialist government, numerous proclamations, to develop a healthy banking system for the country have been enacted (see Appendix D).

The two proclamations which are currently governing the banking business in Ethiopia are the National Bank of Ethiopia Establishment Proclamation and the Banking Business Proclamation (FDRE-HPR 2008a; 2008b). The first proclamation, which is an amendment of the 1994 proclamation, was issued to establish the National Bank of Ethiopia. It defines the organisation, management and functions of the National Bank of Ethiopia, as well as its relationship with the government, with other banks and with financial institutions in the country (FDRE-HPR 2008a). The second proclamation was enacted to prevent economic instability in the banking business in the country. It defines some of the fundamental issues that are deemed necessary to ensure the safety, soundness and stability of the banking sector (FDRE-HPR 2008b). This proclamation sets out the conditions under which banks can be licensed, and the supervisory requirements they should observe during their operation. It deals specifically with the process of licensing banks in the country; the shares and shareholders' meetings; the directors and employees of a bank; the financial obligations and limitations; the financial records and external audit inspections; the disclosure of information and inspection of the banks; the revocation of the banking license, receivership, and liquidation; and some other miscellaneous provisions. Table 2.2 indicates some of the conditions as set out in this proclamation, regarding the conditions required to obtain a banking license in Ethiopia.

From Table 2.2, it is clear that proper guidelines exist when establishing a banking operation in Ethiopia. These guidelines should prevent any undue irregularities taking place in this process, and should contribute to a sound banking system in the country.

**TABLE 2.2:** Conditions required to obtain a banking license in Ethiopia

- Submission of a duly completed application and other accompanying documents to the National Bank of Ethiopia (NBE);
- An investigation fee, as determined by the NBE, shall be paid at the time of submitting the application;
- Publishing a notice of intention to engage in a banking business in a newspaper;
- The bank shall be formed as a company;
- All its issued shares shall be subscribed, and at least one-fourth of the subscribed shares shall be paid in cash;
- The minimum paid-up capital prescribed by the NBE shall be paid in cash and deposited in a blocked account;
- The directors, the chief executive officer and senior executive officers of the bank shall meet the qualification criteria prescribed by the NBE;
- Influential shareholders of the bank shall meet the fitness and propriety criteria prescribed by the NBE; and
- The premises, security arrangements and cash vault of the bank shall meet the standards prescribed by the NBE.

*Source:* Federal Democratic Republic of Ethiopia- House of People's Representatives (2008b:4205-4206)

## **2.4 A PROFILE OF THE PRESENT BANKING SYSTEM IN ETHIOPIA**

In this section, a number of the characteristics, as they pertain to the present banking sector within Ethiopia, will be discussed.

### **2.4.1 The staff, branch network, clients, services provided, and capital held by the banking sector**

- **Staff**

As indicated in Table 2.3, approximately 57,588 employees are employed within the public and private banks in Ethiopia (Banks' annual reports 2015). The largest group of staff, approximately 25,478, work for the Commercial Bank of Ethiopia, followed by 5,847 staff members, employed by the Awash International Bank S.C., and 4,597 staff members employed by the Dashen Bank S.C. The number of employees at the remainder of the banks, is in the range 184 to 3,290.

- **Branch network**

The number of banks operating in Ethiopia reached 19 as at 30 June 2015, of which, 16 are private banks, and 3 public banks. Since December 2015 however, the merger of two of the public banks, i.e. Commercial Bank of Ethiopia and Construction and Business Bank took place, and a new bank was formed named the

Commercial Bank of Ethiopia. This has brought the total number of banks within the country to 18 as indicated in Table 2.3. The total number of bank branches (see Table 2.3) reached 3,187 of which 1,260 are public and 1,927 are private bank branches. Approximately 34.4% of the total branches are in Addis Ababa, while the remainder are located in the regions (NBE 2016).

**TABLE 2.3:** Banks operating in Ethiopia

Bank	Total Asset Held (In Billions of Birr)	Number of Staff Employed	Number of Branches
<b>Public Banks</b>			
1) Commercial Bank of Ethiopia (CBE)	359	25,478	1,150
2) Development Bank of Ethiopia (DBE)	29.5	1,147	110
<b>Total Public Banks</b>	<b>388.5</b>	<b>26,625</b>	<b>1,260</b>
<b>Private Banks</b>			
3) Awash International Bank S.C.	25.2	5,847	245
4) Dashen Bank S.C.	24.8	4,597	118
5) United Bank S.C.	14.3	2,921	144
6) Bank of Abyssinia S.C.	13.7	3,290	176
7) Wegagen Bank S.C.	13.7	2,948	161
8) Nib International Bank S.C.	13.2	2,622	155
9) Oromia International Bank S.C.	9.5	2,425	210
10) Cooperative Bank of Oromia S.C.	7.4	1,636	184
11) Lion International Bank S.C.	5.8	816	121
12) Zemen Bank S.C.	4.8	438	13
13) Abay Bank S.C.	4.6	876	116
14) Buna International Bank S.C.	4.5	747	105
15) Berhan International Bank S.C.	4.1	1,181	88
16) Enat Bank S.C.	2.2	195	20
17) Addis International Bank S.C.	1.3	184	43
18) Debub Global Bank S.C.	1.2	240	28
<b>Total Private Banks</b>	<b>150.3</b>	<b>30,963</b>	<b>1,927</b>
<b>Total Public and Private Banks</b>	<b>538.8</b>	<b>57,588</b>	<b>3,187</b>

Currency: 1 US Dollar = 29.1829 Birr

Source: National Bank of Ethiopia (2016; 2019); Annual Reports of respective banks (2015)

- **Number of clients**

Although most of the banks do not tend to indicate the number of account holders in their annual reports, there is an indication that the number is growing yearly as both the public and private banks have been opening new branches across the country. For example, the number of account holders for the Commercial Bank of Ethiopia reached more than 15.9 million, while Dashen Bank S.C. reached more than 1.4 million in June 2016 (CBE 2017; Dashen Bank S.C. 2016). As far as the total market share is concerned, 60.5% belongs to the private banks, and the remainder 39.5%, to the public banks (see Appendix E).

- **Capital held by the banks**

Also indicated in Appendix E, is the capital held by the individual banks. The total capital of the banking system reached *Birr* 43.0 billion as at 30 June 2016, of which 51.1% belonged to the private banks. The remainder belonged to the public banks with the Commercial Bank of Ethiopia holding 31.5% of the capital.

- **Services provided by the banks**

The banks in Ethiopia provide the traditional services that all banks offer worldwide, such as accepting deposits, lending and transmitting funds. As previously mentioned, the banks have also moved into the electronic banking area, providing their clients with Internet or online banking, mobile banking, Automatic Teller Machines (ATMs), and Point of Sale (POS) terminals.

The banks however are not currently offering advanced Internet banking services such as the use of the Internet to accept customer applications for loans and credit online brokerage and securities trading. The reason for this is that there still exists an underdeveloped financial market system in the country. Despite the technological advancement, the physical branch at present remains the most dominant and important channel in the banking system in Ethiopia (Ahmed & Dessalegn 2014; IMF 2014).

#### **2.4.2 The supervisory body for the banking sector in Ethiopia**

In accordance with the National Bank of Ethiopia Establishment Proclamation issued in 2008, the regulatory and supervisory body for the banking sector in Ethiopia is known as the National Bank of Ethiopia (NBE). The NBE has the following powers:

- print and circulate the legal tender currency;
- license and supervise banks;
- create favourable conditions for the expansion of banking services;
- set limits on gold and silver bullion and foreign exchange assets which banks can hold;
- set limits on the net foreign exchange position and on the terms and the amount of external indebtedness of banks;
- avail short-term and long-term refinancing facilities available to banks;

- make loans or advances to banks on the basis of obligations and conditions determined by its directive; and
- monitor foreign exchange transactions of banks through on-site inspection and off-site surveillance, among others.

It can thus be seen as the watchdog for the banking industry (FDRE-HPR 2008a).

### 2.4.3 The Ethiopian Bankers Association

The Ethiopian Bankers Association (EBA) is responsible for protecting and promoting the business interests of banks; for lobbying policymakers to formulate policies that are favourable for the banking sector; and for making their voices heard. The Association was established in December 2001 (EBA 2014). Table 2.4 indicates the founding members of the EBA. Today all the banks belong to the Association (Ayalew 2014).

**TABLE 2.4:** Founding members of the Ethiopian Bankers Association

- |   |
|---|
| <ol style="list-style-type: none"> <li>1) Commercial Bank of Ethiopia (CBE)</li> <li>2) Development Bank of Ethiopia (DBE)</li> <li>3) Construction and Business Bank (CBB)</li> <li>4) Awash International Bank S.C.</li> <li>5) Dashen Bank S.C.</li> <li>6) Bank of Abyssinia S.C.</li> <li>7) Wegagen Bank S.C.</li> <li>8) United Bank S.C.</li> <li>9) Nib International Bank S.C.</li> </ol> |
|---|

Source: Ethiopian Bankers Association (2014:2)

The mission of the EBA is to: (a) advance a cooperative spirit and venture among member banks; (b) organise and facilitate the exchange of information and expertise; (c) advocate the passage of legislations, policies and regulations conducive to good banking practices; (d) promote and support banking education, training and research; (e) organise and advance banking activities of common benefit such as transfers handling and use of common resources; (f) undertake the settlement of disputes that may arise among member banks through mediation and arbitration; (g) develop and recommend a code of conduct for the banking practices; (h) educate the public on banking services; and (i) represent the banking sector (EBA 2014). It is thus clear that the EBA plays a major role within the banking sector. The Association is funded by its members (Ayalew 2014).

#### **2.4.4 Banking qualifications**

For the banks to render a good service to their clients, it is important that their staff undergo proper training. A number of related banking qualifications (degrees/diplomas/certificates) can be obtained from either Colleges or Universities within Ethiopia or abroad. These institutions consist of public and private Universities/Colleges (see Appendix F). All the public, and some of the private institutions, such as Admas University, St. Mary's University and Unity University, provide training in disciplines such as Accounting, Finance, Management, Economics and Marketing in their undergraduate and post graduate programmes. Graduates with these types of qualifications have been the major source of employees for the banking sector in Ethiopia. In addition to the regular degree programmes, these institutions also provide short programmes in these disciplines. In Appendix G, some typical degree programmes offered by these institutions are indicated. Besides the formal programmes, two other training institutes namely: the Ethiopian Institute of Financial Studies (EIFS), and the Ethiopian Management Institute (EMI), also provide training in the disciplines mentioned earlier, in an effort to improve the efficiency of the employees in the banking sector. The Ethiopian Institute of Financial Studies (EIFS) is organised and managed by the NBE, and was established in 1966 (NBE 2014). Some typical courses offered by EIFS include Basic Monetary Policy Instruments and Operations, Domestic Banking Practices and Marketing and Customer Relationship Management. Some details pertaining to the Banking and Management Development training are indicated in Appendix H.

Likewise, the Ethiopian Management Institute (EMI) has been making contributions to the banking sector by providing management development training to banking employees since 1958. Some of the courses include Basic Managerial Skills, Employee Performance Management, Financial Accounting, Internal Auditing, and Risk Management (EMI 2014). Some details of the management development training provided by the institute are indicated in Appendix I. It is thus clear from the foregoing that a wide range of training focussed on the banking environment within Ethiopia is offered to banking employees.

## 2.4.5 Labour legislation in Ethiopia

For any country striving towards a harmonious workplace, there needs to be some form of legal framework within which this can take place. This normally happens through the availability of labour legislation. In Ethiopia, this is done through the Labour Proclamation, enacted in 2004 (FDRE-HPR 2004). The proclamation addresses major issues such as the employment contract, the rights of workers, occupational safety, health and collective relations (see Appendix J). Thus, the proclamation provides guidelines for the human resource managers, as well as other managers, on how they need to manage their employees.

At present, more than 450,000 employees in Ethiopia are organised into 702 basic Trade Unions. These Unions have formed nine independent National Trade Union Federations, based on the industrial groups as indicated in Table 2.5. The Federations are co-ordinated and led by an umbrella organisation known as the Confederation of Ethiopian Trade Unions (CETU), which was established in 1963 (CETU 2013).

**TABLE 2.5:** National trade union federations in Ethiopia

Industry code	Name of federation
01	Agricultural, Plantation and Fisheries Workers Unions National Federation
02	Mining Workers Unions National Federation
03	Textile, Leather and Garment Industry Workers Unions National Federation
04	Water, Electric and Fuel Workers Unions National Federation
05	Construction and Related Industries Workers Unions National Federation
06	Trade, Technical, and Printing Workers Unions National Federation
07	Transport and Communications Workers Unions National Federation
08	Finance, Bank and Insurance Workers Unions National Federation
09	Tourism, Hotels, and General Service Workers Unions National Federation

Source: Federal Democratic Republic of Ethiopia – Ministry of Labour and Social Affairs (2014/2015:7)

Generally, trade unions in Ethiopia are not strong, partly due to the lack of finance, technical capacity of the union leaders, employers' resistance, and the low level of development of the democratic culture in the country (Bersoufekad 2003). Despite these challenges, the employees at banks such as the Commercial Bank of Ethiopia, Development Bank of Ethiopia and Dashen Bank S.C. have managed to establish

employees' Unions. These trade unions are members of the Finance, Bank and Insurance Workers National Federation. The Federations, the Confederation (CETU) and the Trade Unions, are all funded by the employees themselves. It is clear that the workforce within Ethiopia is relatively well organised.

## 2.5 CHALLENGES AND THREATS FACING THE BANKING SECTOR IN ETHIOPIA

There is no doubt that since 2008, countries around the world have faced many economic challenges. It is inevitable that this will impact on the banking sector in these countries. As a result of this, a number of financial institutions in some of the major developed countries have had to ask for help from their Governments. Some of the examples in this regard are JPMorgan Chase (JPMC), and Citigroup in the United States, Fortis in Germany, and Lloyds TBS and the Royal Bank of Scotland in the United Kingdom (The Guardian 2014; IMF 2014). Although the economy of Ethiopia is still developing, it is important for its survival to be sensitive to the challenges and threats facing it as the banking sector plays an important role in the economy of the country. The question which immediately can be asked is: "What challenges and threats does the banking sector in Ethiopia face?" In Table 2.6, some major challenges and threats which the banking sector in Ethiopia faces are highlighted. These will be discussed briefly.

**TABLE 2.6:** Challenges and threats facing the banking sector in Ethiopia

Challenges	Threats
- Infrastructure	- Entry of foreign banks
- Employee turnover	- Cyber security issues
- Foreign currency shortages	- Political and economic instabilities

Source: Worku (2010:6); European Investment Bank (2013:90); United Bank S.C. (2013:6); Nib International Bank S.C. (2013:9)

### 2.5.1 Challenges facing the banking sector in Ethiopia

#### 2.5.1.1 Infrastructure

Infrastructure such as paved roads, electricity generation, and telecommunications are vital to provide a reliable and sustainable banking service in general, and e-banking services in particular (Worku 2010). Unfortunately, Ethiopia stands 52nd among the 53 African countries in this regard (EIB 2013). According to Worku

(2010), frequent power interruptions and unreliable, costly and low coverage Internet facilities, characterise the present infrastructure of the country. The Government has put a plan in place known as the Growth and Transformation Plan (GTP), to address these issues (FDRE-MoFED 2010; IMF 2014). However, improving the infrastructure of a country cannot happen overnight, and as such, this challenge will continue to be one of the biggest for the banking sector for a number of years to come.

### **2.5.1.2 High employee turnover**

The banking sector in Ethiopia has undergone major challenges over the last five decades. The sector has moved from the direct involvement of the government in the sector, to a much greater privately-owned scenario. It is inevitable that, as a result of this, the poaching of staff between institutions has become a reality. It is more common among managerial personnel than the entry-level staff. The employee turnover rate within the banks is showing an increasing trend. For example, in the Commercial Bank of Ethiopia, the employee turnover rate for the years 2008 to 2012 was in the region of between 8 – 12% per year (Ayalew 2014). This is very high, and is a reflection of the general trends in the sector (Ethiopian Business Review 2014). If this persists, or even worsens, it will negatively impact on service delivery standards in the sector.

### **2.5.1.3 Foreign currency shortages**

The government has, over a number of years, worked hard to try and broaden the export base for the country. Unfortunately, due to the high volume of imports, the country, for the past number of years, has had a negative trade balance. For example, for the period 2004/5 to 2009/10, the average trade deficit has been in the region of 20.9% (FDRE-MoFED 2010; IMF 2014). This situation has in turn led to a tighter control on foreign currency exchange, impacting directly on the activities of the banking sector (Addis International Bank S.C. 2015; Dashen Bank S.C. 2016; Nib International Bank S.C. 2017; United Bank S.C. 2017). If the trade balance does not improve over the long-term, it will continue to impact negatively on the banking sector in the country. What Ethiopia as a country thus needs are improvements in its exports, and a serious curtailment of its imports.

## **2.5.2 Threats facing the banking sector in Ethiopia**

### **2.5.2.1 Cyber security issues**

A cyber security threat is a global reality which can impact on a country such as Ethiopia. One area, which is particularly vulnerable, is the banking sector. If this threat is not managed properly, it can for example, lead to the hacking of the bank accounts of the clients, with devastating consequences. To protect them against this type of threat, the country needs to develop security plans, and implement them successfully. This however requires the engagement of relevant staff with specific expertise (Shah & Clarke 2009). In Ethiopia at present these protective issues are significantly lacking; and this poses a serious threat to the banking sector in the country (Worku 2010).

### **2.5.2.2 Political and economic instabilities**

Sound banking practices require a stable economic, social and political environment. The political and economic instabilities in Ethiopia's neighbouring countries such as Somalia and South Sudan, as well as the Middle East in general, pose a real threat to Ethiopia. For example, these threats have had a profound effect on the free flow of goods and services between the countries, impacting directly on the banking sector (Worku 2010). If this situation does not stabilise in the near future, it will have a lasting negative impact on the economy of all the countries in the region.

### **2.5.2.3 Entry of foreign banks**

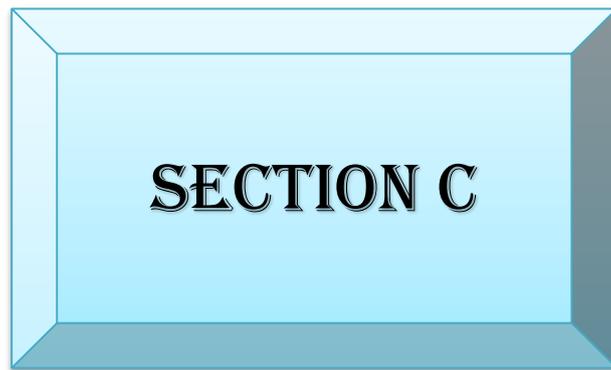
Due to a number of programmes enacted by the World Bank (WB), the International Monetary Fund (IMF) and the World Trade Organisation (WTO) in almost all the countries on the African continent, the economies of these countries have become accessible to all the companies in the world (Geda 2001; IMF 2014). Major corporations have, over the years, invested billions of dollars in these countries (WB 2013b). Many of these countries have, for example, succeeded in establishing partnerships with these companies to the benefit of both parties. In the banking sector especially, business has been growing rapidly. However, due to its past political history, and the government's approach, as mentioned earlier in this chapter, business, especially in the banking sector in Ethiopia, has not been that favourable for foreign banks (Kiyota *et al* 2007). However, due to pressure on the country, this

situation is bound to change and the entrance of more foreign banks into the country in the future is a reality, and thus a threat to the existing banks in the country (Ahmed & Dessalegn 2014).

## **2.6 CHAPTER SUMMARY**

This chapter focused on the development of the banking system within Ethiopia. The discussion highlighted three distinct periods of development namely, the Imperial period, when the development of the banking system was influenced by the involvement of foreign banks, and the invasion of the country by Italy and the British forces. The second period, known as the *Derg* period, changed the whole core of the banking sector through the nationalisation of the banks by the then government, and the move of the country towards a socialistic system. This resulted in the stagnation of the banking sector. The third period is known as the *Post-Derg* period. This period can be seen as the revival phase of the banking section in the country, with the abolishment of the socialistic system, and a return to capitalism. This period saw the growth of a number of private banks in the country. The banking sector has also become a major employer in the country. Despite all the positive developments, the banking sector faces a number of threats and challenges such as the development of the infrastructure, high employee turnover, cyber security issues, and the threat of foreign banks entering the country. To address all these issues, it is important that the banks have a stable workforce, which is well trained, motivated and managed, a workforce which can excel at their work to deliver high quality services to their clients, in order to ensure that the banks grow from strength to strength. A vital component in this regard is the aspect of trust amongst the employees and the management of their banks.

In this chapter, an effort has been made to discuss a number of aspects relating to the banking sector in Ethiopia such as the historical overview of the development of the banking system in the country, the legislation governing the banking system, the present banking system, and the future challenges and threats facing the banking sector. This has been done to provide the readers with a clear understanding of the study context within which the empirical study will be undertaken. In the next chapter, Chapter 3, the aspect of trust will be addressed.



**SECTION C**



**THE CONCEPT OF TRUST: A THEORETICAL  
OVERVIEW**

## CHAPTER 3

### TRUST: DEFINITION, NATURE, REFERENTS, ANTECEDENTS, AND BENEFITS

#### 3.1 INTRODUCTION

To provide an efficient and effective service to their clients, organisations need to manage their people component professionally. One aspect that can impact on the relationship between employees and their co-workers/team members, immediate supervisors and top management within organisations, is trust (Krot & Lewicka 2012).

Worldwide, trust in organisations is a fragile resource (Belkin & Rothman 2017; Currall & Epstein 2003; Reina & Reina 2015; Searle, Weibel & Den Hartog 2011). Despite this, trust has been identified by many authors as critical to the success of organisations (Morreale & Shockley-Zalabak 2014; Röttger 2018; Six 2005). Listing all of the functional benefits of trust within organisations is a daunting task, but a few of them can be highlighted (Choudhury 2008). For example, at the micro level, higher levels of trust can lead to improved co-operation and co-ordination in the workforce, as well as proper employee engagement, resulting in more positive attitudes, lower conflict, improved job satisfaction, higher productivity and greater commitment to the goals of the organisation (Altuntas & Baykal 2010; Dirks & Ferrin 2001; Hermawati 2014; Marciano 2010; Pučėtaite, Lämsä & Novelskaitė 2010; Röttger 2018; Semerciöz *et al* 2011; Zaheer, McEvily & Perrone 1998; Zeffane 2010). At the macro level, it contributes to successful organisational change, strategic alliances, mergers and acquisitions (Fulmer & Gelfand 2012). Therefore, it is clear that trust is an important phenomenon in the context of organisations (Davis, Schoorman, Mayer & Tan 2000; Grossman & Feitosa 2018; Röttger 2018; Welandar, Astvik & Isaksson 2017).

In view of the important role trust can play within organisations, this chapter will investigate the concept of trust in detail, by focusing on the following issues: the impact trust has on the so-called psychological contract within the work environment, the definition of the concept of trust, the different views that exist on the nature of

trust as well as the trust referents, the antecedents of trust, the benefits of trust, and trust versus distrust.

## **3.2 THE PSYCHOLOGICAL CONTRACT**

To retain engaged and motivated employees in an organisation, a fine balance needs to be maintained between the employee and his/her work environment, and the employer. Thus, a healthy relationship needs to exist between the parties. One construct that is central to understanding organisational employee relationships, is the psychological contract (Holland, Sheehan, Donohue, Pyman & Allen 2012).

According to Rousseau (1989), as quoted by Holland *et al* (2012), the psychological contract can be seen as one that is informal, tacit and often unspoken, an unwritten set of reciprocal obligations and promises, made by the employee with the employer. These promises and obligations may involve promotion, responsibility, job security, training, or career development (Armstrong 2009; Robinson & Rousseau 1994; Welander *et al* 2017). This definition focuses on the obligatory and promissory aspects of the relationship. Rousseau (1989) also indicates that there is no formal document, but that the contract is unwritten, and found at the individual level (Chih, Chiu, Lan & Fang 2017; Roehling & Boswell 2004). As there are no written documents, the psychological contract is essentially perceptual, and as a result, it may not be seen by the other party, i.e. the organisation or supervisor, in the same light (Conway & Briner 2005). According to Hiltrop (1996), it is important to note that the psychological contract is dynamic and internally constructed, and as such, it is difficult to identify specific constituents. These contracts exist for a number of reasons. The first being that it helps the employee to establish what has been agreed upon, as far as the conditions of employment are concerned. Secondly, it influences the behaviour of the employees as they know what is expected of them on the job, and as such, it strengthens their engagement with the organisation.

### **3.2.1 The formation of the psychological contract**

The psychological contract is basically formed through a number of processes. Firstly, it can be formed through the individual's interaction with employees working at the organisation, through friends and family members (Shore & Tetrick 1994). Secondly, it can be formed during the recruitment process, through an interaction

with the representatives of the organisation, and lastly, it can be formed through an interaction with the employee's direct supervisor, and the individual's perception of the organisation's culture, as well as observing the experiences of others (Saunders & Thornhill 2005; Turnley & Feldman 1999). Although the formation of the contract is not a once-off activity, it, according to Holland *et al* (2012), and Robinson and Rousseau (1994), does not change radically over time. However, certain adjustments can take place as the employee proceeds with his/her career within the organisation, such as the deterioration of trust which can take place between employees and the organisation (Guest 2004; Robinson, Kraatz & Rousseau 1994). It is also important to note that only individuals, and not organisations, have psychological contracts. However, organisations provide the context within which the contract is formed.

### **3.2.2 Types of psychological contracts**

Basically, two types of psychological contracts can be found, the older being the traditional or relational contract, and the newer, the transactional contract (Holland *et al* 2012). The traditional (relational) contract is based on the so-called exchange relationship, i.e. the exchange of effort, competence, commitment and loyalty from the employees' side, for job security and career development from the side of the employer. In the case of the new (transactional) contract, the situation is somewhat different. This type of contract is based clearly on monetizable exchanges between the employee and the employer (Robinson *et al* 1994). This contract is thus based more on an economic exchange, than on the social exchange found in the traditional contract. Millward and Hopkins (1998) indicate that this type of contract is driven by extrinsic factors such as promotional opportunities, pay, and benefits, instead of intrinsic factors, as is the case with the traditional contracts. Instead of paternalism, as is found in the traditional contract, this contract is based on a partnership. For example, employers create the environment within which the employees can manage their own careers (Millward & Hopkins 1998).

### **3.2.3 Breach of the psychological contract**

The breach of the psychological contract occurs when the employee perceives that the organisation is not adequately fulfilling its promised obligations (Holland *et al* 2012; Rayton & Yalabik 2014; Welander *et al* 2017). As it is a matter of perception,

the breach can be seen as a subjective experience by the individual. According to Morrison and Robinson (1997), two factors can play a role in the perception of a breach. The first being *reneging*, for example, when a supervisor is conscious that the obligation exists, but intentionally fails to meet the obligation due to, for example, financial constraints (Robinson & Morrison 2000). The second factor is known as *incongruence*, this happens when the employee's supervisor, and the employee, differ in their views regarding the existence of a specific obligation. Robinson and Morrison (2000) indicate that the strength of these two types of breach can be influenced by what is known as, *vigilance*. This entails the extent to which the employee monitors the organisation in terms of its fulfilment of the contract. Should a breach occur, the employee will feel less valued by the organisation (Holland *et al* 2012). This whole situation can give rise to negative outcomes for both the individual and the organisation (Holland *et al* 2012). It can for example, lead to reduced levels of trust, which will then lead to less co-operative employees, increased levels of absenteeism, lower job satisfaction, reduced organisational commitment, and a decreased intention to stay with the organisation (Deery, Iverson & Walsh 2006; Rayton & Yalabik 2014; Welander *et al* 2017; Zhau, Wayne, Glibkowski & Bravo 2007). Dulac, Coyle-Shapiro, Henderson and Wayne (2008) found that employee trust in their employer contributed to mitigating the negative outcomes of the psychological contract breach.

### **3.2.4 Psychological contract fulfilment**

When the employer keeps its promises and meets the expectations of the individual, the psychological contract will be fulfilled. This can be realised by open and honest communication, giving employees interesting and challenging work, and having competent managers. From the discussion, it is clear that having proper human resource management policies, and practices, can play an important role in this regard. Holland *et al* (2012) indicate that it is vital to ensure that these policies and practices match the reality, as perceived by the employees. When this happens, it is most likely that congruent psychological contracts will emerge, to the advantage of all the parties.

In the foregoing discussion, it is clear that one of the key components needed to keep the psychological contract intact, is the role played by mutual trust. Guest,

Conway and Briner (1996), as cited in Armstrong (2009), and Guest (1998), suggest in their model that the core of the psychological contract can be measured in terms of fairness of treatment, trust, and the way the contract is perceived to be delivered. Robinson (1996) further explains that the lack of trust can be a cause for psychological contract breach. The question which then needs to be addressed, is what does trust entail, and how can it be developed in the workplace and managed?

### **3.3 DEFINING THE CONCEPT OF TRUST**

The phenomenon of *trust* is believed to be as old as the earliest forms of human association (Alemnew & Sharma 2017). The word is probably of Scandinavian origin, and is derived from the Old Norse words of “*traust*” and “*traustr*” (Encyclopaedia Britannica Company 2014). Trust has etymological roots in older expressions such as the 13th century Middle English, denoting *faithfulness* and *loyalty* (Möllering, Bachmann & Lee 2004). Research on trust can be traced back to the 1960s and 1970s with a range of influential exploratory work such as Rotter (1967), Garfinkel (1967), Zand (1972), and Deutsch (1973). In the 1980s and 1990s, trust research was intensely conceptual. More recently, trust researchers have devoted most of their efforts to empirical investigations specifically quantitative studies aimed at hypothesis testing and modelling (Lyon, Möllering & Saunders 2012; Möllering *et al* 2004).

Although numerous definitions relating to trust can be found in the literature, it would appear that due to its complexity, there is no universally accepted scholarly definition to date (Challender, Farrell & McDermott 2019; Colquitt *et al* 2007; Kramer 1999; Rousseau, Sitkin, Burt & Camerer 1998; Six 2003; Zeffane 2010). The reason for this can partly be attributed to the multidimensional and multidisciplinary nature of trust (Bachmann 2011; Choudhury 2008; Lewicki & Bunker 1996; Özer & Zheng 2019). For example, psychologists view trust at the interpersonal level, and tend to focus on the internal cognitive characteristics of those who bestow and seek trust; economists regard trust as an economic choice mechanism at interpersonal or firm level of analysis; sociologists consider trust as an organisational, or institutional variable, embedded in relationships, and focus primarily on a network and societal level of analysis; while philosophers consider trust as a desirable indirect outcome of principled actions (Calton 2008; McKnight & Chervany 1996; Röttger 2018). Most

importantly, incorporating existing trust perspectives under one conceptualisation may result in unreasonably complex or extremely abstract concepts for organisational research purposes (Bigley & Pearce 1998). Due to these reasons, the existence of one generally accepted definition that can capture all facets of trust has been difficult to establish (Canipe 2006).

As mentioned above, there are several approaches to, disciplines concerning, and definitions of the concept of trust. A definition to be used in research, must be consistent with, and appropriate to, the perspective of trust the research intends to investigate. Since this study emphasises trust as a social-psychological phenomenon, an appropriate definition of trust is one that perceives it in an organisational context (Nooteboom & Six 2003). Based on this fundamental assumption, a number of definitions are selected, and briefly described. The definitions can be seen from two different traditions - behavioural and psychological. Whereas the former focuses on observable behaviour and inferred expectations, the latter emphasises cognitive and affective processes of trust. The two traditions, however, are not mutually exclusive, as psychological approaches incorporate behavioural measures (Lewicki, Tomlinson & Gillespie 2006).

One of the earliest definitions of trust found in the literature is that, with a behavioural focus, of Deutsch (1958:266), which states:

*Trust is an expectation by an individual in the occurrence of an event such that the expectation leads to behaviour which the individual perceived would have greater negative consequences if the expectation was not confirmed than positive consequences if it was confirmed.*

It can be noted that this definition considers trust as rational expectations, and the referents are persons and impersonal agents (Lewicki *et al* 2006). The consequences are supposed to be either positive or negative depending on the confirmation or not of the expectations. The results of an unfulfilled trust are believed to affect the trusting party more, than the benefit obtained as a result of a fulfilled trust.

Another definition of trust in a behavioural tradition, is that of Zand (1972:230), which states:

*Trust consists of actions that increase one's vulnerability to another, whose behaviour is not under one's control in a situation in which the penalty (disutility) one suffers if the other abuses that vulnerability, is greater than the benefit (utility) one gains if the other does not abuse that vulnerability.*

Unlike Deutsch (1958), Zand (1972) discusses the issue of one's increased vulnerability to the actions of another on the one hand, and the uncontrollable nature of the behaviour of a trustee on the other hand. In these situations, one suffers if the other abuses that vulnerability, or benefits if it is not abused. Like Deutsch's (1958), Zand's (1972) definition states that the amount of harm that can be caused due to the abuse of vulnerability, is greater than the amount of benefit that can be gained from the proper use of the vulnerability of the trustor.

An insightful definition following a psychological approach, is that of Mayer, Davis and Schoorman (1995:712), which states: *"trust is the willingness of a party to be vulnerable, based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control the other party"*.

This definition relates to that of Deutsch's (1958) and Zand's (1972) definitions in certain aspects. While the issue of expectation of favourable actions of the other party relates to Deutsch's (1958) definition; the issue of vulnerability and the absence of control of the behaviour of the other party, relates to Zand's (1972) definition. Being vulnerable implies that there is something of importance to be lost in the trusting relationship (Mayer *et al* 1995; Özer & Zheng 2019). Although it seems that Zand's (1972) definition implies the issue of willingness of a party in the decision to increase vulnerability, it is Mayer *et al* (1995) who unambiguously indicate this in their definition. Mayer *et al* (1995) however implies that making oneself vulnerable, is taking a risk. However, trust is not taking risk alone, but it is a willingness to take a risk. This view is also shared by Robbins (2016).

A definition which treats trust as a multidimensional construct by incorporating four distinct dimensions or components is that of Mishra (1996:8), which states: *"trust is one party's willingness to be vulnerable to another party based on the belief that the latter party is (a) competent, (b) open, (c) concerned, and (d) reliable"*.

Like Mayer *et al* (1995), Mishra (1996) considered the willingness of the trustor to be vulnerable in the process of trust. This definition, however, adds the cognitive, emotional, and behavioural components of trust, i.e. competence, openness, concern and reliability, posited by several scholars, such as Lewis and Weigert (1985). These components reflect the ability to make competent decisions, an absence of opportunistic behaviour, honesty, and the presence of consistent behaviour in terms of words and actions on the part of the trustee (Mishra & Mishra 2013; Mishra, Schwarz & Mishra 2011).

Another definition of trust, based on a cross-disciplinary collection of scholarly writings and on the identification of fundamental and convergent elements, is that of Rousseau *et al* (1998:395), which states: “*trust is a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another*”.

Trust as a psychological state is composed of two interrelated cognitive processes – willingness to accept vulnerability, and positive expectations (Lewicki *et al* 2006; Özer & Zheng 2019). Accordingly, in this definition the idea of a composite psychological state, which does not only include positive expectations, but where these expectations are the base for the intention to make one vulnerable, is made clear. This is a crucial link made explicit by this definition (Castelfranchi & Falcone 2010).

One of the recent definitions of trust found in the literature is that of Currall and Inkpen (2006:236), which states: “*trust is the decision to rely on another party (i.e. person, group or organisation) under a condition of risk*”.

Thus, from this definition one can draw the assumption that persons, groups, and organisations are capable of making trusting decisions. Hence, this definition moves from the interpersonal, to intergroup to inter-organisational level (Currall & Inkpen 2006). Thus, from the foregoing definition of trust, it can be deduced that a decision to trust is based on three main determinants which, in turn, lead to a trusting relationship. These are: (1) expectations about another’s trustworthiness; (2) the track record of another’s trustworthiness; and (3) social influences. The definition incorporates two principal components of trust, namely: *reliance* and *risk* (Currall &

Inkpen 2006; Currall & Epstein 2003). Reliance refers to one party's dependence on the other for its destiny to be determined (Inkpen & Currall 2004). It is based on positive expectations or confidence in the trustworthiness of the other party (Currall & Epstein 2003). It is important to note that reliance has three underlying mental states, namely: predictive expectation (regarding an event as more likely than not); a willingness to stake something of value on the voluntary action of another party; and moral expectation, as a sufficient condition (Nickel 2009). There is a possibility for the trustor to experience negative outcomes in the trust relationship, if the other party violates the bestowed trust. This is regarded as a risk, and the amount of risk to be taken is indicated by the level of trust one is ready to confer (Schoorman *et al* 2007). Risk also creates an opportunity for trust (Currall & Epstein 2003; Rousseau *et al* 1998).

In the final analysis, it can be stated that although authors have used different words or constructs to define trust, there are several similarities within these definitions across the different disciplines. Virtually all definitions of trust reflect three important facets. Firstly, trust in another party reflects an expectation or belief that the other party will act benevolently; secondly, trust involves a willingness to be vulnerable and take risks since one cannot control or force the other party to fulfil the expectations; and finally, trust involves some level of interdependency so that the interest of one party cannot be achieved without reliance upon another. These three aspects are important dimensions of trust within organisational life (Calton 2008; Rousseau *et al* 1998). Accordingly, for this study, it was decided to develop a definition that reflects the important facets of trust as portrayed by authors such as Calton (2008), Mayer *et al* (1995), Rousseau *et al* (1998), and Currall and Epstein (2006). The following definition for this study was developed.

*Trust is a psychological state, comprising the intention to accept vulnerability to the actions of another party (i.e. person, group or organisation) based upon the positive expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party.*

This definition considers what Colquitt *et al* (2007:909) call "the two primary components of trust", i.e. the intention to accept vulnerability, and positive expectations. Although the proposed definition does not implicitly mention the word

*risk*, by accepting vulnerability implicitly means to accept risk. The definition can be applied to persons, groups, and organisations, as these entities make trust decisions within organisations. Trust, as it applies to the banking sector in Ethiopia, is thus seen in the light of this definition.

### **3.4 THE NATURE OF TRUST AND TRUST REFERENTS**

Trust is important in the relationship employees have with other organisational members (i.e. co-workers and leaders) and the organisation itself (Guinot & Chiva 2019; Schoorman *et al* 2007; Verburg, Nienaber, Searle, Weibel & Den Hartog 2018). Organisations also need to be trusted to behave responsively regarding their employees, other stakeholders (e.g. customers, suppliers, shareholders), and the environment (Guinot & Chiva 2019; Nooteboom & Six 2003; Röttger 2018).

Authors view the issue of trust in different ways. For example, according to Castelfranchi and Falcon (2010:36), trust should be viewed as a five-part relational construct between:

- a cognitive agent (*the trustor*), i.e. an agent with mental ingredients (beliefs, goals, intentions, and others) that extend trust in cognitive terms (e.g. an employee in a bank);
- an addressee (*the trustee*), i.e. an agent in the broader sense of this term such as an entity able to cause some effect (outcome) in the world – the outcome the trustor is waiting for (e.g. co-workers/team members in a bank);
- the causal process (*the act or performance*) and its result, i.e. an act of the trustee possibly producing the outcome which is positive or desirable because it includes the content of a goal of the trustor for which the trustor is trusting the trustee;
- a *goal* which is a crucial element of the trust concept, and the relationship; and
- a *context or situation or environment* where the trustor takes into account the trustee and/or where the trustee is supposed to act and to realise the task thereby affecting the possibility of success.

Numerous authors argue that trust has become an important organisational principle, since organisations require a different way of co-ordinating tasks for the new

organisational forms (Atkinson & Butcher 2003; Calton 2008; McEvily, Perrone & Zaheer 2003; Moreale & Shockley-Zalabak 2014; Röttger 2018). The new organisational forms tend to increase interdependence between employees through, for example, structures based on teams. Consequently, trust plays an important role for the success of the new structures and forms (Searle *et al* 2011; Röttger 2018).

The literature focuses on an employee's trust as a belief an employee can have regarding a trustee such as a co-worker, and the relationship which exists between these parties. These beliefs come from the assessment of the trustworthiness aspects of the trustee (Jones & Shah 2015; Mayer *et al* 1995; Robbins 2016). Others also focus on trust as a decision, and as an action. Trust as a decision implies the decision to actually trust the other party, and it is the stage at which the belief in the others' trustworthiness is manifested. The action of trusting another is a likely consequence of the decision to trust which cannot be guaranteed (Dietz & Den Hartog 2006; Reiersen 2017). Other scholars argue that making oneself vulnerable in the trust process is by itself taking action where the probability for loss is greater than the probability for gain (Mishra 1996).

The trust literature also states that interpersonal trust has a behavioural component (Cummings & Bromily 1996; Lewis & Weigert 1985; Reiersen 2017). However, trust belief and behaviour should be viewed as separate dimensions of a higher order-trust construct (Reiersen 2017; Robson, Katsikeas & Bello 2008). These dimensions have sub-dimensions whose nature and relative importance depend on the tasks and the situations of the particular relationship context. The trust beliefs have important calculative and affective dimensions. Calculative trust is self-centred insofar as the choice to trust is based on what are considered "good reasons", such as the existence of costly sanctions or potential rewards. Affective trust is relational trust, and it takes the form of loyalty to another party resulting from emotional bonds, norms, and ethics (McAllister 1995:25). The literature also notes that over the long run, the calculative based (rational) trust develops into relational (affective) trust (Calton 2008; McAllister 1995).

Trust behaviour also has sub-dimensions, which represent a decision to take a form of action that allows the trustor's fate to be determined by the trustee (Currall & Inkpen 2006). Robson *et al.* (2008) identify two relevant trust behaviours: *influence*

*receptiveness* and *forbearance*. Influence receptiveness is the extent to which the other party voluntarily changes its behaviour to accommodate the needs of the counterpart, while forbearance indicates the act of the other party in a relationship in the spirit of co-operation, without deceiving or withholding actions relevant to the counterpart.

In an organisational context, trust is a strategic resource in the sense that the presence of a strong trust entails the establishment of a sustainable source of competitive advantage (Grudzewski *et al* 2008). According to Grudzewski *et al* (2008), an important feature of organisational trust is that it passes an examination of strategic value test proposed by Bratnicki (2000), namely:

- *value test* – trust allows organisations to adapt to dynamic changes in turbulent and uncertain environments;
- *rarity test* – high levels of trust are intangible assets in only some organisations;
- *ownership test* – trust cannot be easily transferred from one company to another;
- *imitation test* – trust is highly resistant to imitation or automatic copying (it is very difficult to imitate) due to its long and ambiguous way of creation;
- *resistance test* – when creating trust with time, there is a tendency to trust growth;
- *substitution test* – trust cannot be replaced with other utilitarian values because it is the impetus to new culture forms;
- *competitiveness test* – trust can create the basis for the highly competitive strategy;
- *formalisation test* – trust cannot be created through administrative regulations, policy and codified organisation rules;
- *organisation test* – trust practically covers all aspects of enterprise functioning;
- *embodiment test* – trust within an organisation impacts its acting ability; and
- *significance test* – trust is crucial for effective organisational functioning and development now and in the future.

Managing this strategic resource is a contemporary reality in the 21st century organisations (Grudzewski *et al* 2008). According to Grudzewski *et al* (2008), as indicated in Figure 3.1, trust is antecedent to the majority of management concepts within an organisation such as strategic management, knowledge management,

human resource management, project management, innovation management, lean management, supply management, quality management, open book management, and management by objective (MBO). This is because unlike some management theories that are “good for one business context, but can be wrong for another, trust management is suitable in all times and places” (Grudzewski *et al* 2008:5). And thus, trust management is often a prerequisite for the successful implementation of other management ideas. Grudzewski *et al* (2008) suggest that before introducing other management concepts within an organisation, there should be a measured trust level, and later on an organisation plan for trust management.

**FIGURE 3.1:** Trust management as the key issue in the organisation of the 21st century



Source: Grudzewski *et al* (2008:5)

Organisational activities, including managerial work, are accomplished through interpersonal interaction, and the nature of the interpersonal relationships between persons can determine their ability to get work accomplished (McAllister 1995). Different referents of trust can be found in an organisation such as a bank namely: co-workers, supervisors, and the organisation, and each referent can have different relationships with any other referent (Dietz & Den Hartog 2006; Guinot & Chavi 2019). It is thus important to look at the aspects of trust relating to these various referents.

### 3.4.1 Trust in co-workers

As indicated earlier, many studies in organisational settings show that trust is a determinant of productivity and co-operation which operate systematically within and across individuals, groups and organisations (Den Hartog 2003; Dirks & Ferrin 2001; 2002; Guinot & Chiva 2019; Schilke & Huang 2018; Tschannen-Moran & Hoy 2000; Tyler & Kramer 1996). According to McAllister (1995:25), interpersonal trust is “a pervasive phenomenon in organisational life”. Hence, employees can develop trust in organisational members with whom they interact during work. Trust in co-workers can be defined as “the willingness of an employee to be vulnerable to the actions of someone he/she works with, whose behaviours and actions that person cannot control” (Tan & Lim 2009:46). This trust is likely to influence employees’ behaviour towards these people, and the amount of effort they are willing to expend on their behalf (Kim 2019; Mayer *et al* 1995; Tan & Lim 2009).

A number of reasons can be cited about the importance of trust in co-workers. For example, according to Lau and Liden (2008), trust in co-workers is important for three reasons: firstly, the prevalence of work teams within organisations, and the interdependent nature of work tasks require employees to trust each other and to coordinate with one another for the accomplishment of organisational objectives; secondly, as it is common for tasks to be interdependent, rewards and penalties are often team-based. Hence, when employees trust their co-workers that they are doing their level best, they are more willing to work hard themselves for the sake of the team; and finally, interpersonal trust facilitates social exchange relationships and paves the way for employees to help each other by expecting future reciprocations. This view is also shared by authors such as Kim (2019) and Costa, Fulmer and Anderson (2017).

Besides this, trust in co-workers can have an influence over other levels and outcomes within organisations. For example, Tan and Lim (2009) assert that trust in co-workers influences trust in organisations, which, in turn, influences a number of organisational outcomes, such as performance and commitment. Similarly, Creed and Miles (1996) state that investments made in trust at the individual and team levels accumulate into an investment in trust for the entire organisation, and vice versa.

Six (2005:3-5) poses the question “if trust is as important for organisational success as so many people claim, why do we not see predominantly high-trust work relations?” The explanation proposed is that trust is difficult to build and maintain. According to him, there are four characteristics of trust that hinder its development and maintenance, specifically between colleagues: firstly, the presence of misunderstandings and confusions about trust; secondly, the involvement of at least two individuals learning about each other’s trustworthiness; thirdly, the involvement of several asymmetries; and finally, the absence of absolute certainty that the trust will be honoured. In spite of these hurdles, interpersonal trust relationships, such as trust in colleagues, are vitally important for sustaining individual and organisational effectiveness (Latusek & Olejniczak 2016; McAllister 1995; Röttger 2018).

### **3.4.2 Trust in leaders**

Since employees give priority to feel for, and empathise with individuals rather than organisations, they are inclined to develop more generalised trust with their leaders as well. Employees seek credible and trustworthy leaders in their workplace (Kim 2019). The vitality of their relationship centres on the inherent power and status between employees and leaders (Mooijman *et al* 2019; Yang, Mossholder & Peng 2009). Hence, leaders play a key role in determining both the overall level of trust, and the specific expectations within given units in an organisation (Creed & Miles 1996; Mishra & Mishra 2013). This is because:

- they design reward and control systems that are visible displays of base levels of trust or mistrust within departments or the organisation as a whole;
- they control the flow of certain types of information and the opportunities to share or not to share key information in ways that influence the level of trust between or across organisational levels or departments; and
- they are the primary designers of the total organisational form employed - the combination of strategy, structure, and internal mechanisms that provide the overall operating logic and resource allocation and governance mechanisms of the organisation.

When trusting a leader, employees feel vulnerable because supervisors have substantial influence over resource allocation and thus are able to make decisions

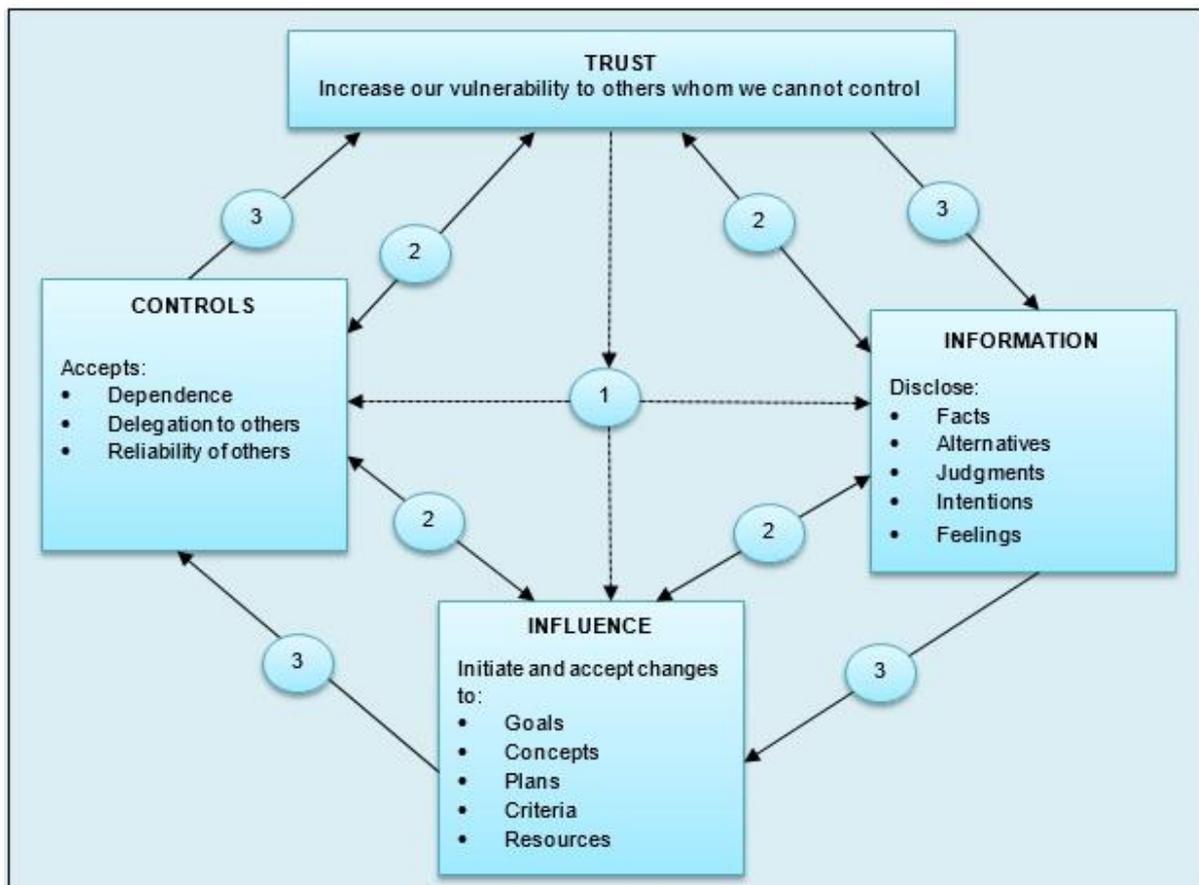
that have a considerable impact on the employees. For example, employees must rely on their supervisors for task assignments, performance evaluations, and promotion opportunities. In this kind of working relationship, employees are concerned with whether their supervisor is high in benevolence, integrity and ability (Jones & Shah 2015; Knoll & Gill 2011). The importance of interpersonal interactions with the supervisor in terms of motivating and energising positive work behaviour on the part of employees is considerable (Yang & Mosshold 2010).

Employees' trust in their leaders can be affected by different factors (Grover, Abid-Dupont, Manville & Hasel 2017). For example, according to Whitener, Brodt, Korsgaard and Werner (1998), categories of managerial behaviour that affect employees' trust in their managers include: behavioural consistency, acting with integrity, sharing and delegation of control, openness of communication, and demonstration of concern. When these behaviours are not practiced within organisations, employees may lose trust in leaders and engage themselves in counterproductive activities, such as lower productivity. Other problems such as low morale and increased turnover may also occur (Ken Blanchard Companies 2010; Kim 2019). Employees are more likely to trust the management when they believe that the management means what it says; observe that management does what it says it is going to do; know from experience that management keeps its word; and feel they are treated justly (Armstrong 2009; Grover *et al* 2017). In this regard the Ken Blanchard Companies (2010) have identified trust busters and trust builders. The trust busters are seen as: lack of communication, dishonesty, lacking confidentiality and taking credit for others' work while the trust builders give credit, listen, set clear goals, and are honest and follow through.

Leaders' trust of employees is also another crucial internal issue facing organisations (Hess 2018). When levels of trust are high, managers can empower people to behave in alignment with the organisation's goals and values. When levels of trust are low, micro-managing behaviours such as unnecessary review loops, lots of checks and balances, and volumes of policies and procedures may be put in place (Clegg, Unsworth, Epitropaki & Parker 2002; Zak 2017). According to Zand (1997), information, influence, and control are three elements of behaviour through which leaders express their trust, or mistrust of others, and interpret the behaviour of others

in terms of these elements. As shown in Figure 3.2, which is known as “A Spiral Model of Trust”, these elements are indicated: information, influence, and control, and the phases of the trust spiral: predisposing beliefs, short-cycle feedback, and equilibrium. The phases of the trust spiral, and their interaction with the elements, are discussed in the sections that follow.

**Figure 3.2:** A spiral model of trust



Source: Zand (1997:93)

**- Predisposing beliefs (Item 1)**

Leaders start working with others with predisposing beliefs about how trusting they should be, and an estimate of how trustworthy other people are. The beliefs emanate from the leaders’ view of whether the other people have opposing interests, past experiences, and the reputation of the other people. Initially, leaders regulate their behaviours such as how much information to reveal, how much they are willing to accept others’ interests and goals, and how much control to exercise, in accordance with their predisposing beliefs (Zand 1997).

### - **Short - cycle feedback (Item 2)**

As relationships continue, people build a data bank by gathering impressions of others' trustworthiness. People think about how much relevant information other people have disclosed, and how receptive others have been to their concerns, goals, and methods of achieving those goals, as well as the criteria for measuring results. They question their feelings about their dependence on others, how much they delegated to others, and how they think of the reliability of other people. These impressions, according to Zand (1997), are short-cycle feedback, which either confirm, or disconfirm one's predisposing beliefs. When people increase their belief in the trustworthiness of another person, they tend to increase their willingness to trust him/her. For example, if an employee gives comprehensive, timely information, and responds receptively to influence by adjusting goals, methods, and criteria, the trust of the leaders will increase.

### - **Equilibrium (Item 3)**

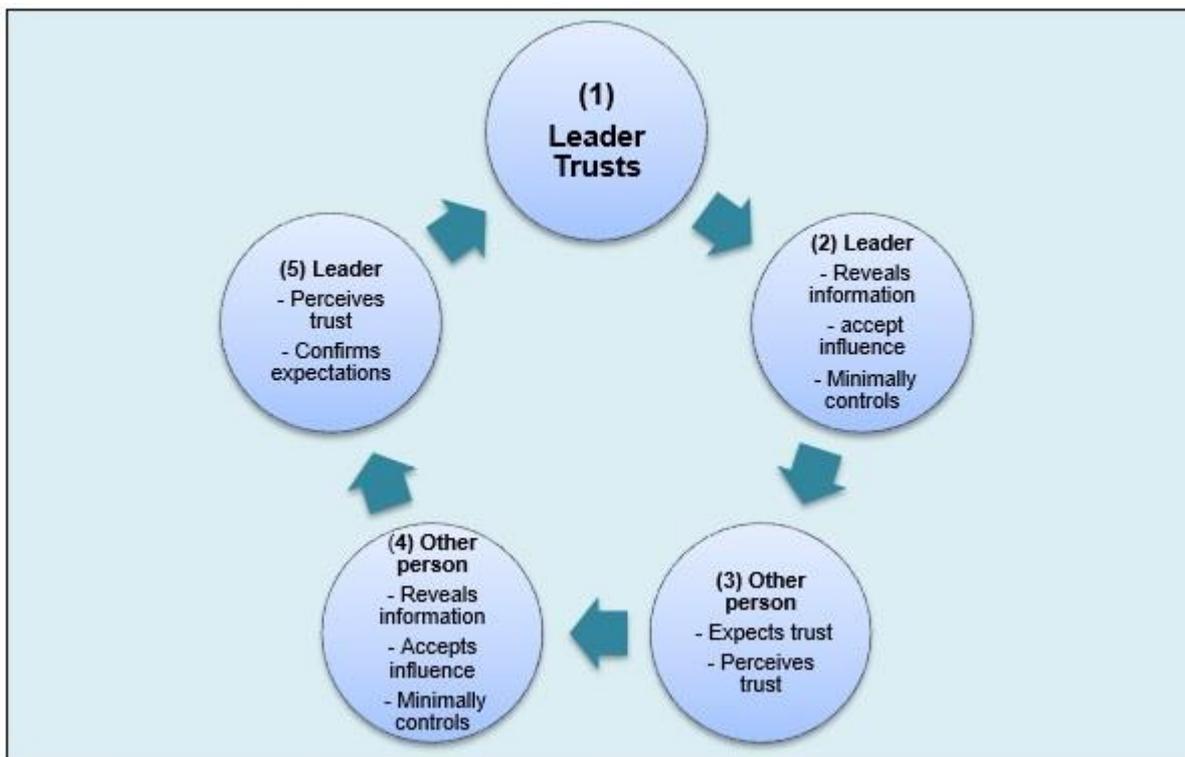
The repetitive short-cycle feedback takes the level of trust to equilibrium, and trust becomes low, medium, or high for the rest of the relationships (Zand 1997). The spiral model of trust depicts that information, influence, and control feed into one another to cause trust to spiral up, or down (Zand 1997). This trust can also develop into an upward or downward spiral, depending on the initial belief. When people trust each other, the three phases of the model flow in a beneficial spiral. The trusting parties reveal timely, accurate, relevant, and complete information from the beginning if they have a predisposing belief that a person can be trusted. Besides, they accept influence from others, they fulfil their promise, and they accept dependence. In contrast to this, when people start with a lack of trust, the three phases model flow in a downward spiral. The participants conceal information, block and resist influence, and try to impose controls in order to avoid dependence on the other person. The responses to these actions give short-cycle feedback that further decreases trust (Zand 1997).

To develop the model further, Zand (1997) uses two cycles which are known as "The Trust Cycle", and "The Mistrust Cycle". As indicated in Figure 3.3, the trust cycle describes how two trusting people, e.g. an employee and a leader, work constructively.

Zand (1997:95-96) explains how the trust cycle operates as follows:

*When the leader trusts (1), she/he reveals information, accepts influence, and minimally controls the other person (2). The other trusting person, expecting trust, perceives the leader's initial behaviour as trusting and concludes that she/he was right to expect the leader to be trustworthy (3). She/he therefore feels justified in showing trust and reveals information, accepts influence, and exercises self-control (4). The leader, seeing the other's responses as trusting, feels confidence in his initial expectation that the other person would be trustworthy (5). She/he then feels justified in demonstrating more trust than she/he did at the beginning (1).*

**Figure 3.3:** The trust cycle

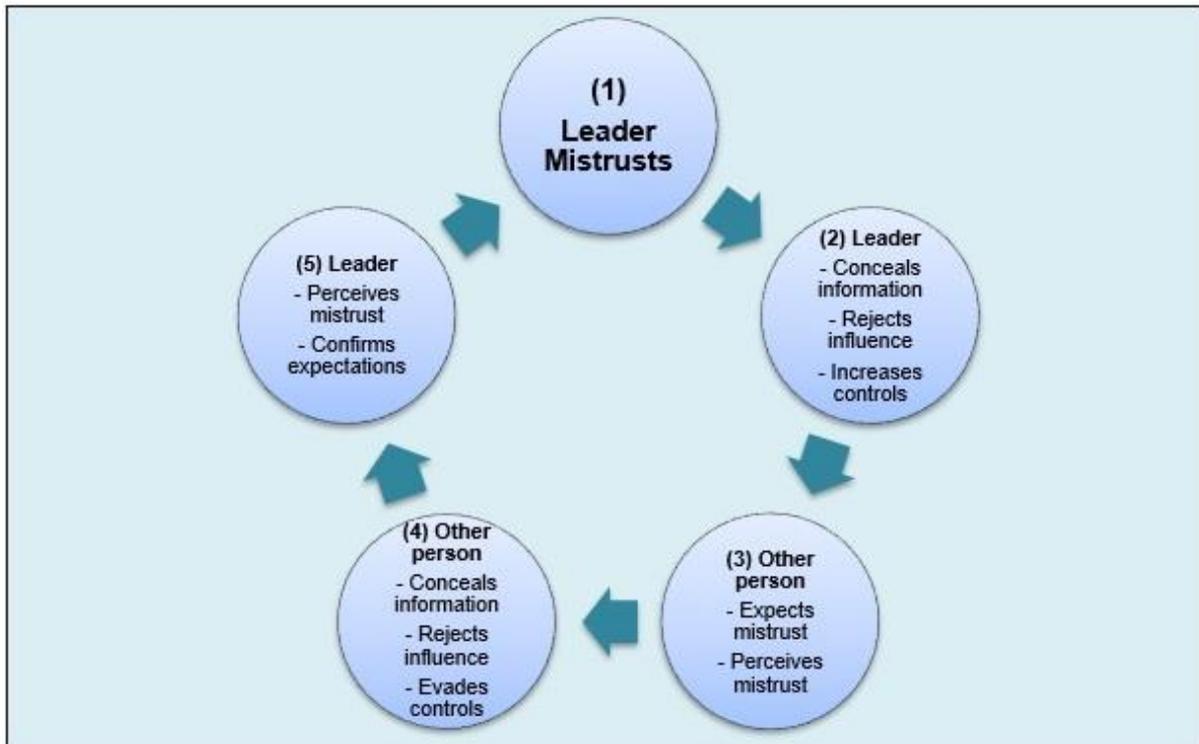


Source: Zand (1997:95)

In the mistrust cycle, indicated in Figure 3.4, Zand (1997:96) explains the process as follows:

*[...] leaders withhold information, resist influence, impose controls, and blame the other for problems. Their mistrusting behaviour confirms the mistrusting expectations and intentions of the other person, and the two of them quickly cycle around the loop and rapidly increase their mutual mistrust.*

**Figure 3.4:** The mistrust cycle



Source: Zand (1997:96)

According to Zand (1997), in the mistrust cycle, the trust process operates destructively as leaders demand compliance, and threaten to penalise the other party for noncompliance. This situation further confirms, and reinforces the other party's mistrust. When this cycle completes, the level of mistrust will be higher than it was at the beginning (Zand 1997).

### **3.4.3 Trust in the organisation**

The trends that are affecting organisations today include globalisation – moving from local economies to globalised and worldwide economies; diversity – more diverse workplaces and markets; flexibility – fewer rules and procedures, more need for flexible work forces; flattened structures – less management, more worker empowerment; and networks – more strategic alliances, direct communication and reduced chains of command (Adams, Thomson, Brown, Sartori, Taylor & Waldherr 2008). At an organisational level, these changes have the potential to influence trust within organisations as they struggle to deal with increased diversity, and are challenged to function in a more global environment. Increased diversity within organisational systems may also increase the probability of different goals and

values being at play, both of which will make developing trust more difficult (Adams *et al* 2008).

Employees observe the organisational environment to consider whether to trust their organisation. When employees trust their organisation, they are more likely to trust other members such as colleagues and supervisors, stay longer in their organisation, put in more effort and work more cooperatively (Dirks & Ferrin 2001). However, if they do not trust the organisation, they may not only reduce the effectiveness of their work, but may also engage themselves in counterproductive behaviours, such as obstruction or seeking revenge (Dirks & Ferrin 2001; Bies & Tripp 1996). Hence, it is important that trust exists in organisations, and trust needs to be implemented through different strategies, to achieve managerial co-ordination, and to establish effective work teams (Doney, Cannon & Mullen 1998; Verburg *et al* 2018). Obviously, lack of trust makes an organisation's life more difficult (Bachmann *et al* 2015; Fulmer & Gelfand 2012; Puusa & Tolvanen 2006).

The literature notes that establishing trust in organisations is not an easy task as it not only calls for several processes, but also commitment from various organisational players. According to Hunt *et al* (2009:72-74), organisational processes that are necessary to establish trust can include the following:

- management's development of a pattern of behavioural consistency which enables employees to predict their future behaviour;
- achieving managerial behavioural integrity through various mechanisms such as keeping promises, telling the truth, reducing control and encouraging the image of commitment;
- sharing control through the participation of employees in decision making processes; and
- management's effective communication, regarding the various aspects and conditions of the organisation, to employees.

According to McKnight, Cummings and Chervany (1998), organisations have two direct effects on trust in the form of the *situational normality* (i.e. the belief that success is likely because the situation is normal), and *structural assurance* (i.e. the

belief that success is likely because contextual conditions such as promises, contracts, rules, regulations, and policies are in place), beliefs which contribute to the formation of expectations of trustworthiness and the willingness to be vulnerable.

*Situational normality* belief is based on the feeling that things are normal, or that everything is in good order. It involves a properly ordered setting that can facilitate a successful interaction (McKnight *et al* 1998). For example, employees who work in a bank tend to expect a setting favourable to both customer service, and fiduciary responsibility that is reflected in the employees' professional appearance, the secure physical setting, and safe money handling procedures. The employees' belief that the situation is normal helps them to feel comfortable to form trust in the organisation (McKnight *et al* 1998). *Structural assurance* refers to structural safeguards such as regulations, guarantees, and legal recourse (McKnight *et al* 1998). The authors are of the view that the existence of these safeguards enables employees to believe that the different parties in the organisation are trustworthy (McKnight *et al* 1998).

In line with this view, Gillespie and Dietz (2009) point out a range of internal and external components of an organisation that send cues about the ability, benevolence, and integrity of an organisation, and influence organisational trustworthiness either positively or negatively, and then the consequent decision to trust. The authors postulate that the internal component includes leadership and management practices; culture and climate; organisational strategies which includes financial, operational, and human resource strategy; and structures (i.e. reporting lines, checks and balances, distribution of responsibility and authority, and work formalisation), policies (i.e. the rules, guidelines, and procedures governing decision making) communication, employee conduct, human resource management and general processes. The external components, on the other hand, include external governance (i.e. legislations and regulatory mechanisms from government, professional and trade associations, and industry networks); an organisation's public reputation, which comes from the organisation's products and services, the familiarities of its brand, its standing within the industry, and stakeholder networks.

Besides these issues, managers need to demonstrate their concern for their employees by giving due attention to the employees' needs, responding to those needs, showing interest in the employees' welfare, and having a sense of

attachment to the employees, treating them with care, concern and equality, and by considering employees as valuable assets of their organisation (Hunt *et al* 2009).

### **3.5 ANTECEDENTS OF TRUST**

As indicated in the previous section, in organisational settings, employees may bestow trust upon their colleagues, leaders and/or the organisation. The question worthy of consideration is “what leads employees to trust these entities?” In response to this question, the trust literature attempts to explain antecedent conditions in terms of psychological, social, and organisational factors (Kramer 1999). The antecedents influence an individual’s expectations about another individual’s trustworthiness and their willingness to engage in a trusting behaviour during their interaction with them (Kramer 1999). Studies also discuss the main drivers of trust beliefs about the trustworthiness of others, and the decision to trust them (Searle *et al* 2011). According to the literature, two main classifications regarding the antecedents of trust, can be made namely: individual antecedents such as the propensity to trust and the “big five” personality aspects, and organisational antecedents such as leadership, human resource policies and practices, organisational justice, and control mechanisms (Martins 2002; Searle *et al* 2011; Six 2003; Yilmaz & Atalay 2009). A brief discussion of these issues follows.

#### **3.5.1 Individual antecedents of trust**

Some individuals trust other people and organisations more than others (Fulmer & Gelfand 2013; Searle *et al* 2011). This can be attributed to different individual factors. As far as individual antecedents of trust are concerned, prior studies generally focus on the propensity to trust. However, recent studies suggest other individual factors, such as the individual’s state of mind and feelings, values, norms, manners, and status (personality aspects) (Jones & Shah 2015; Özer & Zheng 2019; Searle *et al* 2011; Yilmaz & Atalay 2009). State of mind and feelings explain how persons consider their feelings about someone, and how a person evaluates their experiences of reliance, including their ideas about the other person’s credibility before deciding to trust them or not; the values explain the formation of inclinations that cause trust, and the creation of reciprocally shared values; while the manners explain the credibility of the individuals; and status shows the official position of a

person in an organisation. According to Yakovleva, Reilly and Werko (2010), other individual factors such as education, experience and disciplinary background are also drivers of trusting beliefs.

- **Propensity to trust**

One of the main drivers of interpersonal trust, which is widely discussed in the literature, is the propensity to trust (Costa *et al* 2017). Rotter (1967) was amongst the first researchers to identify an individual's propensity to trust, as a personality trait. Rotter (1980) defines propensity to trust as a relatively stable disposition to believe in the trustworthiness of others. According to Mayer *et al* (1995) and Robbins (2016), the propensity to trust is a person's disposition regarding a general willingness to trust others. It is important to note that different studies have been referring to this personality factor variously as the disposition to trust, general trust, or the propensity to trust (Jones & Shah 2015; Kramer 1999; Mayer *et al* 1995; Robbins 2016).

Individuals differ significantly in their propensity to trust other people due to different life experiences, personality types, cultural backgrounds, education and other factors such as age and gender (Costa *et al* 2017; Kramer 1999; Mayer *et al* 1995; Zeffane 2018). Hence, if a person is inherently trusting, the psychological barrier to trust others will be lowered, and the person is inclined to trust others even in situations in which most people will not do so. Contrary to this, if a person is predisposed not to trust, the person is unlikely to trust others even when most people would do so (Poon, Rahid & Othman 2006). This important personality attribute is shaped by different factors such as early development experience, culture, and past experiences (Holtz 2013).

The presence of a trusting personality dimension is important in work settings since personal experience alone does not shape an employee's trust level. During understanding the disposition to trust, three distinctive effects it can have on trust can be identified, firstly, how it affects trust when trustworthiness information is available; secondly, how it affects the perception of others in general; and finally, how it influences an individual's trusting and cooperative behaviour (Searle *et al* 2011).

The propensity to trust has important influences on the development and maintenance of trust (Searle *et al* 2011). Propensity to trust shapes the trust beliefs of employees even in the presence of previous experience between the trusting parties (Kee & Knox 1970). According to Lewis and Weigert (1985), propensity to trust can derive and shape trust. They also state that trust propensity has an impact on trust, even in the presence of information about the trustworthiness of the trustee. Similarly, Colquitt *et al* (2007) have empirically indicated that there is a significant relationship between propensity to trust and trust, even when other trustworthiness dimensions are controlled. Searle, Den Hartog, Weibel, Gillespie, Six, Hatzakis and Skinner (2011) have found a similar effect in the case of employee trust in their employer. They revealed that an employee's trust propensity has an effect on their trust in the organisation, even when the influence of perceived organisational trustworthiness and organisational characteristics are taken into account.

The propensity to trust also influences the perception of others in general. The influence of dispositional trust in ambiguous situations, or when an individual is dealing with people he/she does not know, seems to be relevant (Searle *et al* 2011). In ambiguous and new situations, trust signals appear to be weak. In these contexts, individual factors such as personality appear to play a major role in determining behaviour. Gill, Boies, Finegan and McNally (2005) show that the individual's propensity to trust positively correlates with the intention to trust when the information about trustworthiness is ambiguous. According to Rotter (1980), individuals with a high level of propensity to trust tend to have a more positive and less suspicious perception of other people. A field study conducted by Yakovleva *et al* (2010) confirmed that individuals with a high trust propensity, have more favourable perceptions of the trustworthiness of others in their workplace. Rotter (1980) emphasises that high trust propensity does not imply gullibility. He argues that while trust is believing the trustee in the absence of clear or strong reasons for not believing, i.e. in ambiguous situations, gullibility is believing the trustee when there is some clear-cut evidence that the trustee should not be believed.

The final effect of trust propensity concerns an individual's co-operation. Those with a high propensity to trust, demonstrate more co-operative, honest and compliant behaviours. They are also less likely to lie, cheat or steal (Rotter 1980). Parks, Henager and Scamahorn (1996) indicate that individuals with high trust propensity

are more co-operative than individuals with low trust propensity. The authors further indicate that individuals with low propensity to trust are more easily cued to react competitively, than individuals with high trust propensity.

- **The “big five” personality dimensions**

Research conducted during 1995/96 by the Centre for Industrial and Organisational Psychology at the University of South Africa (UNISA) into the possible antecedents of trust indicates that personal factors and managerial practices contribute to the creation of trust within an organisation (Martins 2002). According to Martins (2002), research has shown that the five personality aspects, namely: agreeableness, conscientiousness, resourcefulness, emotional stability, and extraversion, which are also known as the “big five”, significantly predict work performance in organisational settings. The study also viewed these personality factors as antecedents of interpersonal trust between supervisors and subordinates (Martins 2002). Table 3.1 indicates how these personality factors are defined.

**TABLE 3.1:** The “big five” personality factors as antecedents of trust

<b>Agreeableness:</b>	This includes traits such as being organised and hard working as well as dependable, trustworthy, and responsible. The opposite would be careless or irresponsibility.
<b>Conscientiousness:</b>	This reflects being liked, courteous, good natured, cooperative, forgiving and soft hearted. The opposite would be cold, rude, unkind, and independent.
<b>Resourcefulness:</b>	This reflects imaginativeness, creativeness, broad-mindedness and intelligence. The opposite is narrow-mindedness, unimaginativeness and conventionality.
<b>Emotional stability:</b>	This reflects the absence of anxiety, depression, anger, worry and insecurity. The opposite is neuroticism.
<b>Extraversion:</b>	This reflects sociability, cheerfulness, talkativeness and activity. The opposite dimension is introvert, quiet, shy, and reserved.

Source: Martins (2002:758-759)

Martins (2002) is of the view that the trust relationship dimension reflects the relationship between employees and their supervisors in terms of openness, honesty, fairness, and the intention to motivate employees. Furthermore, managerial practices, comprised of information sharing, work support, credibility and team management, have a positive influence on the trust relationships between managers and employees. There is a relationship between the “big five” personality dimensions and the employees’ trust in their managers. This relationship however is weak

implying that employees' trust in managers is to a large degree not influenced by their managers' personality aspects (Martins 2002).

### **3.5.2 Organisational antecedents of trust**

Up to this point, the tendency has been to consider trust to be influenced by dispositional factors. It is also possible that the antecedents of trust reside within an organisational context. When employees are in a position to consider whether or not to trust their organisation, they constantly observe the organisational environment, which can indicate the organisation's views of its employees and their roles. Contextual factors in the literature, that have shown a positive relationship with employee trust in their organisation include, amongst others: leadership, human resource management (HRM) policies and practices, organisational justice, and control mechanisms (Searle *et al* 2011). These factors send cues about the organisation's ability, benevolence, and integrity and they influence, either positively or negatively, the employees' perceived organisational trustworthiness (Gillespie & Dietz 2009). In the following section, these antecedents will be discussed briefly.

- **Leadership**

Leaders and leadership have existed in all cultures throughout human history. According to Brewster, Carey, Grobler, Holland and Wörnich (2008), leadership can be viewed as a complex phenomenon consisting of three elements, i.e. the leader, the followers, and the situation. Leadership can be defined as a process focusing on two core elements – influence and achievement of common goals (House, Hanges, Javidan, Dorfman & Gupta 2004). To have such influence and attain organisational goals without coercion, trust needs to exist between the leaders and the followers (Searle *et al* 2011). In the words of Mineo (2014:1), trust is “the glue that binds the leader to her/his followers, and provides the capacity for organisational and leadership success”. This view is also shared by Röttger (2018). At present, trust in leadership is one of the most essential factors in management research and practice, because of its vital effect on the employees' attitudinal and behavioural outcomes (Bai, Li & Xi 2012; Dirks & Ferrin 2002; Ruthkosky 2013; Yang & Mossholder 2010).

In a meta-analytic study, Dirks and Ferrin (2002), identified two mechanisms by which trust in their leader affects employee behaviour and performance in organisations - the character-based perspective, and the relationship-based perspective. The character-based perspective focuses on how perceptions of the leader's character affect a follower's vulnerability in a hierarchical structure. This perspective connotes that leaders have the authority to make decisions that have a significant impact on the follower in terms of pay, promotions, work assignments, and layoffs, and hence, perceptions about the trustworthiness of the leader become important (Yang & Mossholder 2010). The relationship-based perspective, on the other hand, is based on the social exchange, and deals with the employees' willingness to reciprocate care and consideration that a leader may express in a relationship. When employees see their leader demonstrating care and consideration, they will reciprocate this feeling in the form of desired behaviours.

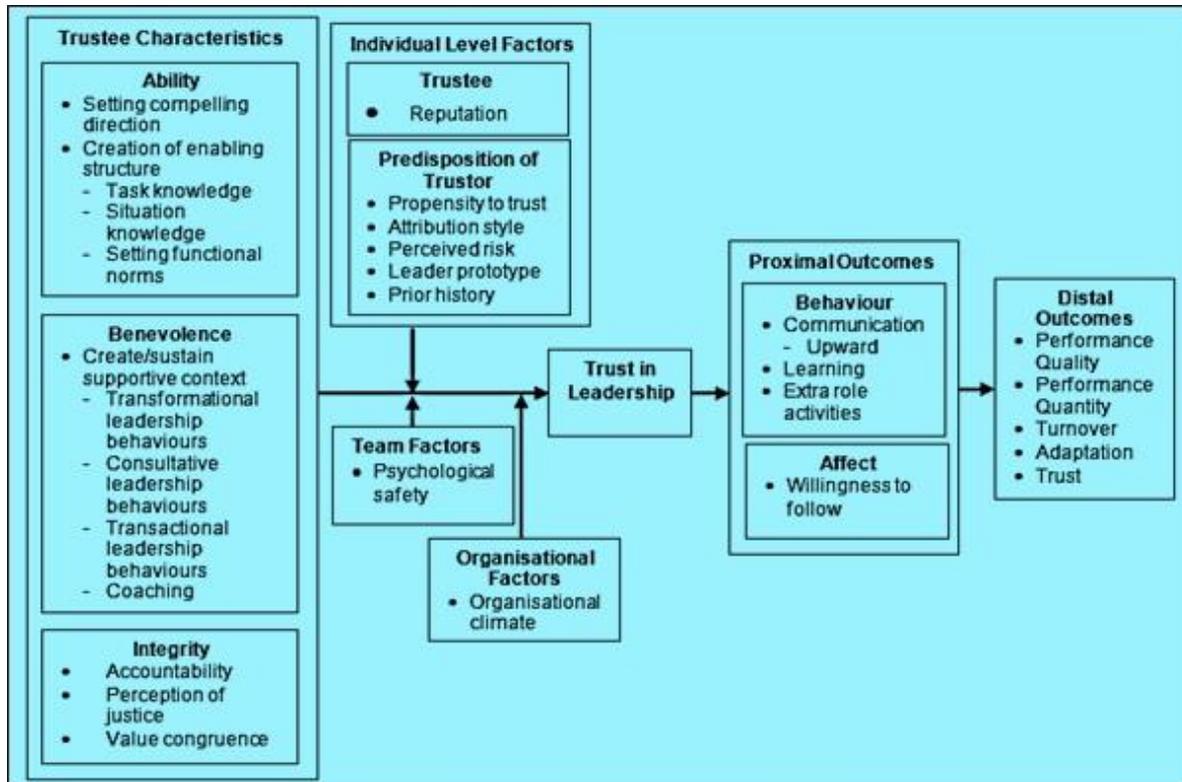
Several empirical studies have also indicated that trust in leaders has positive effects in organisations. For example, Davis *et al* (2000) found that employee trust in their manager is related to improved financial performance, and reduced employee turnover. Similarly, Dirks and Ferrin (2002) indicated that trust in leaders has a positive relationship with job performance. In the context of teams, authors such as Dirks (2000) and Costa *et al* (2017) indicate that trust has a substantial and significant impact on team performance.

According to Kramer (1999), trust in leaders is role-based in the sense that it constitutes a form of depersonalised trust because it is predicated on knowledge that a person occupies a particular role in the organisation rather than a specific knowledge about the person's capabilities, dispositions, motives, and intentions. For example, employees who perceive their leaders to be supportive, and foster the acceptance of group goals, tend to develop more trust in their leaders, than those employees who perceive their leaders otherwise (Podsakoff, Mackenzie & Bommer 1996).

Employees' trust in the leader can also be affected by the personal characteristics and actions of the leader (Searle *et al* 2011). The perception of the leader's trustworthiness is based on the followers' assessment of his/her ability, benevolence and integrity. Hence, trust in the leader grows as long as the behaviour of the leader

indicates these trustworthiness cues (Sweeney 2010). This concept is further developed by Burke, Sims, Lazzara and Salas (2007), as indicated in Figure 3.5.

**Figure 3.5:** Integrated multi-level framework for understanding trust in leadership



Source: Burke *et al* (2007:613)

According to this model, the leader’s ability, i.e. setting compelling goals, and creating an enabling structure; benevolence, i.e. creation and sustenance of supportive contexts, and provision of expert coaching; and integrity, i.e. perception of the leader’s accountability, justice, and value congruence, engenders trust in the leader and his/her leadership. At the same time, the model reveals that some factors at individual, team, and organisational level moderate the relationship between the antecedents of trust (i.e. ability, benevolence and integrity) and trust in the leadership. The model also indicates that trust in leadership facilitates not only proximal behavioural outcomes such as communication, learning, OCBs, and willingness to follow, but also some distal outcomes such as performance quality, performance quantity, and followership.

Trust in leaders also relates to the different leadership behaviours, and leadership styles. One of the most examined areas of leadership style in the literature, is transformational leadership. It is usually contrasted with transactional leadership

(Den Hartog 2003). Transformational leadership focuses on transforming the feelings of employees about themselves, which results in employees performing beyond their expectations (Breevaart & Zacker 2019). This approach thus raises both leaders and followers to higher levels of motivation and morality with an aim to change the present situation. Other research in this area such as Kurniawan, Sujato and Rugaiyah (2019), Podsakoff, Mackenzie, Moorman and Fetter (1990), and Su-Jung and Hsiano (2014) indicate a positive relationship between transformational leadership and trust in the leader.

Studies also show that trust in the leader has a mediating effect between transformational leadership and several organisational factors such as job satisfaction, affective commitment, job performance, and organisational citizenship behaviour (Braun, Peus, Weisweiler & Frey 2013; Zhu, Newman, Miao & Hooke 2013). According to Den Hartog (2003), besides the development of trust in the leader, transformational leadership has a spill over effect on the employees' development of a more generalised trust in management, and trust in colleagues. Transactional leadership, on the other hand, defines the leader – follower relationships based on cost-benefit exchanges (Den Hartog 2003). Here leaders develop exchanges or agreements with followers. These exchanges and agreements point out what the followers will receive if they do something right (wrong).

At present, ethical and authentic leadership constructs have also received attention in the literature. According to Ng and Feldman (2014), ethical leaders are trustworthy, and employees react positively to them. They also show that trust in the leader mediates the relationships of ethical leadership with job attitudes and performance. Similarly, authentic leadership can make a difference in organisations by helping people find meaning and connection at work through self-awareness (Avolio & Gardner 2005; McAuliffe, Bostain & Witchel 2019). This leadership style thus restores and builds optimism, confidence and hope; promotes transparent relationships and decision making that builds trust and commitment among followers; and fosters inclusive structures and positive ethical climates in organisations (Avolio & Gardner 2005; Hellriegel & Slocum 2011; Walumbwa, Christenson & Hailey 2011).

- **Human Resource Management Policies and Practices**

Human Resource Management (HRM) policies are guidelines on how the people component in an organisation should be managed and treated. The human resource policies can be expressed formally as statements of the values the organisation holds relating to specific areas. These policies can be stated in terms of equity, quality of working life, and working conditions, to mention but a few. The most common areas in which specific human resource policies exist include: employment (recruitment and selection), discipline (labour relations), employee development (training), health and safety, performance management, compensation, and work-life balance (Armstrong 2009). These policies define employment relationships in the organisation and impact directly on the development of employee trust (Searle *et al* 2011).

Like HRM policies, HRM practices are also important in developing employee trust in organisations (Searle *et al* 2011; Searle & Skinner 2011b; Tzafrir 2005). A study undertaken by Tzafrir (2005) on the relationship between trust and four HRM practices revealed that organisations that exhibited a high managerial trust in employees, based their compensation system on performance, encouraged employee participation, used internal promotion for employee recruitment and mobility, and invested more on training than did their non-trusting counterparts. Armstrong (2011) also notes that HRM practices can positively impact on employee engagement and relations, by creating and developing a climate of trust and co-operation within organisations. As HRM practices influence trust, the aspect of trust also influences the choices and effectiveness of HRM practices (Searle & Skinner 2011a).

- **Organisational Justice**

One of the most important issues underlying any human interaction within the context of organisations, is justice (Fischer 2012). If employees perceive organisational interactions, processes, procedures, and consequences as fair, they develop confidence in their leaders, as well as the organisation (Bidarian & Jafari 2012; Yean & Yusof 2016). According to Armstrong (2009), to treat employees justly, organisations need to deal with issues fairly and equitably. Several studies indicate

that organisational justice has three dimensions, namely: (a) *distributive justice* - employees' perceptions of fairness of outcomes, such as pay and promotion, (b) *procedural justice* - employees' perceptions of fairness of the procedures used to determine the outcomes, and (c) *interactional justice* - employees' perception of fairness of how the procedures and outcomes are put into action (Rigotti, Otto & Mohr 2007; Ruder 2003; Dirks & Ferrin 2002; Brockner & Siegel 1996; Yean & Yusof 2016).

The organisational interdependence between trust and justice has been an important focus of management research (Holtz 2013; Searle *et al* 2011; Wong, Ngo & Wong 2006). For example, Cohen-Charash and Spector (2001) in their meta-analytical study, indicated that all three dimensions of justice, can be seen as predictors of trust in organisations. Bidarian and Jafari (2012), also found that there is a significant positive association between organisational trust, and justice. According to Lewicki, Wiethoff and Tomlison (2005), the interplay between trust and justice can be discussed in three different ways: justice as an antecedent to trust; justice as an outcome of trust; and the co-evolution of trust and justice. Brockner and Siegel (1996) identify organisational justice research as three waves. These waves as they pertain to trust in the organisation, are discussed briefly next.

The first wave of research focuses on distributive justice, i.e. the perceived fairness of outcomes. Although distributive justice models do not completely explain and predict people's reaction to the perceived injustice, it has the potential to have strong implications for organisations (Cohen-Charash & Spector 2001; Yean & Yusof 2016). This is due to the fact that it indicates the fairness and integrity of the leaders within the organisation (Dirks & Ferrin 2002). Since distributive justice contributes to the evaluation of trustworthiness based on experience of the parties involved in determining the outcomes, it strengthens the trust in the parties (Searle *et al* 2011).

The second wave of research focuses on procedural justice, i.e. the fairness of the procedures used to determine the outcomes (Brockner & Siegel 1996; Yean & Yusof 2016). According to these researches, in addition to the fairness of the outcomes, employees' trust also depends on their perceptions of fairness of the procedures used to determine outcomes (Cohen-Charash & Spector 2001; Yean & Yusof 2016). The current fairness in procedures provides the basis to believe that future

procedures will also be fair or vice versa (Brockner & Siegel 1996). Hence, trust is affected by employees' estimates of future procedural justice. For example, following the development and implementation of an acceptable performance appraisal system in organisations, employees' trust in top management significantly increased (Mayer & Davis 1999). Unlike distributive justice, this form of justice emphasises organisation-focused reactions, i.e. when a process leading to a certain outcome is perceived to be unfair, the person's reactions extend to the whole organisation rather than to only the specific outcome (Cohen-Charash & Spector 2001).

The third wave of research, which is currently in-progress, focuses on the interactive effects of the two dimensions - distributive and procedural justice (Brockner & Siegel 1996). Given that the outcomes and procedures work together to create a sense of justice (or injustice), a full understanding of fairness in an organisation needs the consideration of the interaction between outcomes and procedures (Fischer 2012; Brockner & Siegel 1996). Interactive justice is based on the perceptions of employees with regard to how organisational decisions are communicated and justified, as well as the respect and dignity provided by supervisors (Cropanzano, Bowen & Gilliland 2007). Interactive justice relates to the daily interactions between employees and their managers which constantly updates the perceptions of trustworthiness (Frazier, Johnson, Gavin, Gooty & Snow 2010).

The two new areas of research regarding the association between justice and trust are justice as an outcome of trust, and the co-evolution of justice and trust (Searle *et al* 2011). The first area of research is based on the argument that the source of justice, as it relates to an organisation, a group or a supervisor, can be trust. For example, research found that when employees perceived that their supervisor is trustworthy, they considered and accepted their performance evaluation as fair (Cropanzano, Byrne, Bobocel & Rupp 2001). The second line of research is based on the belief that justice and trust co-evolve. According to Searle *et al* (2011), perceived justice indicates the feature of relationships which exist between the parties. Thus, distributive justice should be related to cognitive and knowledge-based trust, whereas procedural and interactional justice should be related to affective and relational trust.

- **Control Mechanisms**

Control has been viewed as a process that regulates the behaviour of organisational members to achieve organisational goals (Costa & Bijlsma-Frankema 2007). Based on the literature, Searle *et al* (2011:159) define organisational control as “*a process by which the organisation (and managers) regulates, or adjusts, the behaviour of employees in the direction of the organisational objectives*”. The traditional approaches to management functions were grounded on the need for close control of the work, and the behaviour of the lower levels, in order to achieve organisational goals. Changes to the internal and external organisational environment, such as globalisation; increasing flexibility; virtual organisations; the creation of flatter organisations, and teams, have all changed the style of management from a close control to managing at a distance. All these changes have had a significant impact on the trust aspect within organisations (De Biasi 2018; Skinner & Spira 2003).

In the control literature, two main approaches can be identified. The first is known as formal control, which focuses on the establishment and utilisation of formal rules, procedures, and policies to monitor and reward desirable performance (Costa & Bijlsma-Frankema 2007). Formal control can be understood either with respect to the organisational degree of formalisation, or to the level of monitoring between individuals. The second approach is known as informal control, which focuses on the regulatory power of organisational norms, values, culture, and the internalisation of goals, to encourage desirable behaviours and outcomes (Costa & Bijlsma-Frankema 2007; Das & Teng 2001; Verburg *et al* 2018). Das and Teng (2001) identify three types of control in a relationship: (a) the assessment of the partner’s performance (output control), (b) ensuring the appropriateness of the process (behaviour control), and (c) the development of shared values, beliefs, and goals among members (social control). This view is also shared by Högberg, Sköld and Tillmat (2018) as well as Verburg *et al* (2018). In this typology, output and behavioural controls refer to formal control, while social control refers to informal control.

To have effective controls in any type of organisational relationships, a certain level of trust is needed (Das & Teng 1998). Without a certain level of trust, it will be difficult to accept control in outcome measurements, to follow specified behaviour patterns, or to share values (Costa & Bijlsma-Frankema 2007). Langfred (2004)

states that although the conventional benefits of trust are expected to hold, too much trust can be harmful under some conditions. For example, in a self-managed team, members trust each other, and the level of monitoring one another tends to be less. When this condition is coupled with a high level of individual autonomy, performance dwindles. Thus, trust and control, as interactively related organisational processes, should be balanced on a continuous basis (Jagd 2010).

The proponents of the complementary perspective, such as Das and Teng (1998), argue that trust and control are co-existing mechanisms. They should not be considered as completely independent or mutually exclusive mechanisms. In this view, one may trust another because of the existence of controls, or may happily agree to control because of one's trust in another. More generally, trust and control can be seen as symbiotically co-evolving, mutually reinforcing, and adjusting mechanisms in order to contribute to the level of co-operation needed in a relationship (Costa & Bijlsma-Frankema 2007; Edelenbos & Eshuis 2012; Högberg *et al* 2018; Skinner & Spira 2003). Möllering (2005:284) proposes a *duality* perspective, which states that "trust and control each assume the existence of the other, refer to each other, and create each other, but remain irreducible to each other". Proper formal control mechanisms can increase trust to the extent that objective rules and clear measures help to establish a standard of performance on which people can base their assessments and evaluation of others (Sitkin 1995). However, some authors argue that in high-trust settings, it is the informal (social) control that plays a crucial complementary role in the functioning of organisations (Jagd 2010; Sengün & Wasti 2007; Wittek 2003). Establishing control mechanisms without losing trust requires a higher level of managerial capability. Given that trust and control are interactively related organisational processes, this can be done through the continuous balancing and rebalancing of the relationship (Jagd 2010).

Bijlsma and Bunt (2003) believe that if trust is high in a relationship, the cost of monitoring will be lower. This perspective also advances the view that the presence of controls, prevents the need for trust, as controls render the level of risk minimal, or one cannot be said to trust another if one imposes controls as well (Schoorman *et al* 2007). Therefore, according to this perspective, it can be stated that trust and control are inversely related, i.e. low-trust settings require exercising formal control as they

would lead to an increase in opportunism, and vice versa. In a stricter sense, this view implies that “trust removes the need for control, and control chases away trust” (Edelenbos & Eshuis 2012:654). The negative consequence of this perspective, however, is that if the parties in the relationship perceive control as an implication of low trust, establishing explicit control mechanisms may lead to suspicion (Sanchez, Velez & Araujo 2012). Studies also indicate that the substitution exists only between formal control mechanisms and trust, rather than that of informal (social) control mechanisms, and trust (Sengün & Wasti 2007; Jagd 2010).

### **3.6 THE BENEFITS OF TRUST IN ORGANISATIONS**

Several studies agree about the benefits of trust for an organisation and its employees (Kramer 1996; Latusek & Olejniczak 2016; Mayer *et al* 1995; Mishra 1996; Reina & Reina 2015; 2006; Searle *et al* 2011; Shockley-Zalabak, Morreale & Hackman 2010; Tyler 2003). Within the organisational setting, the results however remain inconsistent. Empirical studies, for example, indicate that trust has positive effects on employees’ attitudes, perceptions, behaviours, and performance outcomes (Dirks & Ferrin 2001; 2002). Trust not only affects a variety of organisational outcomes directly, but also facilitates or hinders the effect of other determinants such as attitudinal, perceptual, behavioural, and performance outcomes (McEvily *et al* 2003). In other words, trust provides the conditions under which co-operation, higher performance, productivity, collaboration, and more positive perceptions and attitudes can be realised (Dirks & Ferrin 2001; Kim 2019; Mayer & Gavin 2005; Tan & Lim 2009; Zak 2017). How trust affects aspects such as performance, knowledge sharing, innovation, organisational citizenship behaviours (OCBs), and commitment will be the focus of the next section.

#### **- Performance**

In the trust literature, there is evidence that trust is a significant determinant of organisational, as well as employee performance (Challender *et al* 2019; Dirks & Ferrin 2001; Davis *et al* 2000; Grant & Sumanth 2009; Morreale & Shockley-Zalabak 2014). When the employees develop generalised trust in management, and their colleagues, such trust or distrust is likely to influence their behaviour towards these groups, and the amount of effort they are willing to expend in the workplace on their

behalf (Den Hartog 2003; Jiang & Probst 2019). In other words, when employees are willing to be vulnerable to their organisation, they will be free to focus their attention on their job tasks rather than diverting their energy to monitoring the managers and their co-workers. These working conditions will thus support employees to drive performance (Paliszkiewicz 2012; Mayer & Gavin 2005). In another perspective, Dirks and Skarlicki (2009) indicate that being perceived as trustworthy by co-workers, has a positive impact on the individual's performance. In spite of this, the relationship between trust and performance remains unclear. Based on the extant literature, it can however be stated that trust does influence task-related behaviours and performance through moderation (Dirks & Ferrin 2001; Mayer & Gavin 2005; Tan & Lim 2009).

#### - **Knowledge sharing**

The success of an organisation partly depends on the effective and efficient utilisation of knowledge (or intellectual capital), that resides within the organisation. To maintain a valuable base of knowledge, organisations depend on their capacity to acquire, share, and use knowledge more effectively. When new knowledge is acquired, it should be shared with other parts of the organisation where it is needed (Jones 2017). This process is known as the learning organisation (McShane & Von Glinow 2008). Without this process, the knowledge acquired will have little effect (Javadi, Zadeh, Zandi & Yavarian 2012). Many organisations are reasonably good at acquiring knowledge, but they waste this valuable resource by not effectively spreading it throughout the organisation. In knowledge sharing, it is important that the employees must first realise that the knowledge is available, and that they have enough freedom to share it (Kim 2019; McShane & Von Glinow 2008).

Most knowledge is embedded in the minds of employees (Drucker 1998; Nilsson 2019). In the current knowledge-economy, organisations find it a challenge to leverage this knowledge due to their employees' behaviours of not sharing information/knowledge, i.e. Knowledge hiding (i.e. withholding a requested knowledge) and knowledge hoarding (i.e. withholding unrequested knowledge) (Casimir, Lee & Loon 2012; Holten, Hancock, Persson, Hansen & Høgh 2016; Ling 2011). One of the reasons to which this situation can be attributed is the lack of trust that the employees have in their colleagues, leaders, and organisations (Holten *et al*

2016; Kim 2019). Trust is a channel through which knowledge can flow, and hence, it is a key variable in the process of knowledge sharing (Purcărea & Dănilache 2008; Wang, Tseng & Yen 2014). The presence of trust in an organisation paves the way for trust-based relationships among organisational members, which, in turn, creates opportunities for effective knowledge sharing (Jones 2017). People are not willing to share knowledge with those they do not trust (Armstrong 2011; Kim 2019; Naeem, Mirza, Ayyub & Lodhi 2019). Hence, the establishment of trust amongst employees and managers is a necessary condition for knowledge sharing (Javadi *et al* 2012; Kim 2019). According to Ling (2011), trust and culture are the main pre-conditions in stimulating an environment that allows individual employees to share knowledge together. Trust thus permeates the occurrence of an open exchange of information and creates a situation in which problems can be identified, and solved, before they worsen (Louis, Mayrowetz, Smiley & Murphy 2009).

A number of research studies have also examined the direct relationship between trust and knowledge sharing behaviour. For example, Holste and Fields (2009) found that both cognitive-based, and affective-based trust types, influence employees' willingness to share, and use tacit knowledge. While sharing tacit knowledge presupposes the existence of affect-based trust, use of tacit knowledge requires a cognition-based trust. Wang *et al* (2014) confirmed the direct influence of trust on knowledge sharing and the mediating role it plays between institutional norms, and knowledge sharing. The consensus of the literature on knowledge and trust seems to be that employees in high-trust situations will be more willing to share their knowledge, thoughts, feelings, and ideas than would be the case in a low trust work environment (Evans 2012; Marciano 2010; Tschannen-Moran & Hoy 2000).

#### - **Innovation**

The intensification of global competition, and shortened product life cycles have pressurised organisations to be more innovative (Dasgupta & Gupta 2009). In a manufacturing as well as a service-driven economy, organisations seek to increase their competitiveness through innovations that can create value for their customers; attract new customers; and enhance shareholder value (Ford, Edvardsson, Dickson & Enquist 2012). The innovation activity may relate to a product, market, process, behaviour and/or strategy of an organisation (Jones 2017; Semerciöz *et al* 2011).

The challenge for organisations is to develop innovation approaches that not only respond to changes in the environment, but also to the needs and expectations of various stakeholders (Dasgupta & Gupta 2009). According to Kotler and Keller (2012), imaginative ideas exist in an organisation in three underrepresented groups: employees with youthful or diverse perspectives; employees far from company headquarters; and employees new to the industry. Each of these groups can challenge the company's accepted beliefs and stimulate new ideas.

Studies indicate that there is a direct link between trust and the innovation process in organisations (Marciano 2010; Searle *et al* 2011). An innovation strategy can be implemented successfully if employees are committed and have passion for their work. This will set them free to generate ideas. The important element for the creation of this type of work environment is trust (Dovey 2009; Mishra & Mishra 2013). Semerciöz *et al* (2011) analysed the effect of interpersonal and organisational trust on the various dimensions of organisational innovativeness in companies operating in banking and beverage businesses. It would follow that organisational trust impacted directly on the process of innovativeness. Thus, if employees do not have trust in their organisations, they will not innovate (Barry 2007; Clegg *et al* 2002).

According to the literature, the innovation process has two dominant stages: idea generation, and idea implementation or realisation (Shazi, Gillespie & Steen 2015). The role of the trustworthiness dimensions – ability, benevolence, and integrity – in these stages of innovation is found to be significant (Shazi *et al* 2015). Hence, an employee's decision to invest time in collaborative learning, innovative idea generation, and implementation, depends upon their trust in their colleagues, supervisors and/or the organisation (Dovey 2009). Putting it another way, the greater the trust employees have of their colleagues, leaders and/or the organisation, the greater will the learning, creativity, innovation, and competitiveness be (Staub 1994).

#### **- Organisational Citizenship Behaviours**

Employees perform some tasks that are not formally required, but they are often necessary for the survival of the organisation, including its image and acceptance (Hellriegel & Slocum 2011). This will only be possible when employees develop organisational citizenship behaviours (OCBs). OCBs refers to employees' extra-role

behaviour, including showing behaviour such as civic virtue (i.e. participate responsibly in the political life of the organisation); courtesy (i.e. treatment of others with respect and kindness); and altruism (i.e. assistance provided by members of the organisation to others) (Appelbaum, Bartolomucci, Beaunier, Boulanger, Corrigan, Dore, Girard & Serroni 2004; Singh & Srivastava 2016; Yean & Yusof 2016). These behaviours are completely voluntary and personal, in the sense that, the individual will neither be rewarded, nor punished, for acting or giving up these behaviours (Altuntas & Baykal 2010; Roohi, Feizi & Damirchi 2012; Yean & Yusof 2016).

In organisations, employees have considerable discretion as to whether or not to engage in OCBs. Their willingness to engage in these behaviours emanates from the belief that trusting their leader, co-workers, or employer, will result in reciprocal behaviour over time (Searle *et al* 2011). OCB is one of the outcomes of trust in co-workers (Yakovleva *et al* 2010). Managerial trustworthiness and trust building behaviours appear to encourage employees' extra-role behaviours such as OCBs that are observable to others (Korsgaard, Brodt & Whitener 2002). Through trust building, leaders can transform the employees' work attitudes in such a way that they are willing to perform beyond their traditional formal job roles (Humphrey 2012).

Several studies indicate trust as an antecedent to OCBs. For example, the study undertaken by Dirks and Ferrin (2002), shows that there is a relationship between trust and the dimensions of OCBs. Likewise, Altuntas and Baykal (2010) have indicated that trust in co-workers, managers and the organisation has a positive effect on the altruism, courtesy, and civic virtue dimensions of citizenship behaviours. Wong *et al* (2006) state that both trust in the supervisor, and trust in the organisation affect OCBs. Studies have also indicated the mediating effect of trust in OCBs. For example, Sjahrudin, Sudiro and Normijati (2012) found that organisational justice affects OCBs when they are mediated by high trust in managers. Su-Jung and Hsiano (2014) also found that trust in a manager would have an effect on OCBs.

#### - **Commitment**

Organisational commitment refers to the employee's emotional attachment to, identification with, and involvement in a particular organisation and its goals

(McShane & Von Glinow 2008; Torrington, Hall & Taylor 2008). Meyer and Allen (1991) have identified three forms of commitment in an organisational context: (a) affective commitment - emotional attachment to the organisation, and a belief in its values; (b) continuance commitment - value of remaining with an organisation, compared to alternatives; and (c) normative commitment – the obligation to remain with the organisation for moral or ethical reasons. According to Hellriegel and Slocum (2011), strong organisational commitment results in several behavioural outcomes including acceptance and support of the organisation's goals and values, a willingness to exert effort on behalf of the organisation, and a desire to remain with the organisation.

Trust plays an important role in creating and enhancing organisational commitment (Dirks & Ferrin 2002; Kurniawan *et al* 2019). In the words of Tuan (2012:158) “trust is the infrastructure for the commitment of stakeholders to the organisational vision”. From among the three forms of commitment, the literature emphasises the positive relationship between trust and affective commitment (Colquitt *et al* 2007; Kurniawan *et al* 2019; Poon *et al* 2006; Ruyter, Moorman & Lemmink 2001; Yang & Mossholder 2010). In general, higher levels of trust lead to higher levels of affective commitment (Jiang & Probst 2019; Poon *et al* 2006).

Contrary to this, low levels of trust can lead organisations to suffer detrimental consequences, organisations can be paralysed in one or more of the following ways: (a) limiting employee empowerment, which, in turn, inhibits the ability to meet customer needs; (b) decreasing cohesiveness among work groups, which leads to an unproductive and a challenging work environment; (c) failing to accomplish business objectives, due to uncooperative subordinates; (d) employees that refrain from doing the right thing, developing new ideas, taking risks, and adding value to the organisation; and (e) a stagnated organisational development due to the unsuccessful implementation of new initiatives (Canipe 2006; Jiang & Probst 2019; Semerciöz *et al* 2011).

From the foregoing discussion, it became clear that organisations that can be characterised by a climate of trust, have been linked to positive outcomes for individual employees, groups, and the organisation as a whole. While those with a climate of low-trust or distrust, suffer from some negative consequences for

individuals, groups, and/or the organisation (Jiang & Probst 2019; Ladebo 2005). In the next section the aspect of trust versus distrust will be addressed.

### 3.7 TRUST VERSUS DISTRUST

People may also experience feelings of both trust and distrust at the same time. However, organisational researchers have not given sufficient attention to these constructs. Lewicki, McAllister and Bies (1998) have introduced a new theoretical framework regarding the relationship between trust and distrust within organisations in a different way from the traditional scholarly approach, as indicated in Table 3.2 (Challender *et al* 2019; Kong & Yao 2019). This insightful conceptualisation is briefly discussed in the following sections.

**TABLE 3.2:** Integrating trust and distrust: Alternative social realities

<p><b>High Trust</b></p> <p>Characterised by: Hope, Faith Confidence Assurance Initiative</p> <p><b>Low Trust</b></p> <p>Characterised by: No Hope No Faith No Confidence Passivity Hesitance</p>	<b>Cell 2</b>	<b>Cell 4</b>
	<ul style="list-style-type: none"> <li>- High value congruence</li> <li>- Interdependence promoted</li> <li>- Opportunities pursued</li> <li>- New initiatives</li> </ul>	<ul style="list-style-type: none"> <li>- Relationships highly segmented and bounded</li> <li>- Opportunities pursued with caution</li> <li>- Down-side risks/vulnerabilities</li> <li>- Continually monitored</li> </ul>
	<b>Cell 1</b>	<b>Cell 3</b>
	<ul style="list-style-type: none"> <li>- Casual acquaintances</li> <li>- Limited interdependence</li> <li>- Bounded, “arms-length” transactions</li> <li>- Professional courtesy</li> </ul>	<ul style="list-style-type: none"> <li>- Undesirable eventualities expected and feared</li> <li>- Harmful motives assumed</li> <li>- Interdependence managed</li> <li>- Pre-emption: best offense is a good defence</li> <li>- Paranoia</li> </ul>
	<b>Low Distrust</b>	<b>High Distrust</b>
	<p>Characterised by: No Fear, Absence of Scepticism, Absence of Cynicism, Low Monitoring No Vigilance</p>	<p>Characterised by: Fear, Scepticism, Cynicism Wariness, Watchfulness, Vigilance</p>

Source: Lewicki *et al* (1998:445)

Trust and distrust can be defined respectively as “confident positive expectations regarding another's conduct” and “confident negative expectations regarding another's conduct” (Lewicki *et al* 1998:439). The authors note that the definitions of trust and distrust in reciprocal terms do not waive the distinctness and separate nature of the constructs. Low distrust is not the same as high trust, and high distrust is not the same as low trust. The underlying argument is that (a) trust and distrust

are separate but linked dimensions; (b) they are not opposite ends of a single continuum; and (c) elements that contribute to the growth and decline of trust are different from those that contribute to distrust. This view is also shared by D’Cruz (2018).

In the two-dimensional framework indicated in Table 3.2, trust and distrust are presented on the vertical and horizontal axes respectively, both having either high or low levels. Accordingly, four relationship conditions, namely: low trust/low distrust, high trust/low distrust, low trust/high distrust, and high trust/high distrust are identified. High trust relationships are characterised by faith, confidence, assurance, and initiative. On the other hand, high distrust is expressed as wariness, scepticism, defensiveness, watchfulness, and vigilance.

The individual cells in the table will be briefly discussed:

- **Cell 1 (Low trust/Low distrust)**

Under conditions of low trust and low distrust, the trustor can be neither confident nor wary/watchful. The trusting parties in this relationship are less likely to engage in a complex interdependence, and complex assessment of risk or vulnerability. Gradually, however, increased interdependence and awareness will develop which, in turn, will create a condition for the establishment of beliefs about the trustworthiness and untrustworthiness of the trustee. Simple and casual conversation between the parties, and an absence of intimacy or closeness, are also some features of this relationship (Lewicki *et al* 1998).

- **Cell 2 (High trust/Low distrust)**

Under conditions of high trust and low distrust, the trustor has reasons to be confident in the trustee, as there is no ground to suspect the trustee. This condition can be characterised by the parties’ interest to accomplish common objectives; continued development, and the enrichment of relationships; expansion of mutually beneficial interdependence; frequent interactions, and complex and rich conversation. Generally, in this relationship, a large number of trust-reinforcing positive experiences between the trusting parties is pervasive (Lewicki *et al* 1998).

- **Cell 3 (Low trust/High distrust)**

Under the condition of low trust and high distrust, the trustor has no reason to be confident in the trustee, as there is sufficient reason to be wary and watchful. A large number of negative experiences which generally reinforce distrust, are common. This relationship can be characterised by resources devoted to monitoring the other's behaviour, preparing for the other's distrusting actions, attending to potential vulnerabilities, and having cautious conversations. The transformation of a distrust relationship into a trusting relationship is vital since it is uncomfortable for such a sustained work relationship to continue forever (Lewicki *et al* 1998).

- **Cell 4 (High trust/High distrust)**

Under conditions of high trust and high distrust, the trustor has reason to be highly confident in the trustee in some respects, and has reasons to be strongly wary and suspicious in other respects. The trusting partners have many positive and negative experiences simultaneously. While the positive experiences reinforce trust, the negative experiences reinforce distrust. In order to sustain and benefit from this form of relationship, parties can limit their interdependence to those linkages that reinforce the trust, and avoid those linkages causing the distrust. This condition of sustained trust and distrust is believed to be the most prevalent in the working relationships of modern organisations (Lewicki *et al* 1998).

### **3.8 CHAPTER SUMMARY**

It is clear that relationships amongst employees, supervisors and management within organisations, are important for the continued growth and survival of entities. If trust exists, it impacts on the psychological contract of employees, resulting in engaged and motivated workers. If it does not exist, it can result in a disengaged and demotivated workforce. The level of trust which exists, is based on the trustworthiness of the other party (trustee), and the extent to which the trustor is prepared, and willing, to make him/herself vulnerable to the other party. A number of individual, and organisational, factors impact on this relationship. From the individual side, it entails the propensity to trust, the state of mind and feelings of the trustor, values, manners and status. On the organisational side, factors include amongst

others, leadership, human resource management policies and practices, organisational justice and control mechanisms. These factors send cues about the organisation's ability, benevolence, and integrity, which will either have a positive or negative impact on the employee's perception of the organisation's trustworthiness. If a good balance between the trustor and the trustee exists, it will lead to improved performance and more positive perceptions and attitudes. If this is not the case, it will result in distrust.

In this chapter, an effort has been made to provide a meaningful approach to the discussion of the relevant concepts pertaining to trust and related issues. As these aspects are not generally found in an integrated and coherent format within the literature, the researcher has endeavoured to present the discussion in an integrated and understandable manner. In the next chapter, Chapter 4, the trust process as it exists within an organisation, will receive attention.

## CHAPTER 4

### THE TRUST PROCESS

#### 4.1 INTRODUCTION

In this chapter, the trust process will be considered. Issues to be discussed include trust building, trust maintenance, trust repair, trust drivers, the interplay between organisational culture and trust, and trust in the virtual work environment.

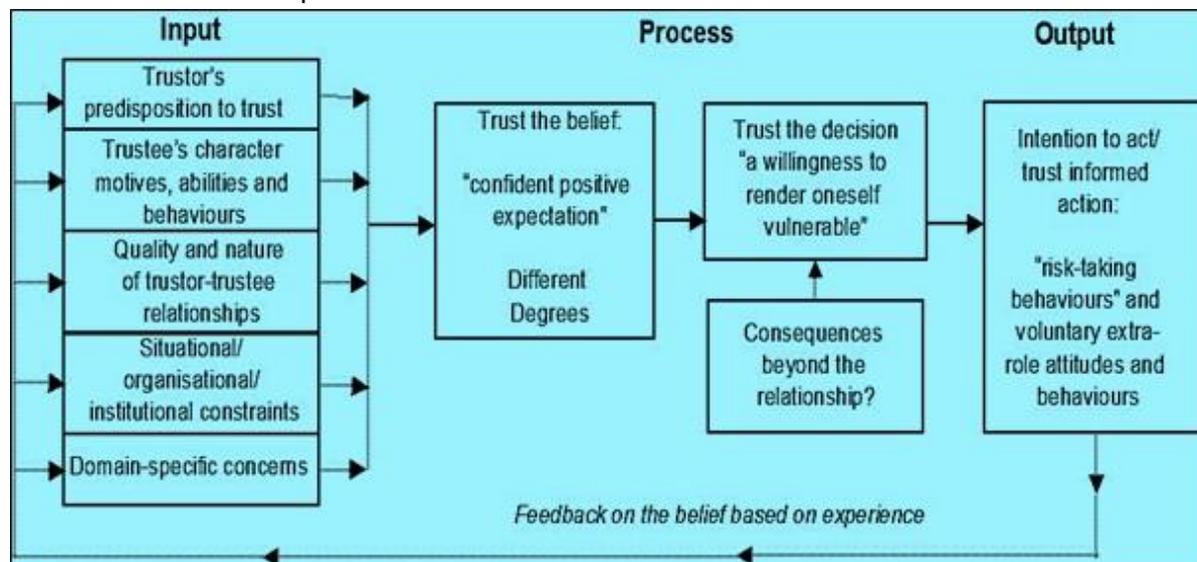
#### 4.2 THE TRUST PROCESS

From the literature, it is clear that trust can be understood as a state, as well as a *process* (Burke *et al* 2007; Röttger 2018; Sue-Chan, Au & Hackett 2012). Trust as a *state*, describes the trust of one person in another, at a particular moment, whereas trust as a *process*, refers to the way by which trust is built. Dietz and Den Hartog (2006) argue that the formation of a trust belief about another party, and the decision to trust them or not, requires the processing of information. A relationship between two persons, for example A and B, is more than “A trusts B...” rather it must be expressed as: “A trusts B to do X (or not to do Y), when Z pertains...” (Dietz & Den Hartog 2006:564). To understand the process of trust in an organisation, Dietz and Den Hartog (2006) developed a multidimensional, integrated framework based on the existing models of Mayer *et al* (1995), and Ross and LaCroix (1996) as indicated in Figure 4.1. Using an open system model (input-throughput-output), the framework considers antecedents of trust, i.e. the trustor’s predisposition to trust, the trustee’s character, motives, abilities and behaviours, quality and nature of the trustee-trustor relationship, constraints, and domain-specific concerns as inputs; the elements of the trust process, i.e. the trust belief and the trust decision as throughput; and the different trust-informed actions, i.e. risk taking behaviours, voluntary extra-role attitudes, and behaviours as output.

In the organisational context, the importance of trust, as well as its benefits should not only be discussed, but understanding how trust can be built, maintained, and repaired in the work relationship, is important (Dietz & Gillespie 2012; Röttget 2018). For a lucid

analysis of the process, the following subsections will be focused on: trust building, trust maintenance, and trust repair.

**FIGURE 4.1:** The trust process



Source: Dietz and Den Hartog (2006:564)

### 4.2.1 Trust building

Trust in an organisation is not a given, nor does it occur spontaneously, it is rather the result of a collective and self-conscious action on the part of people who can engage themselves in this type of relationship (Lazaric 2003; Solomon & Flores 2001). Hence, trust building requires not only thinking and talking about trust, but also the appreciation, understanding and practicing of the phenomenon (Solomon & Flores 2001). Therefore, one can state that as trust does not come naturally, there is a need to carefully structure, and manage it.

Trust is a fragile resource, in that while trust building is a complex and long process, its destruction is easy (Calton 2008; Dovey 2009; Krot & Lewicka 2012; Lewicki & Bunker 1996; Mishra & Mishra 2013). This can be attributed to the fact that events that destroy trust, are more visible and noticeable, than the events that build trust. More weight is usually attached to trust-destroying events, than to trust-building events, though they are of comparable magnitude (Kramer 1999; Mishra & Mishra 2013; Solvic 1993).

Several studies have looked at building trust in different settings, including work organisations (Currall & Epstein 2003; Grossman & Feitosa 2018; Lewicki *et al* 2006;

Lewicki & Bunker 1996; McKnight *et al* 1998; Zak 2017). There is less agreement as to the formulation process of trust. This is partly due to the complexity of the phenomenon (Dovey 2009). Bigley and Pearce (1998) present two approaches to trust formulation namely: trust as a product of an individuals' calculative decision-making, and trust as emotion based. Some researchers argue that the calculative-based trust formulation approach, is based on the calculation of the probability that one individual would perform an action that is "beneficial, or at least not detrimental" to another individual (Bigley & Pearce 1998:413; Gambetta 1988:217). Zeffane (2010) suggests that the values and virtues in developing trust, give more sense than the calculations that are being made in the case of a business relationship. Other researchers argue however that trust is "a product of peoples' emotions"; where it is seen that personal relationships are expected to play a central role in the creation of trust rather than other situational factors (Bigley & Pearce 1998:413).

The trust literature suggests that trust begins at a baseline of zero (Costa *et al* 2017; Currall & Epstein 2003; Lewicki *et al* 2006). These approaches assume that trust develops gradually. Opposite views are also found in the literature, which argue against the zero-baseline assumption about trust (Costa *et al* 2017). For example, McKnight *et al* (1998) contend that people in organisations can initially form relatively high-trust relationships without having any interaction history between them. This trust can exist for a variety of reasons, such as an individual's disposition to trust (i.e. personality-based trust); belief that impersonal structures such as regulations and laws support one's probability of success in a given situation (i.e. institution-based trust); and rapid, cognitive cues or first impressions (i.e. cognitive-based trust). This kind of trust can be fragile due to the tentative, and assumption-based nature of these antecedents. Despite the disagreement on the zero baseline, or initial high trust assumptions, most researchers believe that the development of trust is based on the perceptions of others' behaviour over time (Lewicki *et al* 2006).

There is general agreement amongst scholars that as relationships go through different stages, changes in trust between parties over time will also take place (Costa 2003; Fulmer & Gelfand 2013). Frequently cited studies in this regard are that of Lewicki and Bunker (1996), Dietz and Den Hartog (2006), Currall and Epstein (2003), and Doney *et al* (1998). While the first two studies point out that the trust process

develops over time from low to high trust in a deepening relationship, the third study discusses the trust process from a development, through sustainment, to a decline stage. These studies are looked at in detail in the sections that follow.

#### **4.2.1.1 Lewicki and Bunker's trust development approach**

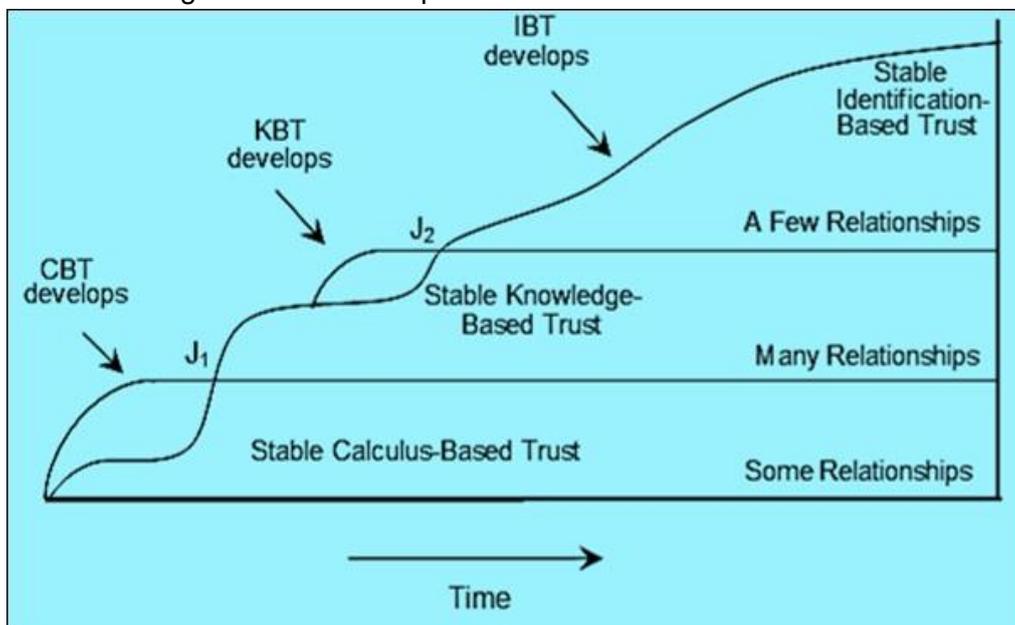
Building on the work of Shapiro, Sheppard and Cheraskin (1992), Lewicki and Bunker (1996) suggest a three-stage trust development framework for professional relationships, namely: calculus-based trust (CBT), knowledge-based trust (KBT), and identification-based trust (IBT) as indicated in Figure 4.2. This framework follows a transformational approach which indicates how trust changes within relationships over time (Costa *et al* 2017). Furthermore, the *deterrence-based* trust (DBT) of Shapiro *et al* (1992), is renamed as the *calculus-based* trust (CBT) as it is grounded on assuring consistency of behaviour, not only by means of fear or punishment for violating trust, but also for the reward to be obtained by preserving trust while KBT and IBT remain unchanged (Lewicki & Bunker 1996).

From Figure 4.2, it is clear that the stages of the trust building process are linked, and that the achievement of trust at one stage, leads to the development of trust at the next stage. As a developmental process, the formation of the *calculus-based* trust is realised by considering the costs and rewards associated with this type of relationship. Here, the value of trust is determined by two processes, namely: creating and sustaining the relationship, and the cost of maintaining or severing it (Lewicki & Bunker 1996). At this level, trust arises from the context of the shallow or short-term interdependence between the trustor and trustee, especially at the interpersonal and organisational level of analysis. On the other hand, KBT develops over time as it requires information about the trusting parties that comes from their prior interactions rather than through the calculation of rewards and possible punishments should the relationship be severed (Lewicki & Bunker 1996).

In the third stage of trust building, the so-called IBT, trust is developed through effectively understanding and appreciating the other's wants, and through the identification of the other's desires and intentions, ultimately resulting in one acting for the other. This relationship goes to the extent of not only knowing and predicting the other's needs, choices and preferences, but also sharing some of those needs, choices and preferences (Calton 2008; Lewicki & Bunker 1996).

Lewicki and Bunker (1996) point out that many productive relationships, for example relationships at work, remain at KBT stage, while IBT may not develop due to either a lack of time or energy, or a lack of desire to establish a closer relationship.

**FIGURE 4.2:** The stages of trust development



Source: Lewicki and Bunker (1996:15)

According to Lewicki and Bunker (1966), some assumptions are central to the model, namely: (1) that if a relationship goes through its full development into maturation, the movement will be from CBT to KBT to IBT; (2) that relationship building begins with the development of CBT activities, favourable information about the other phases creates the foundation for a transition to KBT and occurs at point  $J_1$  in Figure 4.2; (3) if the parties move into KBT, they engage in the activities that can lead to IBT. The movement from KBT to IBT occurs in a similar manner and begins at point  $J_2$  in Figure 4.2; and (4) the movement from one stage to another may require a fundamental shift in the dominant perceptual paradigm which is called a “frame change”. The shift is from a perceptual sensitivity to contrasts (differences), between self and the other, to a perceptual sensitivity of assimilation (similarities) between self and the other (Lewicki & Bunker 1996).

#### 4.2.1.2 Doney, Cannon and Mullen's trust development approach

In another perspective, Doney *et al* (1998) have proposed a cognitive-based process by which a trustor comes to select a trustee by considering behavioural assumptions.

The five trust building processes they have identified include calculative, prediction, intentionality, capability, and transference. These five elements will be briefly discussed.

- **The calculative process**

Based on the literature in economics, trust is established through a *calculative* process when the trustor calculates the costs and/or rewards of a trustee acting in an untrustworthy way. This process is identified on the basis of evidence that most people act opportunistically, and maximise their own self-interest if they are given the chance (Doney *et al* 1998).

- **The prediction process**

Trust that emerges through the *prediction* process, assumes that a trustor can forecast the future behaviour of a trustee. Trust building in this process presupposes acquiring information about the trustee as to his or her prior actions, in order to help the trustor, develop confidence on the predictability of future behaviour of the trustee (Doney *et al* 1998). This is like Lewicki and Bunker's (1996) knowledge-based trust (KBT). Hence, this process of establishing trust considers the behavioural assumption that human behaviour is consistent and predictable.

- **The intentionality process**

Trust establishment through *intentionality* requires the trustor to understand the trustee's intention in the exchange process. Here the aspect of benevolence is important (Doney *et al* 1998). To Mayer *et al* (1995:718), benevolence refers to "the extent to which a trustee is believed to want to do good to the trustor, aside from an egocentric profit motive". A behavioural assumption central to the intentionality process is that individuals are geared towards others rather than to themselves (Doney *et al* 1998).

- **The capability process**

Developing trust through the *capability* process presupposes the willingness of the trustor to trust, by assessing the ability of the trustee to fulfil promises and the trustor's expectations (Doney *et al* 1998). Mayer *et al* (1995:717) describe ability as "a group

of skills, competencies, and characteristics that enable a party to have influence within a specific domain". This view is also shared by Robbins (2016). Hence, a behavioural assumption central to this trust building process is that people differ in their competence, ability and expertise (Doney *et al* 1998).

- **The transference process**

Trust also develops through a *transference* process in which the trustor transfers trust from a known entity to an unknown one (Mach & Lvina 2017; Doney *et al* 1998). For example, trust in people can be transferred to trust in the organisation. For this to happen however, trustworthy individuals must be backed up by their authority, position, and their bosses. Similarly, for organisational trust to be transferred to the people, the people concerned should fulfil organisational interests and rules of trustworthy conduct (Nooteboome & Six 2003).

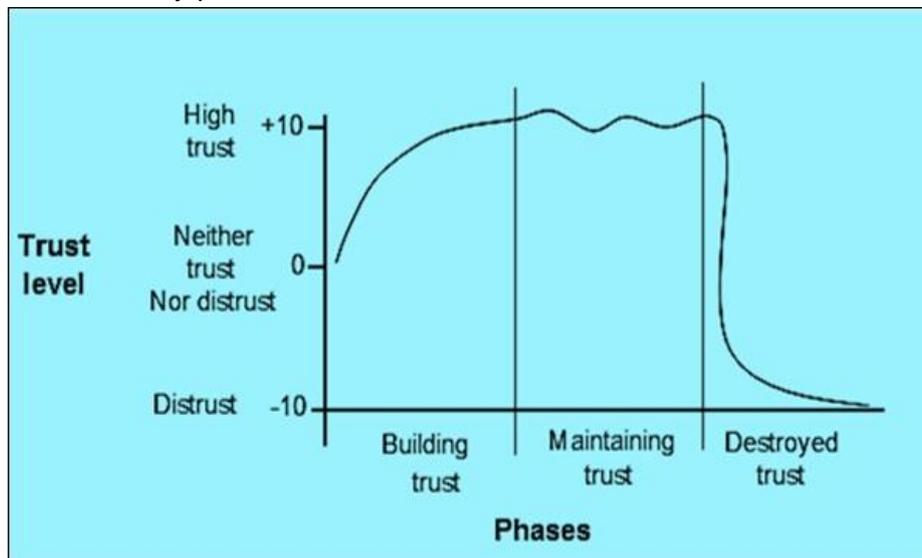
#### **4.2.1.3 Currall and Epstein's trust development approach**

A further view found in the literature pertaining to trust building, is that of Currall and Epstein (2003). Their evolutionary framework considers phases such as building, maintaining, and destroyed trust as indicated in Figure 4.3. According to these authors, trust initially starts from neither a trust, nor distrust level, since the parties do not know the trustworthiness of each other (Currall & Inkpen 2006). This period is seen as the *building trust* phase. A person, a group, or an organisation can build trust by "providing evidence of benevolence, technical competence, and commitment to be trustworthy, as well as by creating a track record of trustworthiness and leveraging social influences that favour trust" (Currall & Epstein 2003:196). The development of trust in this phase is slow, cautious, step-by-step, and incremental, as the parties in this relationship lack information, and tend to be reserved about trusting each other (Currall & Epstein 2003; Currall & Inkpen 2006; Lewicki *et al* 2006).

If appropriate actions to trust building are taken by the trusting parties, the level of trust continues to grow, until it begins to level off during the *maintaining trust* phase as indicated in Figure 4.3. If both parties contribute to the trust building process, trust remains more or less stable. However, if events that can violate trust occur, the level of trust falls to below zero. This is regarded as the *destroyed trust* phase, after this

phase, normally trust repair issues arise in order to bring about the original trust level which existed in the relationship (Currall & Epstein 2003).

**FIGURE 4.3** Evolutionary phases of trust



Source: Currall and Epstein (2003:197)

Two steps are taken in the trust restoration phase namely: the adjustment of the trust which has, during the destroyed phase, declined to below zero; and secondly, through applying continuously the reparative mechanisms to ensure that trust in the relationship starts to grow again positively in an evolutionary process (Currall & Epstein 2003; Currall & Inkpen 2006; Grover *et al* 2017). Apart from the debate about the beginning of trust at zero, or the nonzero baseline, it can be stated that many psychological, behavioural, and contextual variables cause the level of trust to change over time (Lewicki *et al* 2006).

#### **4.2.1.4 Dietz and Den Hartog's trust development approach**

Based on the ideas of Rousseau *et al* (1998), and Lewicki and Bunker (1996), Dietz and Den Hartog (2006) developed a further trust development approach ranging from distrust to complete trust, as indicated in Figure 4.4.

Dietz and Den Hartog (2006) point out that the degree to which one trusts another, varies along a continuum of intensity. Accordingly, they identified five degrees, namely: deterrence-based trust, calculus-based trust, knowledge-based trust, relational-based trust, and identification-based trust. Furthermore, Dietz and Den Hartog (2006) argue that the *deterrence-based trust* and the *calculus-based trust*



- Trust creating and building is a very long process, yet trust can be destroyed in one moment.
- Trust will not develop if it is treated as a means to a target.
- Trust cannot be built without taking into consideration the values of integrity and honesty.
- Trust is often invisible. It is not often realised that matters are going on well because of the presence of trust. Only violation of trust makes this fact perceptible.
- Trust demands engagement, personal responsibility, and vigilance.
- Trust usually relies on reciprocal relations. Trust centres on the virtuous cycle of “giving and getting” interactions.
- Trust opens possibilities that are not possible in other cases.
- Trust changes over time as constant change can cause different complications.
- There is no ideal substitute for genuine trust.
- The power game ought to be avoided, as it entails domination, and this is a natural antithesis of trust.
- People ought to build a culture of high trust in their organisation.
- People ought to care for activities and behaviours, avoid the strategy of fraud such as falsification, concealment, and double meanings in communication processes.
- People ought to reduce uncertainty. Reducing uncertainty will result in greater predictability of the behaviours of both parties in an interaction.
- People ought to remember that observable behaviours represent a small sign of their behaviour.

Having built the trust, it needs to be maintained. This aspect will be discussed next.

#### **4.2.2 Trust maintenance**

As indicated earlier, trust is a fragile resource that can easily be broken, damaged and ruined, and hence, it requires continuous care and protection to strengthen its existence in a relationship (Hardin 2002). Thus, not only is building trust important, but the parties that are engaged in the trusting relationship, are required to work tirelessly to maintain the trust, as it can be easily lost due to a single mistake, and/or self-serving behaviour (Dovey 2009; Hunt *et al* 2009; Mishra & Mishra 2013). Thus, trust maintenance refers to the prevention of the collapse of the ongoing relationship in the face of anything that might disrupt it (Hardin 2002).

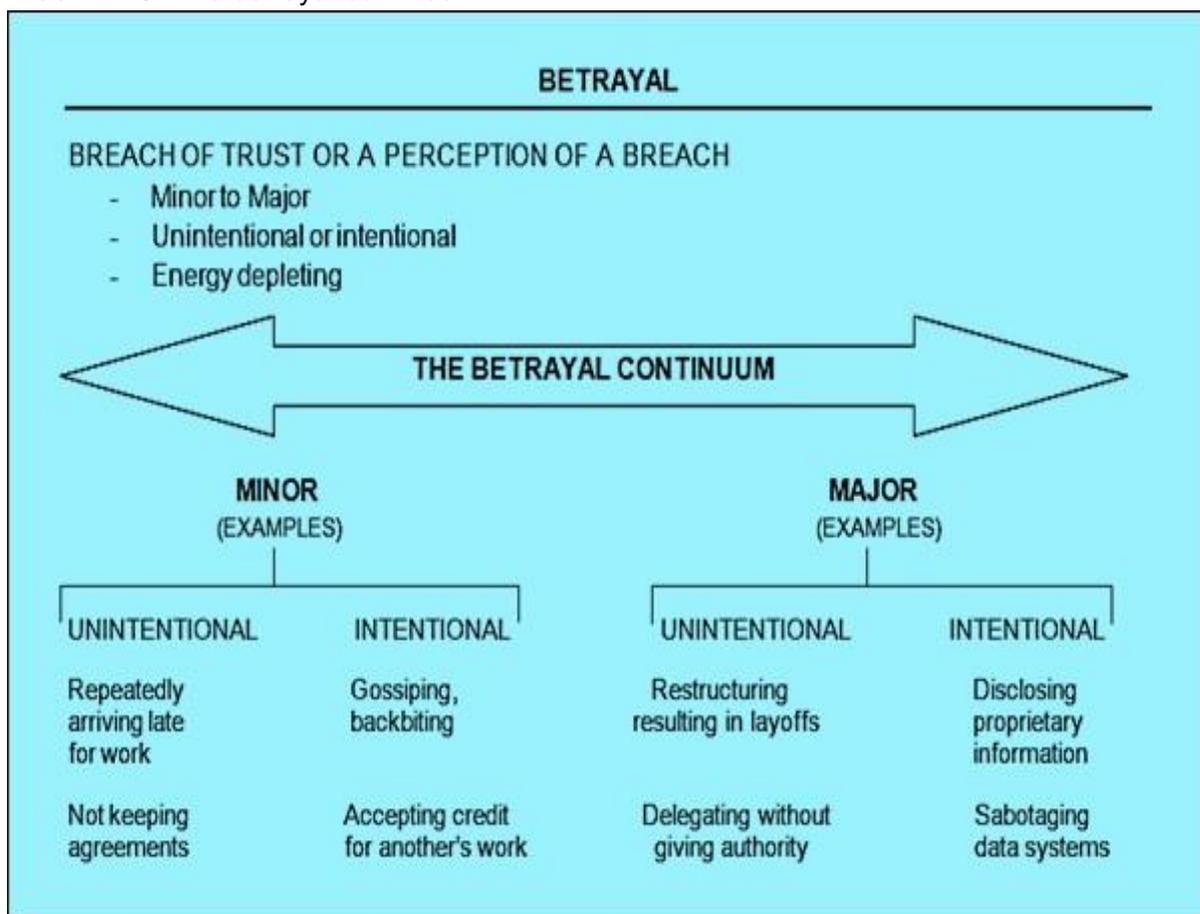
Organisational players have several encounters, and each encounter provides them with proof of the other's trustworthiness, and the potential to cultivate or weaken trust (Dietz & Gillespie 2012). Each encounter prompts a reappraisal of the trustor's perception, about the trustee's ability, benevolence, and integrity, which can affect the trustworthiness of the trustee in either a positive or negative manner (Mayer & Davis 1999). The violation of the trustor's expectations will lead to a subsequent lowering of trust towards the trustee. The extent of the trust erosion depends on the trustor's attribution to the violation of the trust (Fulmer & Gelfand 2013). The trustor may attribute a variety of reasons for the trustee to violate the trust, including amongst others: neglecting to fulfil the expectations, intentionally exploiting dependencies, and unable to fulfil the expectation. The first two reasons erode trust more than the last. Prior frequency of violations also influences the extent of trust erosion. If violations are repeated, even though they are repaired, there will be a decrease in trust, though the decrease is at a decreasing rate (Elangovan, Auer-Rizzi & Szabo 2007; Kim, Cooper & Dirks 2004).

According to Reina and Reina (2015), once trust is built in an organisation, there is a need to consistently practice trust building behaviours to maintain, as well as to transform, trust to the next level. This can be done through the creation of "transformative trust" (Reina & Reina 2015:167). Transformative trust is created, when the level of trust amongst employees of an organisation reaches a high point, and begins to show an exponential increase. In work environments where transformative trust prevails, employees will have energy, and passion to make a positive difference. Reina and Reina (2015) indicate that organisations can build transformative trust by using four catalysts, namely: conviction, courage, compassion, and community. *Conviction* helps employees practice the behaviours that build the character of trust, trust of communication, and trust of capability daily. *Courage* allows employees to respect themselves, and their relationships. *Compassion* enables employees to forgive themselves, and others, for disruptive behaviours; and a sense of *community* helps employees to take responsibility for their behaviours, and look at their contribution to others. These four mechanisms will move employees, their co-workers, as well as their organisation towards an enduring culture of trust (Reina & Reina 2015).

### 4.2.3 Trust repair

Even though organisational efforts are put in place to establish and sustain trust, trust can be lost due to factors such as disclosing corporate secrets, sabotaging corporate data, not keeping agreements, accepting credit for another’s work, or gossiping (Reina & Reina 2006; 2015). This is also known as the betrayal of trust on a continuum from unintentional to intentional (Reina & Reina 2015), as indicated in Figure 4.5.

**FIGURE 4.5:** The betrayal continuum



Source: Reina and Reina (2015:123)

According to Reina and Reina (2015), intentional betrayal is a self-serving action, committed with the purpose of hurting, damaging or harming another person. Unintentional betrayal is self-serving, but is committed without the conscious knowledge of how it hurts others. Both types of betrayal can however be devastating as it can affect the organisation's morale, productivity and overall effectiveness. This situation calls for the effective restoration of trust through a number of remedial activities. This process is known as trust repair (Gillespie & Dietz 2009; Kharouf & Lund 2018).

Kim *et al* (2004:105) define trust repair efforts as: “activities directed at making a trustor’s trusting beliefs and trusting intentions more positive after a violation is perceived to have occurred”. The issue of trust violation and repair have been conceptualised and studied at the individual, group, and organisation levels (Ferrin, Kim, Cooper & Dirks 2007; Gillespie & Dietz 2009; Ren & Gray 2009; Sitkin & Roth 1993). These studies assume that trust has a positive value on individuals, groups, and organisations and, therefore, its restoration is important.

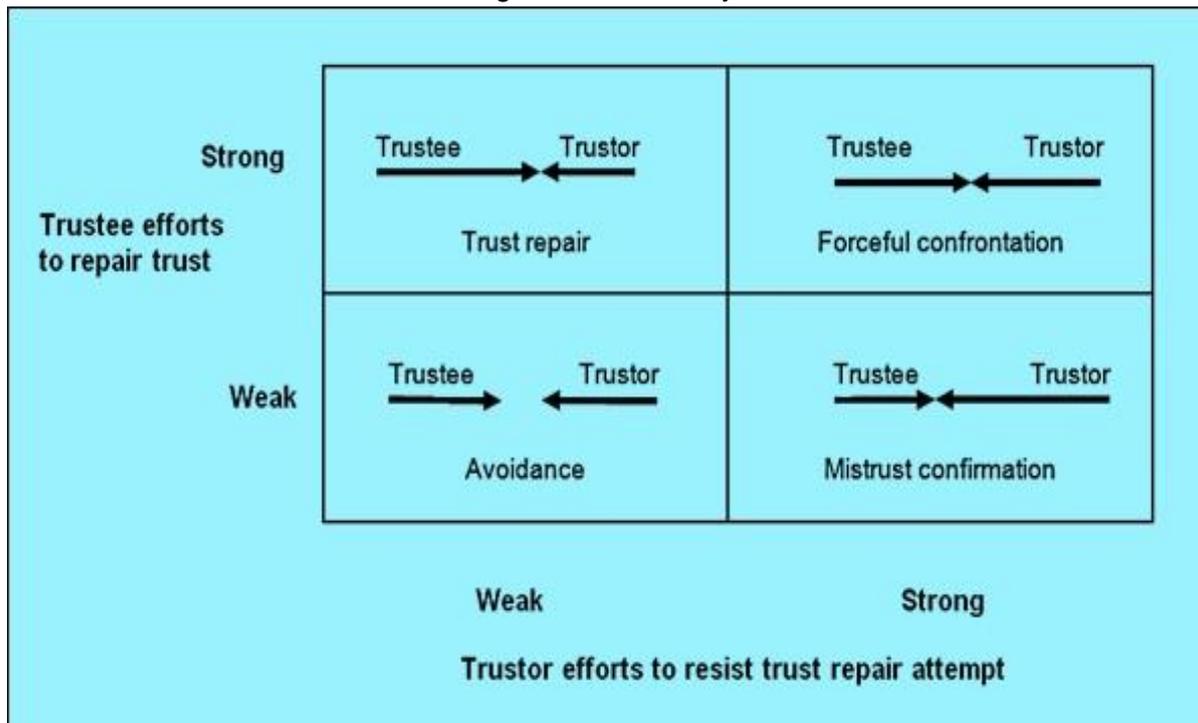
Considering some assumptions in the trust repair process is vital. For example, Lewicki and Bunker (1996) consider the following: firstly, trust has a cognitive and emotional basis, and given that the cognitive and emotional bases may be more or less important in a particular stage, some trust repair requires more cognitive work, while other types would require more emotional repair. Secondly, trust violations affect the system which exists between the trusting parties and hence have an impact on the parties, and the fundamental relationship between them. Finally, trust repair must be seen as a bilateral process, and since one party cannot do the whole work alone, much work is required from both the violator and the violated.

As far as the conceptualisation of trust violation and repair is concerned, there is some agreement among the researchers that trust repair presupposes some form of trust breakdown between the parties (Dirks, Lewicki & Zaheer 2009; Kim, Dirks & Cooper 2009; Lewicki & Bunker 1996; Mishra & Mishra 2013). There is also an agreement that the focus of trust repair is to change the present negative situation to a more positive situation (Reina & Reina 2015). In spite of this, a critical issue concerning trust is that whether it can be repaired or not. According to Kim *et al* (2009), trust repair depends on both the trustor’s efforts to resist the repair, and the trustee’s effort to repair the trust. This view is shared by Mishra and Mishra (2013). Their model provides the potential outcomes of negotiation efforts by a trustor and a trustee as indicated in Figure 4.6.

The model depicts that strong efforts by the trustee will achieve some degree of *trust repair* even though the trustor’s efforts are minimal, or non-existent. However, strong trustee effort may contribute little to the trust repair process if the trustor’s efforts are also strong, such as accusation, instead this may produce a *forceful confrontation* (Kim *et al* 2009).

According to Kim *et al* (2009), weak trust repair efforts by the trustee combined with strong opposing efforts by the trustor may turn out to be a *mistrust confrontation*, where a trustee believes that he/she is untrustworthy, and even tries to confirm this expectation with his/her behaviour. When both the trustee and the trustor make weak efforts towards trust repair, i.e. neither of them attempts to assert, or substantiate their beliefs, the outcome will be a persistent mistrust which is more like *avoidance*.

**FIGURE 4.6:** Potential outcomes of negotiation efforts by a trustor and trustee



Source: Kim *et al* (2009:406)

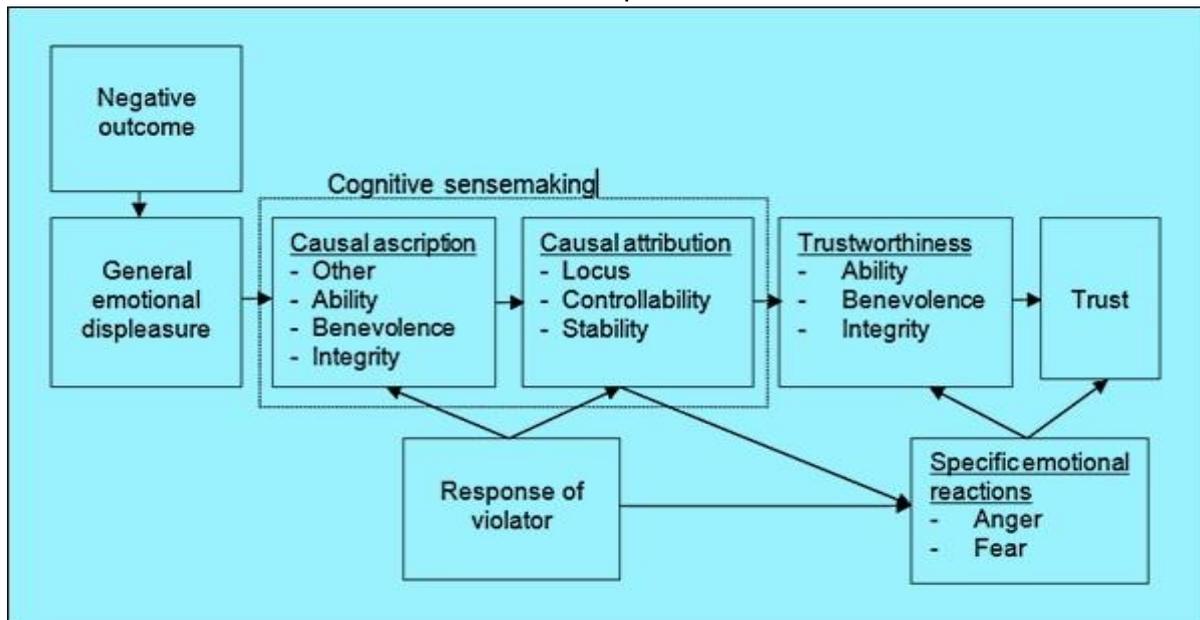
Studies on trust repair focus on several approaches. The literature groups these approaches into attributional, social equilibrium, structural, and temporal approaches (Dirks *et al* 2009; Searle *et al* 2011). A brief discussion of each of these approaches follows.

#### 4.2.3.1 The Attributional Approach

The attributional approach is the dominant approach to trust repair. It suggests that the decision, as well as the method to address the violated trust, depends on “how the breach is framed and attributed” to the trust violator (Searle *et al* 2011:165). In this approach, trust repair is conceptualised as a cognitive process by which trust is restored (Dirks *et al* 2009). Tomlinson and Mayer (2009) have provided an insightful model to address this aspect as indicated in Figure 4.7.

The model uses both Weiner's (1986) attribution theory, and Mayer's *et al* (1995) trust model to specify relevant causal attributions, and specific emotional reactions that affect trustworthiness, and the subsequent trust after a negative outcome. The components of the model include negative outcomes, general emotional displeasure, cognitive sense making (i.e. causal ascriptions and causal attribution), response of violator, and specific emotional reactions.

**FIGURE 4.7:** Causal attribution model of trust repair



Source: Tomlinson and Mayer (2009:89)

According to Tomlinson and Mayer's (2009) model, the perception of a negative outcome in a trusting relationship leads to a general emotional reaction of displeasure, which causes the individual to identify the cause of the outcome. The perceived cause is referred to as causal ascriptions. The causal ascriptions are suggested to be ability, benevolence, integrity, and others. *Others* include possibilities which are comparable with effort, luck and task difficulty. After an individual determines the causal ascriptions, the individual evaluates the causes along three attribution dimensions namely: locus of causality, controllability, and stability. *Locus of causality* makes the distinction between causes generated internally by the trustee, or externally by another actor, or the situation. *Controllability* refers to the degree of volitional control an individual, either the trustee or another actor, has over the outcome, or how much to hold another accountable for the negative outcome. *Stability* refers to the degree to which the cause is perceived to either fluctuate or remain constant, and indicates what to expect in the future under similar circumstances (Tomlinson & Mayer 2009).

Tomlinson and Mayer (2009) indicated further in their model that the trustor may ascribe the cause of the negative outcome to some deficiency in the ability, benevolence, and/or integrity of the trustee. In other words, the trustor attributes the cause of the negative outcome to be internal to the trustee, i.e. internal locus of causality. Once the cause of the negative outcome is determined to be internal to the trustee, the next step will be the trustor's attributions about the controllability and stability of the cause. It would follow that, the trustor makes cognitive sense by meaningfully relating the causal ascriptions (i.e. ability, benevolence, integrity, and others) with causal attributions (i.e. locus, controllability, and stability). Even though the cause of the negative outcome emanates from the trustee, the trustee may or may not have the capacity to control the cause. If the trustor perceives that the occurrence of the negative outcome is due to the inability of the trustee to change the cause, the responsibility of the trustee will be minimal, and the trustworthiness may not be significantly damaged (Tomlinson & Mayer 2009).

However, if the occurrence of the negative outcome is due to a cause which is believed to be within the control of the trustee, the culpability of the trustee will be high, and the trustworthiness of the trustee will be significantly damaged. Besides, if the negative outcome is perceived to be due to a stable cause (i.e. some aspect of the trustee's trustworthiness that is relatively permanent) one may expect a negative outcome to recur in similar circumstances. If the causal ascription does not relate to the ability, benevolence, or integrity of the trustee, the only critical causal attribution to be considered will be the locus of causality. In this case, even though trust violations are experienced, the perceived trustworthiness of the trustee may not be affected (Tomlinson & Mayer 2009).

Tomlinson and Mayer (2009) explain further that depending on the causal attributions made by the trustor, specific emotional reactions, i.e. anger and fear, could arise. These emotions along with causal attributions affect both the trustworthiness and the resulting trust. If after the negative outcome, the trustor's attribution process concludes that the cause is internal, controllable and/or stable, the trustor is likely to feel violated and to experience specific negative emotions, i.e. anger or fear. While controllability attributions for a negative outcome are associated with anger; stability attributions for a negative outcome result in fear, since stability suggests that the circumstances that

contributed to the occurrence of the negative outcome, will recur. The trustor's anger, as well as fear will lead to reduced willingness to be vulnerable to the trustee. Hence, anger and/or fear towards the trustee are negatively related to subsequent trust, and, thus, actions that reduce such anger, and/or fear, should contribute to repairing trust.

Tomlinson and Mayer (2009) indicate that when trust is violated, the violated party may potentially develop some threatening responses such as a damaged reputation, reduced co-operation, and/or retaliation, which create a predicament for the violator. The violator can, in return, respond with a social account that attempts to correct or shape the violated party's initial perception of the situation. According to Tomlinson and Mayer (2009:90), responses of the violator can take four types of social accounts namely: denial, excuse, apology, and justification in order to repair the hampered trustworthiness and the resulting trust.

- **Denial**

In a *denial*, a trustee claims not to be responsible for the negative outcome; attempts to shift blame to someone else; tries to provide proof of innocence; and attaches the negative outcome to external actors. Attributing externally for a negative outcome does not damage trustworthiness, as it does not necessarily show broken trust. A denial basically asserts that the trustworthiness of the trustee is intact, and should not be impugned (Tomlinson & Mayer 2009).

- **Excuse**

An *excuse* attempts to minimise one's responsibility for the negative outcome, by shifting causal attributions from the central sources to the less central ones. Unlike denial, in excuse, the trustee admits a role in the negative outcome, but contends that he or she is not fully accountable. Thus, excuse changes attributions to more external, uncontrollable, and/or unstable, which lead to repaired trustworthiness (Tomlinson & Mayer 2009).

- **Apology**

*Apology* is an assertion of responsibility, usually followed by an expression of regret for the harm caused. The violator confirms that the negative outcome is internal and controllable, but attributes the cause of that negative outcome to instability, i.e. unlikely

to recur. The effectiveness of an apology depends on the characteristics of the situation as it does not recover trust in all situations (Tomlinson & Mayer 2009). This view is also shared by Grover *et al* (2017).

- **Justification**

Finally, in *justification*, individuals accept responsibility either by attempting to reframe their behaviour in accordance with a super-ordinate goal, or by providing a more positive interpretation of the negative outcome. In this process, the negative outcome may turn out to be a favourable one, and contributes to the trust repair effort (Tomlinson & Mayer 2009).

#### **4.2.3.2 The Social Equilibrium Approach**

According to the social equilibrium-approach, trust breach occurs due to the imbalance in both the relationship and social environment. Thus, in this approach, the trust repair focuses on the social processes such as punishment to restore the balance (Ren & Gray 2009; Searle *et al* 2011).

According to Goffman (1967), as cited in Ren and Gray (2009), the relationship restoration process follows four stages: *challenge*, *offering*, *acceptance*, and *thanks*. The *challenge* is a stage at which the offended party calls attention to the offender's misconduct. This stage highlights the meaning of the action, and conveys signals about the respect that the victim deserves. Sometimes the offender fails to notice the adverse reactions of the victim. In this case, the victim needs to express his/her negative reactions, and draw the attention of the offender. At the *offering* stage, the offender displays a desire to repair the relationship by ameliorating the victim's negative impressions. This can be done through some remedial moves such as explanation, apology, demonstration of concern, and penance. Through these moves, the offender conveys his/her knowledge of the offense, its consequences for the victim, and the social order that governs their interaction. After the offering is made, the victim either accepts or rejects it. Once *accepted*, the offender is expected to show appreciation (*thanks*) to the victim. Through this process, both the offender and the victim contribute to re-establishing order in the relationship (Goffman 1967).

### 4.2.3.3 The Structural Approach

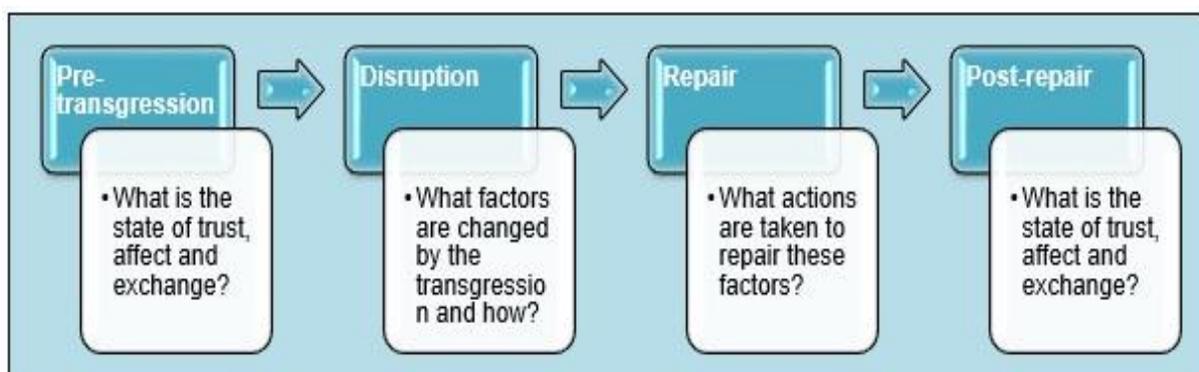
The structural approach underlines the important roles of formal structures in terms of making future exchange relationships explicit, and minimising the occurrence of more breaches (Searle *et al* 2011). Relationship repair in this approach includes structural processes that can encourage positive and discourage negative exchanges (Dirks *et al* 2009). The structural factors can have two elements, namely: legal remedies such as incentives and penalties, and social mechanisms such as obligations between the parties (Dirks *et al* 2009; Searle *et al* 2011; Sitkin 1995).

According to Sitkin and Roth (1993), legalistic remedies include regulations, rules, contracts, monitoring processes, and controls. These approaches embed restrictions in the form of punishment and sanctions imposed on those who engage in untrustworthy behaviours. The presence of punishments conveys signals that the behaviour is unacceptable. When these regulatory systems are put in place voluntarily, rather than imposed externally, they can significantly repair perceived organisational untrustworthiness (Nakayachi & Watabe 2005; Sitkin & Roth 1993).

### 4.2.3.4 The Temporal Approach

The temporal-approach emphasises the necessity of following a sequence of steps. According to Dirks *et al* (2009), relationship repair in the temporal approach should follow some stages, each of which has a different set of issues. These are the pre-transgression, disruption, repair, and post-repair stages as indicated in Figure 4.8. Each of these stages is discussed briefly next.

**FIGURE 4.8:** Relationship repair as a temporal process



Source: Dirks *et al* (2009:78)

**Stage 1: Pre-transgression:** what is the state of trust, affect, and exchange?

The assumption in this stage is that there is a level of trust, which ranges from low positive to high positive. Since trust has cognitive and affective components that lead to behavioural intentions, an understanding of changes in the trust level specify the pre-transgression level of these components (Dirks *et al* 2009).

**Stage 2: Disruption:** What factors are changed by the transgression and how?

Perception of an action by a victim may create a relationship disruption. The nature of the action may be simple or complex, and it is contextualised within the pre-transgression state of the relationship. Trust, affect, and exchange may be affected. How much they are affected, and in which facets of the relationship the violation occurred are important considerations in this stage (Dirks *et al* 2009).

**Stage 3: Repair:** What actions are taken to repair these factors?

This stage is concerned with the initiation of a set of actions by a violating actor to repair the relationship. The underlying assumption at this stage is that the violator has a desire to deal with the violation. The repair actions can target the attribution processes, restore the social equilibrium, or involve instituting structures, such as contracts and covenants (Dirks *et al* 2009).

**Stage 4: Post-repair:** What is the state of trust, affect, and exchange?

This stage refers to the state of the relationship after repair initiatives are put in place in stage 3. If relationship repair is successful, it will be possible to measure the impact of the trust repair efforts on succeeding states and actions. The measures may include new or changed understanding about the violator by the violated; a more positive affective disposition towards the violator; more positive intentions to trust the other in future exchanges; and expectations of more productive exchanges within the specific facet of the relationship (Dirks *et al* 2009).

The trust repair models of the temporal approach can further be discussed within three levels, namely: the individual, organisational, and a combination of the two levels. The discussion will first focus on some of the trust repair models on the individual level.

- **Trust repair models on the individual level**

In the literature, the issue of trust repair on the individual level is discussed by several authors including: Lewicki and Bunker (1996), and Kim *et al* (2004). Each of these models are discussed briefly.

- **The Lewicki and Bunker trust repair model**

Incorporating the work of Ohbuchi (1994), Lewicki and Bunker (1996) recommend a four-step sequence of a reciprocal trust repair process, which briefly consists of the following steps:

**Step 1:** Recognise and acknowledge the occurrence of the trust violation.

Recognising the occurrence of the trust violation can be done either by the violator or the violated. Based on the victim's reactions, the trust violator must first recognise the occurrence of a trust eroding event. In this case, the trust repair process will be easy. If the victim has to do the confrontation, he/she will bear the consequences of the trust violation, as well as the social embarrassment of confronting the other for his/her actions. The confrontation of the victim implies that the violator is insensitive and out of touch with his/her actions, and the consequences. This could make the trust repairing process more difficult (Lewicki & Bunker 1996).

**Step 2:** Determine the nature of the violation.

This step is concerned with identifying the cause of the trust violation, and admitting that one has caused the event. The violator is expected to identify what action or collection of actions is responsible for the trust violation. This may not be difficult if the violated has already communicated the problem. The cause of trust violation can be attributed to a failure to fulfil expectations due to a lack of awareness or carelessness, or a deliberate action to harm the victim. Causality may be debated if the violator did not truly cause the trust eroding event, or the cause of trust violation is remotely related to the occurrence (Lewicki & Bunker 1996).

**Step 3:** Admit the act was destructive of trust.

Events that occur between the trusting parties may or may not be destructive of trust. If the event is not destructive of trust, it will be difficult to notice the victim's reactions.

Under this circumstance, the trust rebuilding effort will not be practical, unless the violator understands the way the victim experienced the events, and the way their relationship is negatively affected by those events. In addition, in order to understand and admit the trust violation, and to move towards the rebuilding process, full discussion of the events and their consequences is vital (Lewicki & Bunker 1996).

**Step 4:** Accept responsibility for the effects of the violation.

Taking responsibility is a key step in the trust repair process, no matter what caused the trust violation. The violator's intentions such as denying what has happened, disregarding the consequences of the violation, and lack of willingness to accept any responsibility for the violation will intensify the victim's anger, and contribute to further trust deterioration, rather than to trust repair. If either of the trusting parties perceives that trust has been broken, it has been broken (Lewicki & Bunker 1996).

#### - **The Kim, Ferrin, Cooper and Dirks trust repair model**

The study undertaken by Kim *et al* (2004) basically focussed on the benefits of apology and denial in repairing trust between individuals. According to Kim *et al* (2004), the relative effects of apology versus denial for repairing trust depend on the type of violation, and the availability of evidence. For example, the trust repairing process will be more successful when (a) an apology is used for violations concerning the individual's competence, and a denial for the individual's integrity; and (b) an apology will be used when there is evidence of guilt, and a denial when there is evidence of innocence.

#### • **Trust repair models on the organisational level**

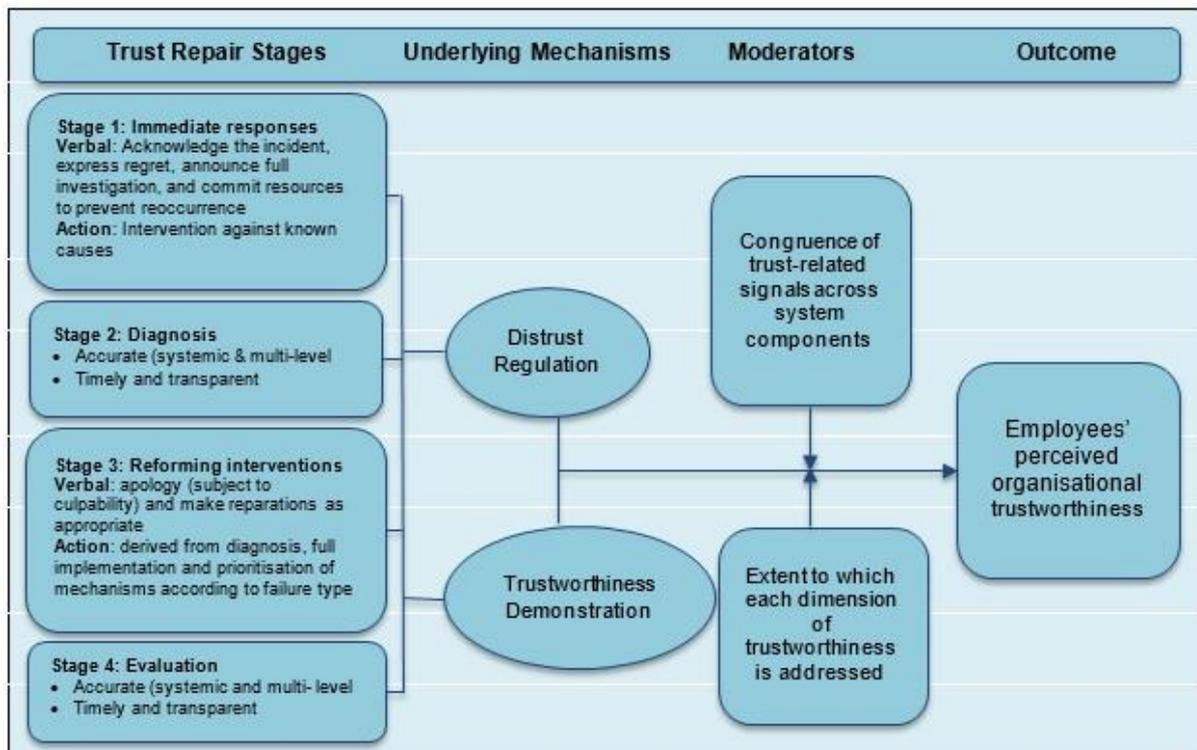
Unlike trust repair on the individual level, organisational level trust repair may have multiple direct, and indirect targets, as well as more responses concerning the trust breakdown. Besides, considering trust repair at organisation level involves a range of organisational system components (Searle *et al* 2011). These consist of internal components such as leadership and management practices, culture and climate, strategy, structures, policies and procedures, and external components such as external governance, and public reputation (Gillespie & Dietz 2009).

A trust repair model that is widely discussed in the literature on the organisational level, is that of Gillespie and Dietz (2009), which will be discussed next.

**- The Gillespie and Dietz trust repair model**

The model of Gillespie and Dietz (2009) is known as the four-stage process of organisational trust repair as indicated in Figure 4.9. The individual stages of the model will be discussed next.

**FIGURE 4.9:** The four-stage process of organisational trust repair



Source: Gillespie and Dietz (2009:137)

**Stage 1: Immediate responses**

According to Gillespie and Dietz (2009), this is a critical and urgent stage in the trust repair process. Here organisational representatives make the initial communication to employees and affected stakeholders about the trust failure. Two main activities are identified at this stage, namely - verbal communication, and taking an action. Verbal communication requires an acknowledgement of the occurrence of the failure; an expression of the sincere regret for the consequences; a commitment to investigate the causes of the failure; and devising measures to prevent future reoccurrences. The action component involves making early interventions, prior to the diagnosis, against the known causes of the failure (Gillespie & Dietz 2009).

## **Stage 2: Diagnosis**

According to Gillespie and Dietz (2009), the intention of this stage is threefold, namely: (a) identifying the contributing factors to the failure; (b) understanding the need to make changes, to prevent similar incidents in the future; and (c) what other actions are required to restore trust. Accuracy, transparency, and timeliness are the three qualities that influence the effectiveness of the diagnosis process. *Accuracy-quality* refers to the adequacy of the explanations to overcome the negative reactions; the *transparency-quality* refers to the disclosure of the findings to ensure a shared understanding of the causes of the failure with the employees; and the *timeliness-quality* is the focus on reporting the findings as soon as practical (Gillespie & Dietz 2009).

## **Stage 3: Reforming interventions**

As indicated in Figure 4.9, the focus of this stage is to devise, and plan reforming interventions, including which organisational component (e.g. leadership and management practices, culture and climate, strategy, structures, policies, and processes) to target, by using the diagnostic information obtained from stage 2 (Gillespie & Dietz 2009). The authors are of the view that verbal responses to trust violations can be: (a) an apology – acknowledgment of the responsibility and regret for a trust violation, (b) a denial – declaring explicitly that allegations are untrue, or (c) reticence – making neither apology nor denial. Even though each of these responses have a beneficial aspect to increase trust, they have a detrimental aspect that may do little to increase trust. A number of studies indicate the effectiveness of an apology over other responses (Ferrin *et al* 2007; Lewicki & Bunker 1996). Hence, this stage basically involves two main issues, namely making an apology with internal attribution rather than external attribution, and the full implementation and prioritisation of trust repair mechanisms such as distrust regulation that constrain untrustworthy behaviour, and trustworthiness demonstrations that signal renewed trustworthiness, according to the failure type (Gillespie & Dietz 2009).

## **Stage 4: Evaluation**

Evaluation, as a final stage in the process, helps to assess the progress and effectiveness of the interventions, and to identify any persistent problem areas which

could be a source of future violations (Gillespie & Dietz 2009). An effective evaluation needs to be accurate, systematic, multilevel, transparent, and timeline based. With these qualities, the act of conducting evaluations, feeding back results, and implementing further reforms, based on the results, indicates the ability, benevolence, and integrity of the organisation (Gillespie & Dietz 2009).

Besides the four stages found in this model, the model also discusses trust repair mechanisms, such as *distrust regulation* and *trustworthiness demonstrations*. According to Gillespie and Dietz (2009), *distrust regulation* is a mechanism which attempts to overcome employees' distrust – their negative expectations. Some of the interventions in this regard are: remove the culpable parties; impose sanctions for breaches of trust-related norms; revise decision-making authority, and accountability; and impose checks, balances and disciplinary procedures. *Trustworthiness demonstration* involves the statements and actions that provide convincing new evidence of the ability, benevolence and integrity of the organisation. These are signals of renewed trustworthiness. Some of the interventions in this mechanism are: enactment of transformational leadership; issuance of trust enhancing communications; creation of “cultural artefacts” that symbolise and promote trustworthiness; revision of strategies in line with espoused trust-based values; and similar others (Gillespie & Dietz 2009:135).

The model also deals with the issue of *congruence*, which refers to the consistency of each signal emanating from organisational components such as leadership and management practices, culture and climate, strategy and structures, policies and processes, to demonstrate renewed organisational trustworthy behaviours, as well as to prevent future untrustworthy behaviours. It is argued that the effectiveness of the trust repair interventions moderates the extent to which they achieve congruence across organisational components in constraining untrustworthy behaviour by organisational agents, and demonstrates the organisation's trustworthiness (Gillespie & Dietz 2009).

The final outcome of this process is a repaired employee perceived organisational trustworthiness.

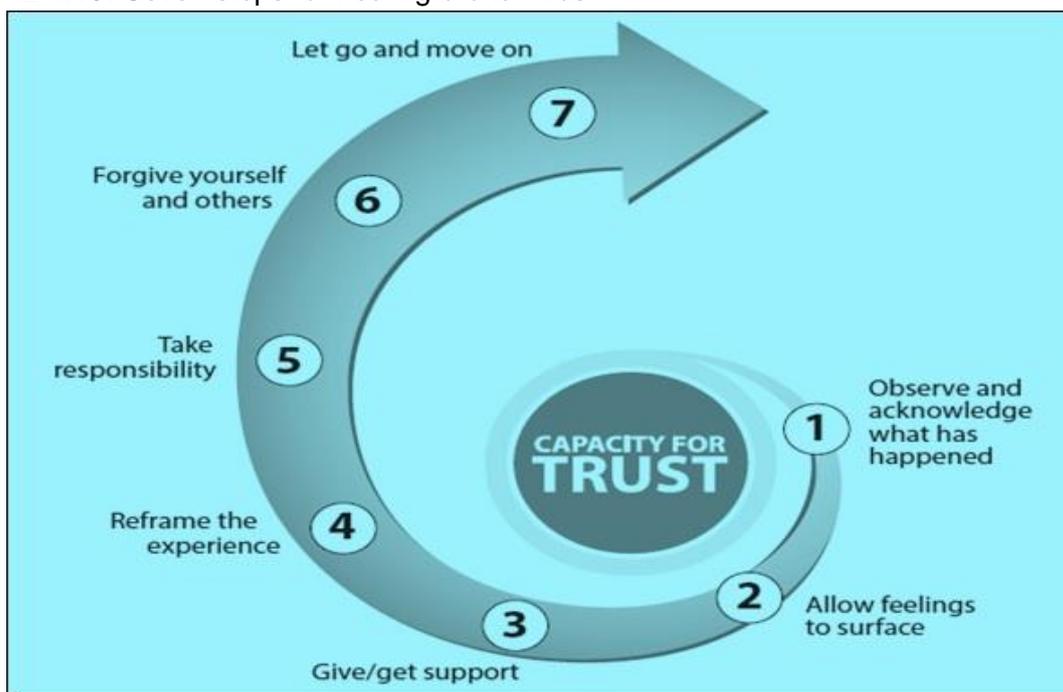
- **A combined (hybrid) trust repair model**

As discussed above, in the literature some trust repair models focus on the relationship between individuals such as co-worker-to-co-worker, e.g. Tomlinson and Mayer (2009), Kim *et al* (2004), and Kim *et al* (2006), while other models focus on the relationship between an individual and an organisation such as employee-to-organisation, e.g. Gillespie and Dietz (2009). On the other hand, a model developed by Reina and Reina (2015) combines both approaches, in the sense that the model can be applied to the trust repair process on both the individual, and organisational level. The model is discussed next.

- **The Reina and Reina trust repair model**

Reina and Reina (2015) provide a seven-step framework for healing a broken trust, and to recover from the deepest betrayals, as well as to restore the capacity for trust, and to work productively with the betrayers as indicated in Figure 4.10. These steps represent the process that can be applied to restore trust on the individual, team, and organisational levels. According to this model, before an effort is made to heal teams, and organisations from betrayal, helping individuals to heal first, is essential (Reina & Reina 2015).

**FIGURE 4.10:** Seven steps for healing broken trust



Source: Reina and Reina (2015:147)

According to Reina and Reina (2015), when individuals, teams, or organisations, experience a trust breakdown, the steps that should be considered in the rebuilding process include: acknowledge betrayal, allow feelings to surface, get support, reframe experience, take responsibility, forgive, and let go and move on. By implementing these sequential steps, the trusting parties free themselves from doubt, fear, and destroyed confidence that betrayal can impose (Reina & Reina 2015). These steps are briefly discussed in the following sections.

### **Step 1: Observe and acknowledge what has happened**

To address a breach of trust, it is important to firstly establish what has happened, and secondly to determine the consequences of what has happened. Thus, understanding the behaviours that can lead to the breach and their impact on the individuals' work and daily life is important. This first step is beneficial, as it allows the victim of the breach to look at the whole experience honestly, almost from the outside. It thus allows the person to prepare to begin to address the problem (Reina & Reina 2015).

### **Step 2: Allow feelings to surface**

When people are betrayed, they will get hurt and feel drained from the emotional upheaval the betrayal creates. At that time, it is important to give themselves the permission to feel their hurt. In the sense that they respect their pain, and honour themselves and their perception of their experience as they are valid and deserve to be recognised (Reina & Reina 2015). When betrayal happens at the organisation level, it is vital to give employees the permission to properly express their concerns and feelings, help employees give voice to their pain. Giving employees opportunities to constructively discuss their feelings, emotions, and experiences, helps employees rebuild relationships, and focus on performance. When employees' emotions are not acknowledged, they feel unheard, resentful, and distrusting towards their organisation (Reina & Reina 2006). This process can take place through creating methods, such as safe forums staffed by skilful facilitators.

### **Step 3: Get support**

According to Reina and Reina (2015), when betrayal occurs, it will be difficult for the betrayed to move through it alone. Therefore, he/she needs support to observe and

acknowledge what happened, to allow his/her feelings to surface, and to understand them. The authors discuss further that though it may be difficult to reach out and ask for help, the betrayed should be kind to himself/herself and seek out others' help so as not to go through the journey alone. He/she can turn to a colleague, a friend, a family member, a counsellor, a professional coach, or a neutral third party. It is important to note that the best supporters provide the betrayed with perspectives rather than judging, criticising, or blaming the betrayer which will put obstacles in the way of restoring trust (Reina & Reina 2015).

#### **Step 4: Reframe the experience**

Reframing the experience on betrayal, transforms it from a trauma to an opportunity and growth as the betrayed gains wisdom, strength and resilience (Reina & Reina 2015). It begins with placing the experience into a larger context. It includes thinking about controllable and uncontrollable circumstances that surrounded the betrayal, and then shift the focus from victimhood to proactive understanding. It is important to note that to see the betrayal differently, the betrayed needs to ask reframing questions such as why this happened, what extenuating circumstances might be at play, and how he/she can change his/her viewpoint to gain perspective. Reflecting on these questions helps the betrayed sort out his/her thoughts and emotions and arrive at a greater insight.

#### **Step 5: Take responsibility**

Reina and Reina (2015) are of the opinion that when people are betrayed, they usually project their feelings onto others, and step away from taking responsibility. To rebuild trust however, the betrayed needs to take ownership of his/her behaviours and choices in the betrayal, rather than to point his/her finger, or get revenge as this does not provide any benefit to this perspective. Even if a betrayed is not at fault in a situation, others need to see that he/she is willing to do what it takes to learn from the situation and move forward in a stronger way (Reina & Reina 2015). Taking responsibility takes the trusting parties a long way to rebuilding trust. People take responsibility when they first acknowledge their mistakes. Being the first to take trust rebuilding actions, is also an important element in putting trust in a better shape, than it was before. This process can take place through exercising behaviours such as taking responsibility in the

process, helping others to take responsibility for their part, making amends, returning with dividends, managing expectations, and keeping promises (Reina & Reina 2006).

#### **Step 6: Forgive yourself and others**

Forgiving oneself and others helps the broken trust to heal rapidly (Grover *et al* 2017; Reina & Reina 2015). The first step to forgiving others is to learn to forgive oneself. When people do not forgive, they cling to their anger, resentment, and bitterness. They also bring fear and prejudgement to the relationship, and create a situation in which betrayal can thrive. Learning to forgive however, releases people from engaging themselves in this pattern of behaviour, and allows them to approach others with compassion and understanding (Reina & Reina 2015).

#### **Step 7: Let go and move on**

In this final stage of healing broken trust, Reina and Reina (2015) state that the betrayed needs to look back at his/her experience, reflect on what is learned, and think about what can be carried into the future. Even though it takes practice, time and patience, it is vital to choose to behave differently with heightened awareness to build more trustworthy relationships the next time (Reina & Reina 2015). Since let go and move on focuses on “facing the truth without blame”, an important issue at this stage is that people need to free themselves from their preoccupations with the past, and focus on the present, and the future (Reina & Reina 2006:193).

According to Reina and Reina (2006), it is unrealistic to expect employees to move from step 1, i.e. observing and acknowledging what has happened, to step 7, i.e. letting go and move on, without working on the other intermediate steps. In order to rebuild the broken trust effectively, the whole process needs to be in place and working properly.

Having looked at the trust repair process, identifying which factors drive trust in the workplace is also important. This will be the focus of the next section.

### **4.3 DRIVERS OF TRUST**

From the literature, it is clear that several drivers of trust exist within an organisation. The researcher agrees in this regard with the views of Taylor (2013), as published in

her article “8 ways to build trust in the workplace” based on the Jacobs Model (2012), as cited in Working Families and Jacobs (2013), that these drivers, and the ways of maximising, and embedding them in the workplace (Unum 2013), can be identified as follows:

- **Belong and Connect**

When employees develop a feeling of being excluded in the organisation, they will feel threatened, and it can affect negatively their performance and well-being. This situation can have an adverse effect on their views of the trusting relationship with their organisation. It is thus necessary to ensure that employees feel connected to members of the organisation (Taylor 2013). With increased remote home working, known in the literature as the flexible workplace, organisations need to build and strengthen connections with their employees in order to avoid feelings of isolation. Leaders also need to building relationships between teams in the workplace. In order to put this trust driver in place, team and relationship building activities are important (Unum 2013).

- **Significance and Position**

Employees constantly assess what type of role they are playing and what contributions they are making in their organisation. In their assessment, they should feel that they are valued and worthy members of their organisation, which will impact positively on their performance, and therefore, affect positively their trust in the organisation (Taylor 2013). Thus, performance and talent management strategies of organisations need to take individual significance and position aspects into account. Managers also need to play an important role in making employees feel valued and purposeful parts of the organisation (Unum 2013).

- **Learn and Challenge**

Studies indicate that challenging jobs can make employees more productive, and thus, they will be more engaged, which will enhance their trust in the organisation (Taylor 2013). To make them practical, performance management and development plans need to incorporate accessible and relevant challenges. It should also be noted that employees need challenging jobs that can provide them an opportunity to learn (Unum 2013). Thus, they should be placed in a work environment where they can get an opportunity to learn.

- **Security and Certainty**

Employees need to feel secure about the position they hold within an organisation. If this is not possible, they will feel threatened, with a resulting negative impact on their performance and productivity levels. Under these circumstances, trust within the organisation appears to be affected negatively (Taylor 2013). To deliver this driver to the workplace, effective communication plays an important role. Furthermore, employees' benefit packages can have a positive impact on this driver. Note should be taken that managers' consistency, in terms of what they say and do, is also an important aspect as far as security and certainty driver is concerned (Unum 2013).

- **Voice and Recognition**

When employees are given the chance to express their views and ideas in the workplace, they appear to feel that their contributions are recognised (Taylor 2013). This situation seems to engender trust within the organisation. This can be achieved through creating a work environment where employees can express their views comfortably, and ask questions openly. Thus, openness to give and receive feedback and sharing different views with employees play an important role as far as the voice and recognition driver is concerned (Unum 2013).

- **Fairness**

Fairness in an organisation appears to have a positive impact on employee well-being and performance. Accordingly, lack of fair and consistent treatment of employees within an organisation can result in high levels of stress and low productivity in the workplace, which are the characteristics of low-trust organisations (Shockley-Zalabak *et al* 2010). Employers thus need to be cognisant of the fair and consistent treatment of its people and avoid possible litigations in this regard. Besides, managers should be trained in a way that they can identify and address perceptions of unfair treatment in their discussions with teams and individuals (Unum 2013).

- **Choice and Autonomy**

To enable employees maintain a more effective work-life balance, they should be provided some degree of control with their jobs, and the opportunity to make their own choices, as this situation will ultimately help them to improve their performance. Creating such a climate, can also positively impact on the trust relationship within the

organisation (Taylor 2013). To make this practical, employees should be provided flexibility with regard to when and how they work, as well as the trust to be more autonomous. In addition to this, managers should be trained in how to manage flexible teams with a high level of performance (Unum 2013).

- **Purpose**

When employees have a clear sense of purpose, and understand their contributions to the organisation, their levels of engagement and productivity appear to increase. High levels of employee engagement seem to have a positive effect on the trust relationships which might exist within the organisation (Taylor 2013). If an employee does not see his/her performance outputs and organisational purpose, this driver may not exist. It is thus important for employers to develop and effectively communicate a clear purpose, through feedback mechanisms, to encourage and create emotional connections with their employees (Unum 2013).

The above drivers of trust can be classified into three groups or dimensions, namely: trust of character, trust of communication and trust of capability, which have been identified by Reina and Reina (2015) as indicated in Figure 4.11. These dimensions are briefly discussed next.

- **Trust of Character**

Trust of character is the trust of mutually serving intentions, and the starting point for all relationships. This dimension of trust can be earned by practicing six primary behaviours: manage expectations, establish boundaries, delegate appropriately, keep agreements, work the “win-win”, and behave consistently (Reina & Reina 2015).

- **Trust of Communication**

Trust of communication allows individuals and their colleagues to know where they stand with one another, and with their shared work. It can be earned by practicing six behaviours namely: share information, tell the truth, admit mistakes, maintain confidentiality, give and take feedback, and speak with good purpose (Reina & Reina 2015).

**FIGURE 4.11:** The three dimensions of trust



Source: Reina and Reina (2015:91)

- **Trust of Capability**

Trust of capability is the dimension most aligned with an individual's unique competencies. In order to earn this dimension of trust, individuals need to practice the four core behaviours, namely: acknowledge others' skills and abilities, express appreciation for work well done, involve others in making decisions, and encourage learning (Reina & Reina 2015).

According to Reina and Reina (2015), these dimensions are mutually reinforcing, and reciprocal in nature. In other words, as one begins practicing one set of behaviours, the other set of behaviours develop naturally.

Having discussed the trust repair process, the interplay between organisational culture and trust also needs to be looked at. Organisational culture is an important component within the trust relationship.

#### **4.4 THE INTERPLAY BETWEEN ORGANISATIONAL CULTURE AND TRUST**

Individuals and groups of employees are fundamental constituents of an organisation (Sinha 2008). Despite this, an organisation's overall behaviour is much more than the summation of the individuals', and the groups' behaviour (Sinha 2008). Organisational

culture is one of the factors within organisations by which such collective entities can be highlighted. Being prototypical of societal culture, organisational culture incorporates thoughts, feelings, and the behaviour of individuals, about work and non-work, structure, systems, procedures, as well as shared assumptions, values, norms, beliefs, and practices (Sinha 2008). Appelbaum *et al* (2004:17) states that “culture is to the organisation what personality is to individuals”. Schein (2010:18) defines organisational culture as “a pattern of shared basic assumptions, learned by organisation members in the process of solving problems, of external adaptation, and internal integration, which can further be imparted to new members of the organisation”.

In organisations, trust has a strong relationship with organisational culture (Özer & Zheng 2019). However, the relationship between these two constructs has not been deeply examined (Alston & Tippett 2009). Based on the limited literature, the link can be discussed in three ways, namely: culture as an antecedent to trust; culture as an outcome of trust; and trust as a core value in organisation culture (Searle *et al* 2011). These three constructs will receive attention next.

#### - **Culture as an antecedent of trust**

Empirical studies indicate the vital role that organisational culture plays within organisations for trust to develop. For example, Alston and Tippett (2009) found that organisations with cultures characterised by flexible and adjustable jobs, information flow across the organisation (i.e. organic culture), increases the level of trust more, than organisations with cultures characterised by rigidly defined jobs, procedural compliance, and communication channels dominated by a top-down approach (i.e. mechanistic culture). Haugen (2010) also states that organisations with a culture that encourages positive behaviours such as achievement, self-actualisation, and affiliation, can easily build trust with employees and other stakeholders.

#### - **Culture as an outcome of trust**

Some studies argue that culture is an outcome of interpersonal trust (Searle *et al* 2011). For example, Zhu and Engles (2014), indicate that trust is a facilitator to cultural changes in organisations. They argue that organisations with innovative cultures can easily stimulate the generation, testing and sharing of new ideas. For this to happen,

however, the role of trust is paramount. As indicated in Table 4.1, four types of cultures within organisations can be identified, namely: clan, adhocracy, hierarchy, and market culture (Cameron & Quinn 2006; Dani, Burns, Backhouse & Kochhar 2006). These organisational cultures may change due to organisational activities which are implemented to build high trust working relationships. The change is mainly from a hierarchy and market culture, to a more clan type of culture, which is generally linked with high trust (Dani *et al* 2006).

#### - **Trust as a core value in organisation culture**

The literature also discusses trust as an important core value of the organisational culture (Searle *et al* 2011). Organisational culture is nurtured and shaped gradually over time, and it is reflected in terms of trust, collaboration and learning (Zhu & Engles 2014). An organisational culture with high trust and low regulation appears to be the most desirable one to work in, since it leads to responsible autonomy on the part of its employees (Dani *et al* 2006; Zak 2017). Ling (2011) identifies four types of organisational culture, namely networked, i.e. high trust and low solidarity; fragmented, i.e. low trust and low solidarity; communal, i.e. high trust and high solidarity; and mercenary, i.e. low trust and high solidarity. Trust and solidarity are the two dimensions of this framework, each of them ranging from low to high. From this, one can argue that trust is one of the core building blocks of an organisational culture.

It is important to note here that organisational culture changes over time. According to Cameron and Quinn (2006), organisations tend to progress through a predictable pattern of organisational culture changes. During the earliest stages of the organisational life cycle, organisations tend to be dominated by the adhocracy culture where they are not only devoid of formal policies and structures, but they are also often led by a single visionary leader. As they develop over time however, they supplement the adhocracy cultural orientation with a clan culture: a family feeling, a strong sense of belonging, and personal identification with the organisation. In this orientation, organisation members get many of their social and emotional needs fulfilled in the organisation, and a sense of community and personal friendship exists.

**TABLE 4.1:** Types of organisational culture

Type of Organisational Culture	Description
The Clan Culture	<p><i>An organisation that focuses on internal maintenance with flexibility, concern for people, and sensitivity to customers.</i></p> <p>A very friendly place to work where people share a lot of themselves. It is like an extended family. The leaders, or the heads of the organisation, are considered to be mentors and perhaps even parent figures.</p> <p>The organisation is held together by loyalty or tradition. Commitment is high. The organisation emphasises the long-term benefit of human resources development and attaches great importance to cohesion and morale.</p> <p>Success is defined in terms of sensitivity to customers and concern for people. The organisation places a premium on teamwork, participation, and consensus.</p>
The Adhocracy Culture	<p><i>An organisation that focuses on external positioning with a high degree of flexibility and individuality.</i></p> <p>A dynamic, entrepreneurial, and creative place to work. People stick their necks out and take risks. The leaders are considered innovators and risk takers.</p> <p>The glue that holds the organisation together is commitment to experimentation and innovation. The emphasis is on being on the leading edge.</p> <p>The organisation's long-term emphasis is on growth and acquiring new resources. Success means gaining unique and new products or services.</p> <p>Being a product or service leader is important. The organisation encourages individual initiative and freedom.</p>
The Hierarchy Culture	<p><i>An organisation that focuses on internal maintenance with a need for stability and control.</i></p> <p>A very formalised and structured place to work. Procedures govern what people do. The leaders pride themselves on being good coordinators and organisers who are efficiency minded.</p> <p>Maintaining a smooth-running organisation is most critical. Formal rules and policies hold the organisation together.</p> <p>The long-term concern is on stability and performance with efficient, smooth operations. Success is defined in terms of dependable delivery, smooth scheduling, and low cost.</p> <p>The management of employees is concerned with security of employment and predictability.</p>
The Market Culture	<p><i>An organisation that focuses on external positioning with a need for stability and control.</i></p> <p>A results-oriented organisation whose major concern is with getting the job done. People are competitive and goal oriented. The leaders are hard drivers, producers, and competitors. They are tough and demanding.</p> <p>The glue that holds the organisation together is an emphasis on winning. Reputation and success are common concerns.</p> <p>The long-term focus is on competitive actions and achievement of measurable goals and targets.</p> <p>Success is defined in terms of market share and penetration. Competitive pricing and market leadership are important.</p> <p>The organisational style is hard-driving competitiveness.</p>

Source: Dani et al (2006:953)

As the organisation keeps on growing, it faces some challenges such as the need to put in place structures and standard procedures to control the expanding responsibilities. As there is a need for order and predictability, a shift to a hierarchy culture occurs. The reorientation often makes employees feel that the organisation has lost the friendly, personal feeling that once characterised the workplace, and thus, personal satisfaction decreases. Finally, the hierarchy orientation is supplemented by a market culture where competitiveness, achieving results, and an emphasis on external relationships are highly valued. The focus shifts from impersonality and formal control inside the organisation to a customer orientation and competition outside the organisation. It is important to note that in the case of mature and highly effective organisations, each of these four culture types could be found in the subunits of the organisation. It is more common to find one or more of the culture types dominating an organisation. Human resource managers however need to ensure that some elements of each of the four cultures is represented in their organisation (Cameron & Quinn 2006). It is also important to note that the roles, means, ends, and competencies emphasised by the human resource manager need to reinforce the dominant or desired culture of the organisation. According to Cameron and Quinn (2006), building or strengthening a clan culture requires an employee champion who responds to employee needs and fosters cohesion, commitment and human capability in the workforce by applying appropriate competencies such as moral assessment, management development and system improvement; an adhocracy culture requires a change agent who facilitates transformational change and organisational renewal by applying suitable competencies such as systems analysis, organisational change skills and consultation and facilitation; a hierarchy culture requires an administrative specialist who focuses on reengineering processes and creating an efficient infrastructure by applying suitable competencies such as process improvement, customer relations and service needs assessment; and a market culture requires the human resource manager to be a strategic business partner in the organisation, aligning the human resource with business strategy and facilitating bottom-line (financial) impacts of all human resource activities by applying appropriate competencies such as general business skills, strategic analysis and strategic leadership (Cameron & Quinn 2006).

An aspect which recently also started to receive attention in the literature, is the role of trust within the virtual work environment. This will be the focus of the next section.

#### **4.5 TRUST IN THE VIRTUAL WORK ENVIRONMENT**

Having discussed trust in the traditional workplace, trust is also important in non-traditional workplaces that are often called the virtual work environment (Berry 2011; Costa *et al* 2017). Teams that operate in a virtual work environment are known as virtual teams, as opposed to the traditional on-site or co-located teams (Berry 2011). In this section, specific aspects of the virtual team concept will be discussed. Issues to be addressed include the following:

- Background to virtual teams
- Characteristics of virtual teams
- Advantages and benefits of virtual teams
- Challenges and disadvantages of virtual teams
- Nature of trust in virtual teams
- Virtual teams and trust theories
- Why is sustaining trust so difficult in virtual teams?
- A team's life changes
  
- **Background to virtual teams**

To face the challenges of the information revolution, organisations have been formulating new strategic alternatives and organisational forms (Grudzewski *et al* 2008; Lee 2014; Venkatraman & Henderson 1998). One of the organisational forms is known as the virtual organisation. Virtual teams are basic components of virtual organisations in which members interact virtually with each other to accomplish a common goal (Ebrahim, Ahmed & Taha 2009; Mishra & Mishra 2013). At present, strong global trends such as rapid globalisation, technological advances, synergistic co-operation amongst firms, and a shift to knowledge work environments are driving the virtual teams to prevail in the corporate environment (D'Souza & Colarelli 2010; Germain & McGuire 2014; Pazos 2012; Settle-Murphy 2013).

A virtual team can be defined as a group of geographically, organisationally, and/or time dispersed knowledge workers who co-ordinate their work essentially with

information and communication technologies (ICTs) to work towards a common goal (Ebrahim, Ahmed, Abdu-Rashid & Taha 2012; Flavian, Guinaliu & Jordan 2019; Pazos 2012). The presence of the best people and technology plays a major role in how a virtual team operates. The success of a virtual team, however, comes from applying inspirational leadership, building trust, combining the skills available, and encouraging participation and accountability (Fleming 2006). Virtual teams apparently face several challenges compared to the traditional teams (Eisenberg & Krishnan 2018; Flavian *et al* 2019). These challenges emanate from various factors, including: differences in time zone, diversity in culture, and geographical dispersions (Eisenberg & Krishnan 2018; Jawadi, Daassi, Favier & Kalika 2013). Despite the challenges, virtual teams have become essential components of successful organisations (Brewer 2015; Flavian *et al* 2019).

- **Characteristics of virtual teams**

Virtual teams have several characteristics that they share with the traditional or face-to-face teams including: sharing a common vision of the work or project, clustering activities around core competencies, working jointly in groups, and processing information quickly through systems in real time (Brewer 2015). Brewer (2015:18) further identifies some unique characteristics of virtual teams as follows:

- virtual teams can cross boundaries of space, time, culture, organisations, and hierarchies enabling organisations to assemble teams that are best suited to a task.
- virtual teams are mediated by information and communication technologies.
- each team member brings cultural assumptions, communication style, skills in reading and keyboarding, and other variables to the communication.
- the purpose of the team holds the team together, and determines actions.
- in virtual teams, problems are more difficult to identify, and they may be more difficult to resolve.
- as the number of communication cues are reduced and changed in online communication, message interpretation can be affected.
- trust takes longer to develop in virtual teams; but it can develop very effectively.
- virtual team members usually spend more time in asynchronous communication than in synchronous communication.

- converting individual tacit knowledge into group tacit knowledge is difficult in virtual teams.

According to Brewer (2015), successful virtual teams exhibit several characteristics such as showing effectiveness, efficiency and satisfaction; placing purpose at the centre of team communication; accomplishing goals; exchanging clear and precise information; communicating regularly, and within an acceptable feedback timeframe; communicating with few misunderstandings; and creating a good impression on teammates with the use of online cues. To achieve these successes however, virtual teams need to have leaders with a special set of skills and competencies (Settle-Murphy 2013). Managing a virtual organisation such as a virtual team needs a different mind-set, for both employees and employers, as it is a shift in management style from managing by activity to managing by results (BizShifts-Trends 2014; Froggatt 2001).

- **Advantages and benefits of virtual teams**

In recent years, technological advances and globalisation have made it easier and less expensive to communicate and collaborate virtually across time, space, organisation, and culture, than ever before (Duarte & Snyder 2006; Settle-Murphy 2013). Consequently, virtual teams present many advantages over their traditional counterparts. For example, virtual teams enable the use of more number of workday across time zones, and the creation of an uncommonly rich resource pool (Settle-Murphy 2013).

According to Gignac (2005), based on information sharing and collaborating, virtual teams can be seen as a *virtual learning team* (driven by the acquisition of knowledge), a *virtual focus team* (driven by the delivery of a product, service, or project), or a *virtual hybrid team* (driven by both delivering a product, service, or project and innovating and generating new knowledge). Virtual teams with learning, focus, or hybrid objectives have several benefits including the opportunities to increase the knowledge base, the intellectual capital, and to improve the financial position of the organisation. Virtual teams also offer many opportunities in terms of human capital, structural capital, customer capital, and financial capital as indicated in Table 4.2 (Gignac 2005).

**TABLE 4.2: Opportunities in the virtual teams**

<b>Human Capital</b>
<ul style="list-style-type: none"> <li>- Increasing knowledge and expertise.</li> <li>- Improving leadership skills based on team synergy.</li> <li>- Improving just-in-time learning and knowledge sharing.</li> <li>- Reducing cross-border and cross-organisation information sharing.</li> <li>- Increasing the proportion of challenging assignments.</li> <li>- Improving the leverage of human capital, and the ability to innovate.</li> <li>- Bringing the best people together irrespective of geography and time.</li> <li>- Increasing the satisfaction and motivation of knowledge workers.</li> <li>- Improving communication across time, space, and culture.</li> <li>- Attracting and retaining knowledge workers through flexible work arrangements and leadership style.</li> </ul>
<b>Structural Capital</b>
<ul style="list-style-type: none"> <li>- Reduction in product development and sales cycle time.</li> <li>- Increased research and development activities.</li> <li>- Increased number of multifunctional teams.</li> <li>- Improved time to market.</li> <li>- Increased number of product introductions.</li> <li>- Improved quality of processes and products.</li> <li>- Increased use of information systems.</li> </ul>
<b>Customer Capital</b>
<ul style="list-style-type: none"> <li>- Improved and tightening relationships with partners.</li> <li>- Improved customer service.</li> <li>- Decreased customer complaints.</li> <li>- Increased market share and sales.</li> <li>- Improved company image.</li> <li>- Increased customer satisfaction.</li> <li>- Increased customer loyalty.</li> <li>- Increased number of alliances and partnerships.</li> <li>- Reduced number of intermediaries, and delays in processes.</li> </ul>
<b>Financial Capital</b>
<ul style="list-style-type: none"> <li>- Reduction in traveling and living expenses.</li> <li>- Reduction of costs associated with searching and collecting information.</li> <li>- Reduction of training and recruiting costs.</li> <li>- Reduction of costs related to workspace.</li> <li>- Reduction of co-ordination costs.</li> <li>- Increased sales revenues.</li> </ul>

*Source:* Gignac (2005:23-25)

- **Challenges and disadvantages of virtual teams**

Despite the advantages and benefits, virtual teams come with challenges due to their own inherent characteristics (Kanawattanachai & Yoo 2002). One of the challenges arising from increased social distance, use of ICTs, use of asynchronous communication, and differences in cultures, is conflict management and prevention (Pazos 2012). According to Ayoko, Konrad and Boyle (2012), one of the reasons for organisational failures to harness the potential of virtual teams for productivity is due to the inability to effectively manage the conflict and emotional behaviours of the team members.

Based on research, Brewer (2015:22) identifies several challenges that often impact the performance of virtual teams, ranked from the most to the least important, as follows:

- gaining trust
- engaging in social communication
- understanding the communication patterns of other team members
- attributing an incorrect meaning to a message
- establishing shared interpretations of language
- establishing shared expectations of technology
- communicating clear boundaries
- negotiating time zones, and perceptions of time
- identifying clear leadership roles

From the earlier discussions, it is clear that virtual teams face challenges and difficulties, however, due to the constant innovation in the ICTs, the need for competitive advantage, and sustainability through cost reduction, the use of virtual teams will increase in the future (Owonikoko 2016).

- **Nature of trust in virtual teams**

An important condition for working effectively and efficiently in virtual teams is the achievement of collaboration between the team members. For collaboration to happen however, leaders need to build trust between the team members (Costa *et al* 2017; Gignac 2005). This is because trust plays a key role for a relationship to grow between the virtual team members (Grobler, Wörnich, Carrell, Elbert & Hatfield 2011). The communications and connections between the team members contribute to the trust building process, however, they do not happen by chance with virtual teams, as they often do with their traditional counterparts. The responsibility of the managers and the team leaders is thus high in terms of connecting the team members through building the foundations for trust, creating a level playing field, and building social capital (Costa *et al* 2017; Settle-Murphy 2013).

The need for trust in virtual teams also emanates from the risks, uncertainties, and interdependence amongst the team members. Trust helps members realise efficiency of co-operation, decreased costs of co-ordination and monitoring, and enhanced

creativity. Besides, it bonds the key competencies of teams and organisations to build virtual co-operation. It also sets out features of virtual co-operation, and acts as a substitute for both hierarchical controls, and the contractual agreement required for the regulation of its creation, operation, and termination (Grudzewski *et al* 2008). Therefore, without trust, work strategies in virtual teams are less likely to succeed (Costa *et al* 2017; Flavian *et al* 2019; Froggatt 2001).

- **Virtual teams and trust theories**

As mentioned earlier in this Chapter, trust has both cognitive and affective components (Costa *et al* 2017; Lewis & Weigert 1985; McAllister 1995). Trust is cognitive based in the sense that the trustor cognitively chooses whom to trust, in which respect, and under which circumstances. The choice bases itself on what is taken to be “good reasons”, which constitute evidence of trustworthiness. The affective component of trust exists consisting of the emotional bonds between the trustor and the trustee (Lewis & Weigert 1985). Based on Lewis and Weigert (1995) conceptualisation of trust components, McAllister (1995) developed cognitive-based and affective-based trust theories. These trust theories underpin the trust in virtual teams (Greenberg, Greenberg & Antonucci 2007; Kanawattanachai & Yoo 2002; Owonikoko 2016).

Virtual team members need to build trust at the outset. This form of trust is called *swift trust* (Germain 2011; Schilke & Huang 2018). It is a form of trust that virtual team members build without having the confidence in the ability and integrity of their co-workers. Swift trust helps virtual team members suspend uncertainties, and accomplish the common goals (Germain 2011). Since virtual team members deal with each other primarily in terms of the professional roles they are expected to play, rather than in terms of developing social relationships, building and sustaining swift trust will depend more on a cognitive and action orientation (Costa *et al* 2017; Meyerson, Weick & Kramer 1996). When the team members begin to collaborate, and continue to keep their actions consistent with their words, the trust between the team members will grow stronger, and the team members will be more comfortable to share non-task-related information, which ultimately opens avenues for the development of affective-based trust. This shows that, in the case of virtual teams, cognitive-based trust has a positive impact on the development of affective-based trust (McAllister 1995).

The formation and sustenance of trust in virtual teams depend more on the cognitive than the affective component of trust. Virtual team members and leaders, however, need to focus on both cognitive and affective components as high performing virtual teams have been those that demonstrated high level of both cognitive-based and affective-based trust (Kanawattanachai & Yoo 2002).

- **Why is sustaining trust so difficult in virtual teams?**

Trust is considered as a critical factor for the success of all teams through creating co-operative behaviours, especially in virtual teams (Costa *et al* 2017; Greenberg *et al* 2007; Grossman & Feitosa 2018). Despite its importance, building and sustaining trust in virtual teams is difficult. Authors have been attributing several factors to this, amongst, which include the separation of the team members in time and space, absence of previous working relationships, limited communication channel options, different time zones, and cultural differences (Berry 2011; Costa *et al* 2017; Flavian *et al* 2019; Kanawattanachai & Yoo 2002; Pazos 2012; Settle-Murphy 2013).

According to Greenberg *et al* (2007), two interrelated factors, i.e. diverse location and technology enabled communication, are the main contributors to the difficulty in building and sustaining trust in virtual teams. The authors are of the view that members of the traditional or on-site teams have the opportunity to easily develop relationships through the social bonds and the professional respect, which ultimately lead the team members to trust each other. In virtual teams, however, the different geographical locations create disparities in working contexts that can lead to misinterpretations and misunderstandings. Besides, the technology enabled communication in virtual teams does not allow the team members to easily convey emotions and reactions. As a result, building and sustaining trust is more challenging in virtual teams.

Another view in this regard is that of Gujar and Malm (2005), as cited in Grudzewski *et al* (2008), who identify the following obstacles: lack of face-to-face interactions, problems concerning technology, geographical dispersion of virtual workers, distrust in security systems, shift in control and co-ordination, measuring performance at a distance, redesigning of virtual teams, inconsistency in role behaviour, cultural diversity, diverse corporate culture, management problems, credibility of the partners,

integrity of the collaborating parties, and concern for the welfare of a partner as indicated in Figure 4.12. This view is shared by Flavian *et al* (2019).

**FIGURE 4.12:** Aspects impacting on virtual teams



Source: Gujar and Malm (2005), as cited in Grudzewski *et al* (2008:175)

It seems obvious that virtual workplaces will continue to exist in the future, but that the challenges of managing a virtual workplace will increase in scope. In order to deal with this reality, managers need to proactively implement the right mechanisms that ensure trust “as a lubricant of social as well as business interaction between parts” in the virtual work environments (Grudzewski *et al* 2008:3).

- **A team’s life changes**

Research indicates that teams go through some predictable stages (Greenberg *et al* 2007). To gain a general understanding of the nature of virtual teams, authors consider different approaches to a virtual team’s life cycle. For example, Zofi (2012:15-26) identifies three separate stages by considering setting up a virtual team as “taking a trip in a car along the virtual superhighway”. The stages include the following: *setup*, *follow-through*, and *refresh*. The *setup* stage includes three key steps, namely: *clarify the team’s destination* (i.e. goals, roles, and responsibilities); *establish rules of the road* (i.e. norms, communication, expectations, timeliness, decision-making,

information-sharing processes, and priorities); and *run a test drive* (i.e. one-to-one meetings, and team building).

According to Zofi (2012), the *follow-through* stage is the heart of the virtual team performance as it reveals how the team execute their duties towards the goals. The four key steps in the *follow-through* stage are *open lanes of communication* (i.e. develop a context of shared understanding, hold regular meetings, and share information); *drive accountability and trust* (i.e. engender commitment, trust, and accountability through updating and modifying goals, and keeping the team on target); *avoid sharp turns* (i.e. resolving conflicts and misunderstandings, handle roadblocks, evaluate problems, build or strengthen relationships); and *perform maintenance* (i.e. sustain team performance through updating deliverables, and modifying goals).

The final stage - *refresh* - is concerned with the importance of realignment, and includes three key steps, namely: *tune up* (i.e. set new goals, on board new members, re-establish norms, realign, and replace parts); *refuel* (i.e. reenergise, respond, regroup, determine improvement areas, assign training, and provide new role assignments); and *put it in park* (i.e. prepare final reports, review accomplishments, arrange closing celebrations and evaluations, and restart) (Zofi 2012).

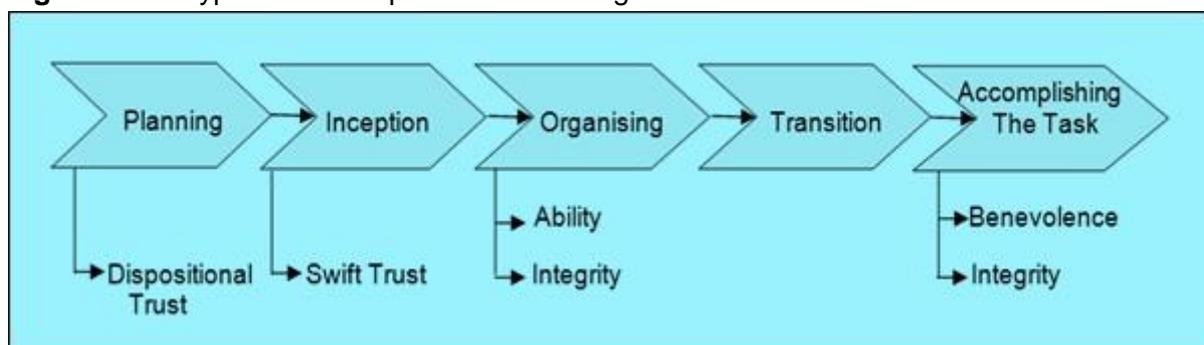
Greenberg *et al* (2007) also provides five distinct stages of a virtual team life cycle, namely: establishing the team (planning), inception, organising, transition, and accomplishing the task as indicated in Figure 4.13. From the earlier sections, it is clear that one of the challenges for managers and team leaders is to develop and nurture trust throughout the team's life. The authors, therefore, explain the stages along with the components of trust needed in each of the team stages as this can help managers and team leaders take actions to build trust. Each of the stages of the virtual team, with the type of trust required, is briefly discussed next by referring to the components of Figure 4.13.

### **Stage 1: Establishing the team (Planning)**

In establishing a team, managers must consider the member's functional proficiency, personal characteristics, interpersonal skills, team skills, training, and the organisation's reward structure. Since managers are required to assign appropriate members to the team based on their functional proficiency, they need to consider the

functional role of a potential member, the technical skills, and the operational knowledge of the person. A personal characteristic of the team member that is important to the building of trust in others at this stage is dispositional trust, i.e. the predisposition to trust, or the tendency to be more trusting. Since lags in responses, due to inability to use group employed communication and application - specific software, can be misinterpreted as a lack of functional ability or commitment, providing appropriate training for the team members is vital. The organisation's reward structure should also be designed in a way that encourages cooperative behaviour amongst the team members (Greenberg *et al* 2007).

**Figure 4.13:** Type of trust required in team stages



Source: Greenberg *et al* (2007:328)

### **Stage 2:** Inception

Members of a new virtual team do not have the opportunity to assess the characteristics of others in order to build trust. Consequently, swift trust building will depend on both their dispositional trust, and external cues such as personal endorsements from known third parties, role-based information, and rule-based factors. Upon the inception of a virtual team, managers are required to provide the members with enough information concerning the external cues of members in order to build a high level of swift trust. Team-building exercises that the team leaders initiate, not only enhance the swift trust, but also open avenues for the development of cognitive and affective trust between the team members (Greenberg *et al* 2007).

### **Stage 3:** Organising

In addition to the introduction and team-building exercises of the inception stage, virtual teams need to establish norms of behaviour, procedures for task assignment, patterns of interaction, and rules of decision. The primary focus of this activity is to get the team organised. At this stage, trust will be based on cognitive assessments of

others' ability and integrity, the involvement of all team members and their communication patterns (Greenberg *et al* 2007).

#### **Stage 4: Transition**

At this stage, the focus of the virtual team shifts from organising activities to accomplishing the tasks. Ambiguities and uncertainties concerning the ability to accomplish the tasks, the decision-making procedures, and the nature of interactions amongst the members that existed during the organising stage are reduced. Members are expected to exchange information, establish roles and responsibilities, and develop working relationships. As a result, the importance of cognitive trust decreases, and the importance of affective trust increases (Greenberg *et al* 2007).

#### **Stage 5: Accomplishing the task**

The last stage, as indicated in Figure 4.13, is entitled "accomplishing the task". Since affective trust takes the lead at this stage, task accomplishments are often done through team members' help and encouragement. Social bonds and benevolence tend to be the primary determinants of trust, while the integrity of members continues to be a secondary determinant. Some of the key activities that managers and team leaders need to deal with at this stage include: to support members, evaluate participation in accomplishing the tasks, celebrate the achievement of interim deadlines, and encourage supportive communications (Greenberg *et al* 2007).

## **4.6 CHAPTER SUMMARY**

Obtaining trust within relationships and within organisations is a delicate process. In view of this, trust needs to be treated as a valuable organisational asset. Building trust should thus be seen as the foundation of all solid and healthy relationships within an organisation. This process is difficult and challenging to realise, and takes a long time to achieve. However, for trust to survive and grow, there needs to be trust drivers present which can be identified as belong and connect, significance and position, learn and challenge, security and certainty, voice and recognition, fairness, choice and autonomy, and purpose. Trust can, however, be destroyed quickly through a single action. Should this happen, it needs to be repaired. This is sometimes difficult as both parties involved in such a breach of trust need to acknowledge what has happened, determine the causes and rebuild it with compassion and commitment. Maintaining a

healthy trust environment is essential. Numerous actions to achieve this exist such as making employees part of the decision-making process of the organisation, providing challenging work, acknowledging the efforts of the employees, having fair policies and practices, and having an organisation culture of telling the truth, caring about others, and speaking with good purpose. Culture can impact on trust, and vice versa. Over the past decades, the world of work has changed radically with employees now working in teams which are not always situated in one location, but spread over vast areas known as virtual teams. Despite this type of work environment trust is still essential for good work relationships. Building trust in such environments is challenging as the team members do not find themselves in close proximity to one another. It is essential that in this environment, the concept of trust is addressed from the beginning when these types of teams are formed. This type of trust is known as swift trust.

In this chapter, the discussion of the trust process has been made by examining the various trust building and repairing models, as well as the different approaches to repairing trust within organisations. This has been done to take the readers' understanding a step further in the trust process, and to provide them with a complete picture of the concept of trust. The question which now remains is how can organisations successfully achieve the goal of setting up a trust environment and manage it successfully? This aspect will be addressed in the next chapter, namely Chapter 5 by focusing on a number of trust models.

## CHAPTER 5

### MODELS OF TRUST: A THEORETICAL OVERVIEW

#### 5.1 INTRODUCTION

A number of trust management models have been developed over the years, and the following models will be discussed: Mayer *et al* (1995), Jacobs (2012) as cited in Working Families and Jacobs (2013), Reynolds (1998), Martins (2002), Castelfranchi and Falcon (2010), Shockley-Zalabak *et al* (2010), Blanchard *et al* (2013), Schultz (2006), and McLeary and Cruise (2015). Before the models are presented, a short discussion about the classification of the models, and the criteria against which each of the models are to be evaluated, will be undertaken.

#### 5.2 CLASSIFYING AND EVALUATING THE TRUST MANAGEMENT MODELS

As indicated in the preceding chapters, several researchers in the area of trust, such as Lewis and Weigert (1985), McAllister (1995), Schoorman *et al* (2007), and McLeary and Cruise (2015) argue that trust has both a cognitive and an affective dimension. The cognitive dimension refers to whom to trust, in which respect, and under what circumstances; while the affective dimension relates to the feeling aspect which creates an emotional bond between the trusting parties (Lewis & Weigert 1985). A closer inspection of the existing models of trust reveals that they are designed by adopting either a cognitive, or affective approach, or a combination of both approaches. Others also consider the situation/environment/context within which the trusting process takes place. Accordingly, the models will be classified as: cognitive, affective, combined (hybrid), and situational or context-specific trust models.

The following criteria will be used to evaluate the individual trust management models to be discussed:

- 1) Trust can be found at different levels within the organisation.
- 2) Trust is a dynamic process, it needs to be built between the trustor (employee), and the trustee (co-workers/supervisor/manager/organisation).

- 3) Individuals are unique, and their propensity to trust is based on their experience, education, background, and personality.
- 4) Individuals need to believe in the benevolence, ability and integrity of the other party.
- 5) Once trust is established between parties, it needs to be maintained.
- 6) Due to the dynamic nature of trust, it can be influenced by internal (break in confidence) and external factors (takeover by competitor), which can lead to a break in the trust between the parties. If this happens, the trust needs to be repaired.
- 7) So-called trust drivers (builders) and trust busters can be found within organisations.
- 8) Trust impacts on the individual, and the organisation, and this can be either positive or negative. If positive, it can lead to higher productivity and profits; if negative, it can lead to low morale and high staff turnover.
- 9) Different levels of trust can be found within organisations, i.e. high, medium, and low (distrust).

The individual trust management models found within the four groupings will be discussed next.

### **5.3 COGNITIVE MODELS OF TRUST**

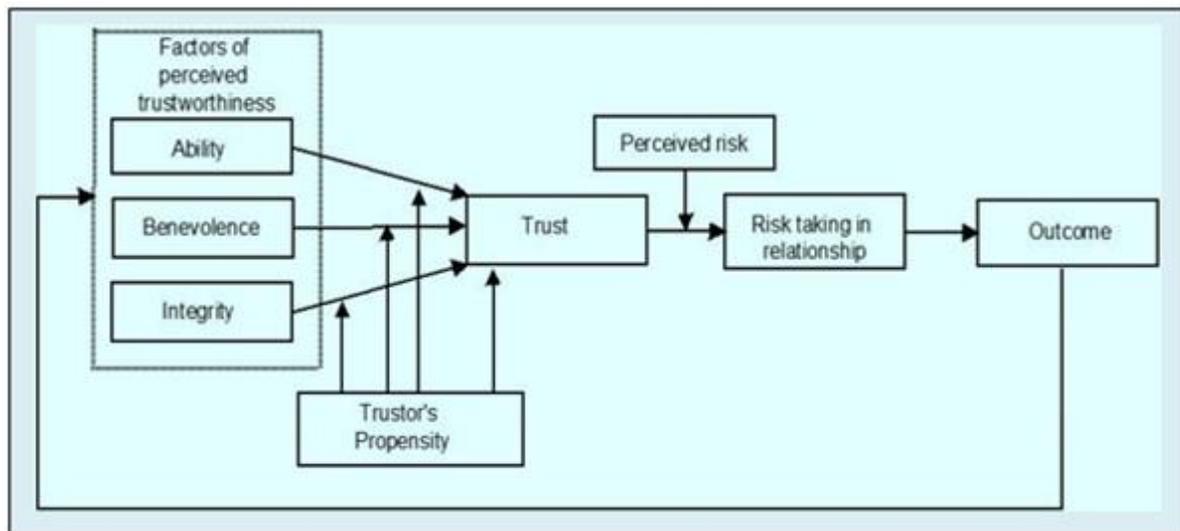
A very popular model to be found in this group is that of Mayer *et al* (1995). The model has been the focus of various empirical studies undertaken over a number of years, with the results being published in a wide range of cross discipline journals (Frazier, Tuppet & Fainshmidt 2016; Schoorman *et al* 2007). The model is discussed next.

#### **5.3.1 The Mayer, Davis and Schoorman trust model**

According to Mayer *et al* (1995), the conceptualisation of the trust concept by different scholars has been unclear for a number of reasons. These include problems with the definition of the concept trust; the lack of clarity in respect of the relationship between risk and trust; the confusion between trust and its antecedents and outcomes; the lack of specificity of trust referents leading to the confusion in the levels of analysis; and a failure to consider both the trusting party and the party to be trusted.

Due to this confusion, the difference between trust and other similar constructs such as co-operation, confidence, and predictability has remained blurred (Mayer *et al* 1995). In view of the uncertainty in the field, Mayer *et al* (1995) have designed an organisational trust model as indicated in Figure 5.1 to illuminate and resolve the numerous trust issues.

**FIGURE 5.1:** The Mayer, Davis and Schoorman trust model



Source: Mayer *et al* (1995:715)

The authors see the development of trust within an organisation as consisting of a number of building blocks. For example, for trust to exist, the characteristics of the trustor, i.e. propensity to trust, and the trustee, i.e. ability, benevolence, and integrity, are considered to be important.

According to Mayer *et al* (1995), a factor which affects one party's trust in another involves the traits of the trustor. In the proposed model, this is called the *propensity to trust*. Propensity to trust is "the general willingness to trust others" (see Chapter 3). Mayer *et al* (1995) concur that the inherent propensity to trust differs from one person to another. Consequently, people differ in how much trust they have for a trustee in the absence of available data on the person, which helps them make the trusting decision. The authors state that the variation in propensity to trust among people can be attributed to various factors such as their experiences, personality type, and cultural background (Mayer *et al* 1995).

According to Mayer *et al* (1995), trustworthiness and trust need to be distinguished. Trustworthiness refers to the characteristics of the trustee that help the trustor make

a decision to trust the other party, while trust is the decision to actually trust the other party. This view is also shared by Özer and Zheng (2019). Other researchers consider from a single characteristic (e.g. Strickland 1958) to as many as ten trustworthiness characteristics (e.g. Butler 1991) that are responsible for trusting an individual. As indicated in the model, Mayer *et al* (1995) propose three key characteristics of the trustee which will determine trustworthiness, namely: ability, benevolence, and integrity, which are briefly explained in Table 5.1.

**TABLE 5.1:** Factors of perceived trustworthiness

<b>Ability:</b>	The group of skills, competencies, and characteristics that enable a party to have influence within some specific domain.
<b>Benevolence:</b>	The extent to which a trustee is believed to want to do good to the trustor, aside from an egocentric profit motive.
<b>Integrity:</b>	The perception of the trustor that the trustee adheres to a set of principles that the trustor finds acceptable.

Source: Mayer *et al* (1995:717-719)

A similar model found in the literature is that of Rawlins (2008). In Table 5.2, a comparison between the two models is made and not only are both measures conceptually similar, but both have proved to be reliable in previously undertaken studies.

Furthermore, the *ability* dimension can be seen as domain specific. In other words, if a trustee is perceived to be competent in a specific area, he/she will be afforded trust by the trustor on tasks related to that area (Mayer *et al* 1995). This view is also shared by Buntain and Golbeck (2015) as well as D’Cruz (2018). The *benevolence* dimension denotes the personal orientation, and is assumed to be fundamental to the proposed model. Mayer *et al* (1995) also note that the trustee has some attachment to the trustor. The relationship between a mentor (trustee) and a protégé (trustor) can be an example of this attachment (Mayer *et al* 1995). According to Mayer *et al* (1995), a trustee’s degree of *integrity* is judged from four issues: (a) the consistency of the party’s past actions; (b) the credible communications about the trustee from other parties; (c) the belief that the trustee has a strong sense of justice; and (d) the extent to which the party’s actions are congruent with his/her words. Although separately indicated in the model, these concepts are related, and should there be a perception of a lack in any of these concepts, it will have an impact, on the level of trust between the parties, either negative or positive.

Mayer *et al* (1995) also consider the issue of risk in their model. Risk is inherent in the behavioural manifestation of the willingness to be vulnerable, and thus, trust increases the likelihood of risk taking in a relationship. For example, changes in the political climate within an organisation can be considered as a violation of trust, and can cause the reconsideration of trustworthiness (Mayer *et al* 1995).

**TABLE 5.2:** A comparison between dimensions and items of Rawlins' (2008) non-replicated model and Mayer *et al*'s (1995) popular model of organisational trust

Rawlins (2008)	Mayer <i>et al</i> (1995)
<p><b>Competence</b></p> <p>I feel very confident about the skills of this organisation. This organisation has the ability to accomplish what it says it will do.</p> <p>This organisation is known to be successful at the things it tries to do.</p> <p><b>Integrity</b></p> <p>The organisation treats people like me fairly and justly. The organisation can be relied on to keep its promises. Sound principles seem to guide the behaviour of this organisation. This organisation does not mislead people like me.</p> <p><b>Goodwill</b></p> <p>Whenever this organisation makes a decision, I know it will be concerned about people like me. I believe this organisation takes the opinions of people like me into account when making decisions. This organisation is interested in the wellbeing of people like me, not just itself.</p>	<p><b>Ability</b></p> <p>I feel very confident about the organisation's skills. The organisation has specialised capabilities that can increase our performance. The organisation is very capable of performing the organisation's job. The trustee is known to be successful at the things the organisation tries to do. The organisation is well qualified. The organisation has much knowledge about the work that needs to be done.</p> <p><b>Integrity</b></p> <p>The organisation tries hard to be fair in dealing with others. I never have to wonder whether the organisation will stick to the trustee's word. Sound principles seem to guide the organisation's behaviour. The organisation's actions and behaviours are not very consistent. The organisation has a strong sense of justice. I like the organisation's values.</p> <p><b>Benevolence</b></p> <p>The organisation is very concerned with my welfare. The organisation really looks out for what is important to me.</p> <p>My needs and desires are very important to the organisation. The organisation would not knowingly do anything to hurt me. The organisation will go out of the organisation's way to help me.</p>

Source: McLeary and Cruise (2015:301)

Some strengths and weaknesses of the Mayer *et al* (1995) trust model became clear, namely:

## **Strengths**

- The model has succeeded in identifying the building blocks of trust.
- The model has emphasised that should there be a perception of a lack of one of the building blocks, it will impact on trust.
- The model acknowledges that a willingness to trust also brings potential risk to the trust equation.

## **Weaknesses**

- The model only focussed on a small part of the trust process; no mention is made, for example, of maintaining trust once it is built.
- No mention is made about how trust should be repaired should it be broken.
- The model also fails to indicate that the trust process can take place on a number of levels within the organisation.
- No indication is given of so-called trust drivers (builders), or trust busters which can impact on trust within organisations.

## **5.4 AFFECTIVE MODELS OF TRUST**

A typical model of trust following the affective approach is that of Jacobs (2012), as cited in *Working Families* and Jacobs (2013). This model is included in this study as it was developed for organisations that seek to drive trust within their teams, and across organisational units. The main focus of the model relates to the increase of employee wellbeing, building engagement, and improving performance. It is also an easily translatable model into the practical work environment.

### **5.4.1 The Jacobs model of trust**

This model of trust was developed by the employee motivation specialist, Jacobs (2012), as cited in *Working Families* and Jacobs (2013). It would follow that the author identifies, and links eight intrinsic drivers of trust. Each of these drivers impacts on an individual's psychological wellbeing and work environment. This is then linked to two paths of performance, either leading to positive, or negative, outcomes as indicated in Figure 5.2. In Table 5.3 the drivers as identified in the model are indicated. When each of the drivers are satisfied, it will lead to the positive

outcome path, for example, engagement, energy release, boosted wellbeing, and improved performance.

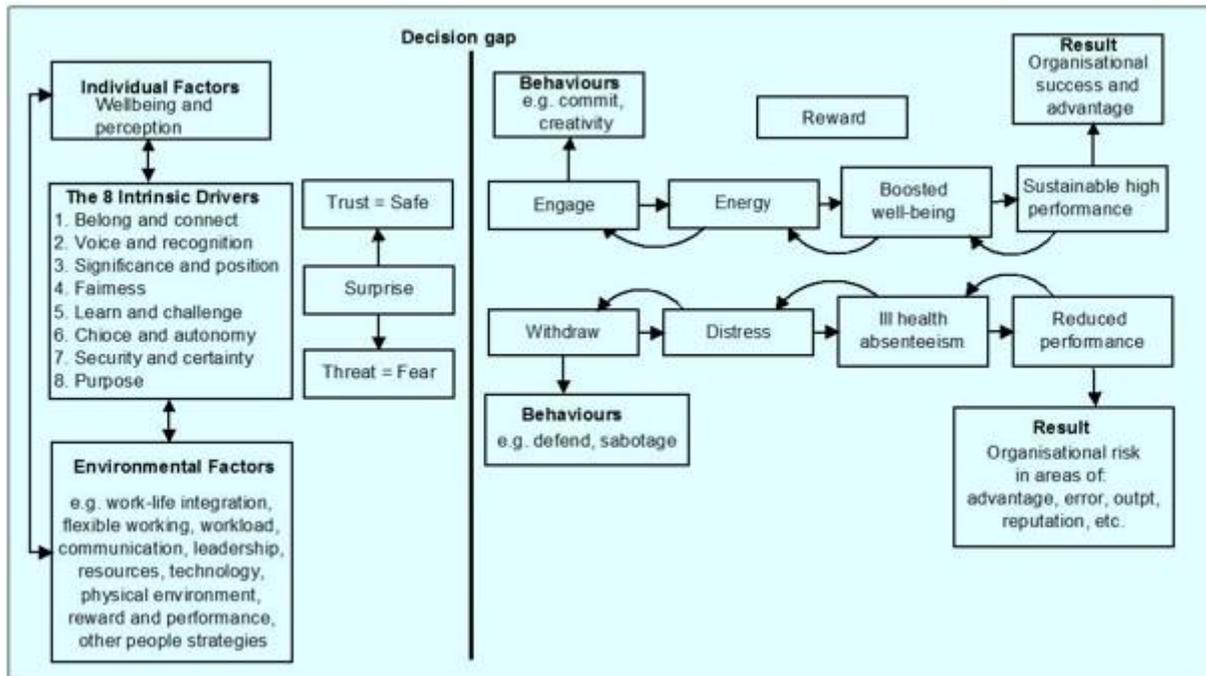
**TABLE 5.3:** The eight intrinsic trust drivers

<b>Belong and Connect:</b>	Make sure that people feel connected to their team as exclusion causes a feeling of threat, and affects their health and wellbeing.
<b>Significance and Position:</b>	If people don't feel valued, they can feel threatened which will negatively impact on their performance.
<b>Learn and Challenge:</b>	Ensure that the employees are continually learning and that they are faced with challenges on the job. This would result in more productive employees.
<b>Choice and Autonomy:</b>	Giving a degree of control helps employees balance work and home life, and improves performance.
<b>Voice and Recognition:</b>	Making sure that people are encouraged to express their views and ideas in the workplace, and will help them feel that their contributions are recognised and appreciated.
<b>Fairness:</b>	Making sure that employees are treated fairly and consistently, will avoid them from feeling unfairly treated, resulting in negative effects on performance and productivity levels.
<b>Security and Certainty:</b>	Making sure that employees feel secure in their positions will avoid the negative effects of feeling insecure which will impact on their performance and productivity levels.
<b>Purpose:</b>	Ensuring that employees have a clear sense of purpose and awareness of their contributions to the organisation, will result in more engaged and productive employees.

Source: Taylor (2013) and Marks (2013)

The identification of the eight drivers is seen as the first stage of the trust model. These drivers can lead to a positive outcome, i.e. trust, or a negative outcome, e.g. fear/threat. In stage two of the model, the individual drivers are activated by the trustee, for example, looking at fairness, if an employee sees the supervisor (trustee) treating his/her co-workers fairly, then the employee will follow the trust path of performance, for example, and will get more engaged in the job. However, should the employee feel that the supervisor (trustee) does not treat the co-workers fairly, this can lead to the fear path, leading to negative outcomes such as becoming disengaged and withdrawn, as indicated in Figure 5.2.

**FIGURE 5.2:** The Jacobs model of trust



Source: Taylor (2013)

Thus, depending on the implementation process of the drivers by the trustee, the outcome can be either negative or positive. This will be as a result of the emotional bond which the trustor will have formed while experiencing the implementation of the drivers, as indicated with the “Fairness” example earlier.

Some strengths and weaknesses of the model were identified:

### Strengths

- The model identifies trust drivers which form an important part of building trust within the organisation.
- The model is easy to implement.
- The model identifies that trust is a dynamic process.

### Weaknesses

- Unfortunately, the model does not address the uniqueness of each individual.
- No mention is made of maintaining and repairing trust.
- No mention is made of the different levels of trust which can be found within an organisation.
- No indication is given of the so-called trust busters which can have an impact on trust within organisations.

## 5.5 COMBINED (HYBRID) MODELS OF TRUST

Some trust models found in the literature, support the evaluation of the trustworthiness of the trustee both cognitively and affectively, in order to make the decision to trust. These models are called combined (hybrid) models as they consider a combination of both cognitive and affective dimensions of trust. These include those of Reynolds (1998), Martins (2002), Castelfranchi and Falcon (2010), Shockley-Zalabak *et al* (2010), and Blanchard *et al* (2013). These models will be discussed briefly in this section.

### 5.5.1 The Reynolds model of trust

According to Reynolds (1998), an organisation needs to ensure the building and maintenance of healthy trust relationships between employees and managers, within and between teams and sections, with business partners, as well as with customers. Reynolds (1998) suggests that such relationships should be underpinned by four CORE principles, namely: competence, openness, reliability, and equity as indicated in Figure 5.3.

According to Reynolds (1998), these principles consist of the following practices:

- **Competence:** choose the right employees
- **Openness:** tell employees the score
- **Reliability:** make employees accountable
- **Equity:** identify employees' concerns

The author postulates that these principles and practices are at the core of creating a high-trust organisation. Two aspects are identified relating to a trust relationship in an organisation, i.e. an organisation trusting its employees, and employees trusting their organisation.

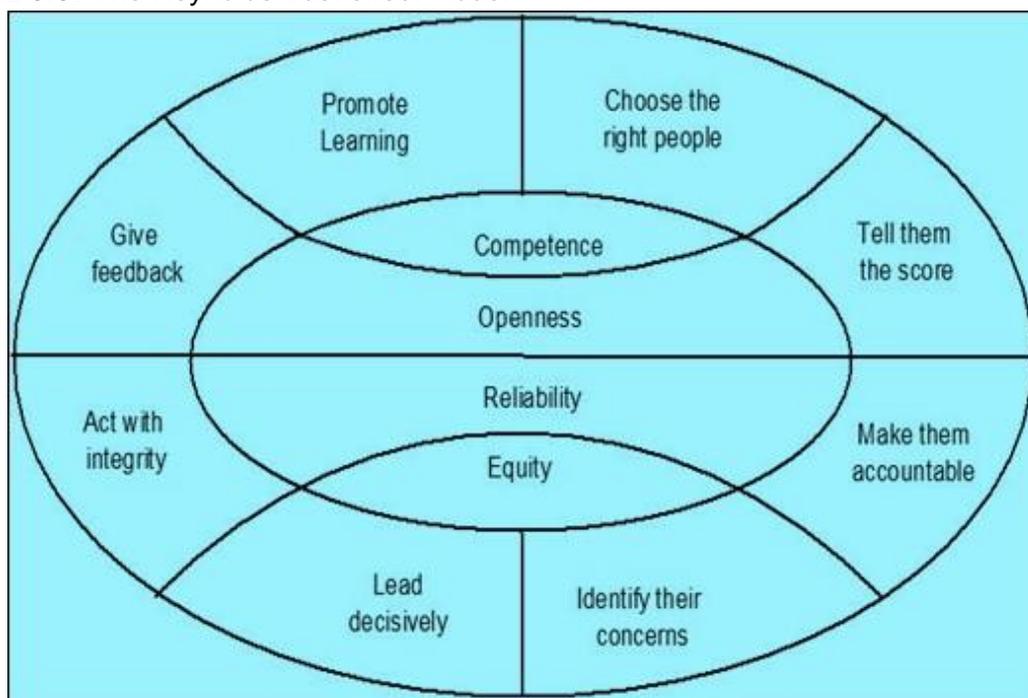
A brief discussion of each of the above practices follows next.

- **Competence:** choose the right people

According to Reynolds (1998), *choosing the right people*, i.e. people who fit into the skill, knowledge, and value requirements of an organisation, is a difficult process. Furthermore, the attention which will be given to selecting these people is different

depending on whether the organisation is low-trust or high-trust (Reynolds 1998). In the former case, an effective recruitment process would not be so critical since employees are monitored, and checked constantly. What is important in this case, is a basic aptitude for the job. In the high-trust organisation, the organisation wants to be able to trust the employees to be involved with the task, confident that they will do so effectively (Reynolds 1998). In this case, choosing the right employee is a critical task. Reynolds (1998) suggest that organisations must have three skills in order to choose the right person: (a) be very clear about what they want from the person such as technical skills, people skills, and values; (b) design an effective process to identify whether candidates have what the organisation wants which includes face-to-face interviews, practical tests, and trial runs; and (c) to listen perceptively. The next important aspect is *openness*.

**FIGURE 5.3:** The Reynolds trust effect model



Source: Reynolds (1998:30)

- **Openness:** tell them the score

Once you have the right people for the organisation, you need to make sure that you are open with them. Openness is reflected in how an organisation communicates to its employees about problems, engages in constructive disagreements, and provide input into job-related decisions (Mishra & Mishra 2013; Shockley-Zalabak *et al* 2010). Reynolds (1998) suggests that high-trust organisations value openness for

two reasons: firstly, relationships which are based on trust, with all the benefits which trust brings, will be established when organisations are open with their people; and secondly, people contribute in a meaningful way to their organisation when they know what they are contributing to it. It is considered that *telling people the score* as communicating to everyone the key organisational values, as well as the attainment of objectives against which the individual and group performance will be measured. Reynolds (1998) notes that the practice of *telling people the score* can be done in three steps: education – educate all staff about the measures of business success, for example teaching people about finance; feedback – give the staff rapid and regular feedback on how they are contributing to this success; and share the rewards, for example some form of profit-sharing scheme. A further important component is *reliability*.

- **Reliability:** make them accountable

Part of the CORE of the trust effect is reliability. Reliability (i.e. a consistent behaviour in terms of words and actions) is a crucial ingredient of any successful organisation (Mishra & Mishra 2013; Reynolds 1998). According to Reynolds (1998), understanding reliability in low trust organisations, and high-trust organisations is different. To make people reliable, low trust organisations tell their people what to do, and supervise and monitor them to ensure the job gets done according to the rules laid down. This approach may produce results up to a certain point, but will not have a lasting effect. High trust organisations, however, ensure the reliability of their people by making them *accountable* for their actions. Reynolds (1998) notes that there are five things an organisation needs to make clear to the people it is trusting with a task: (a) outcomes – letting employees know what an organisation expects of them which has a common meaning to both parties; (b) parameter – the broad parameters within which employees can operate; (c) effect – the consequence of achieving, or not achieving the task; (d) resources – the resources such as physical, financial, human, and time available to the employees to do the job; and (e) accountability – making clear that employees will be accountable for the task, i.e. the results, not for methods. The success or failure in the task execution will positively or negatively affect an organisation's trust in its employees.

- **Equity:** identify their concerns

The fourth principle at the CORE of the trust effect is equity – fairness. Treating employees unfairly causes distrust to surface within an organisation (Reynolds 1998). According to Reynolds (1998), some of the things that make equity or fairness hard to achieve include self-fulfilling prophesy, valuing different things, and managers' failure to listen perceptively. It is important to note that identifying employees' concerns, i.e. their best interests, is an essential part of trust, and it is also an essential component of leadership. Leaders will lead if others are willing to follow; and other people will follow only if they believe that the leader shares their concerns.

According to Reynolds (1998), trusting employees is only half the story. Moreover, four practices are identified which organisations need to put into place in order to develop their trustworthiness, and garner employees' trust. These are:

- **Competence:** promote learning
- **Openness:** give feedback
- **Reliability:** act with integrity
- **Equity:** lead decisively

These practices are briefly discussed next.

- **Competence:** promote learning

If you want to build a high-trust organisation, you want your people to be competent. Reynolds (1998:171) describes the link between learning, competence, and trust as: "without learning, there is no competence; without competence, there is no trust". This further implies that in some cases organisations without competence will not exist as they will be wiped out by the competition. This is why a commitment to learn, both at the individual and organisation level, is an essential practice in a high-trust organisation.

- **Openness:** give feedback

Reynolds (1998) notes that to help people build trust in their organisation, the organisation needs to share information with its people. The author also suggests that employees need to have the confidence that their organisation will be open

when it comes to individual feedback. The author underlines that people need their organisation to notice what they do, and tell them the truth about their good or bad behaviours. If this does not happen, gossiping behind people's backs will be common in the workplace. This will not promote trust within an organisation. A feedback given in the right way avoids fear, and helps a trusting relationship to develop. Reynolds (1998) emphasises that what is critical in the feedback process is the way the feedback is given, rather than the feedback itself.

- **Reliability:** act with integrity

If people are going to be able to rely on you, then they need to be confident that you will act with integrity. Thus, to help employees build trust in their organisation, the organisation needs to act with integrity – keep its promises (Reynolds 1998). The author notes that the promises must be clear, and specific. Broken promises can destroy trust, and keeping them is a speedy way to establish trust. According to Reynolds (1998), a high-trust organisation understands a lapse of reliability, whether it is real or perceived, as an opportunity to build trust with their employees, provided that it is dealt with quickly, and effectively.

- **Equity:** lead decisively

Leadership is an important area by which organisations can build their trustworthiness. Reynolds (1998) considers one of the crucial aspects of leadership to be decision-making. In Figure 5.4 the author identifies four fundamental decision-making approaches that can have a potential impact on the employees' trust in their leaders. These include (a) decide and sell – take a decision and persuade people that it is the right one afterwards; (b) negotiation – the manager knows what he/she wants, but he/she recognises that a certain amount of bargaining is required to reach a decision which is acceptable to the other parties involved; (c) propose and consult – the manager puts forward a proposal, and asks the other people to comment on his/her ideas, and also suggest their own; and (d) blank sheet consultation – the manager outlines the broad parameters of the decision which must be taken, and asks other people for ideas. The author concludes that negotiation, propose and consult, and blank sheet consultation decision-making approaches help employees build more trust in their leaders, while the decide and sell approach negatively affects employees' trust in their leaders.

**FIGURE 5.4:** Approaches to decision-making

	<b>Intuitive</b>	<b>Logical</b>
<b>Make up your own mind</b>	Decide and sell	Negotiate
<b>Involve others</b>	Blank sheet consultation	Propose and consult

Source: Reynolds (1998:121)

Against the above background, Reynolds (1998) has shown how the different levels of trust (e.g. low, medium and high trust) can result in the different levels of commitment, by using the eight practices discussed earlier, as indicated in Table 5.4.

**TABLE 5.4:** Characteristics of low, medium, and high-trust organisations

Practice	Low trust	Medium trust	High trust
1) Choose the right people	A very slapdash and hurried approach to recruitment.	Conventional recruitment of staff – maybe a couple of one-hour interviews.	A very thorough process which involves at least 12 hours' contact with successful candidate before appointment.
2) Tell them the score	Mission statement – if any – regarded with cynicism.	If asked, everyone would give a similar reply to the question "What is this organisation for?"	Everyone able to explain how the company as a whole measures success.
3) Make them accountable	A lot of blaming others.	People have to get permission from their bosses to do things.	When something needs to be done, someone does it, knowing that the organisation will support them.
4) Identify their concerns	Chief executive never seen.	Chief executive has an open-door policy.	Chief executive frequently out and about, talking and listening.
5) Lead decisively	Staff dissatisfied with the way most decisions are made.	Complaints that the managers "never listen to us" when making decisions.	All staff understands how important decisions are reached.
6) Act with integrity	Sloppiness. A promise counts for little. Hypocrisy. Bending the rules.	Only a little progress chasing. Meetings start within 10 minutes of advertised time.	Every promise kept. Meetings start and finish on time. People act consistently and ethically.
7) Give feedback	Lots of talking behind people's backs. Lots of "office politics".	A company appraisal system which most people find useful.	People get frequent feedback from everyone they work with.
8) Promote learning	Not much training or development	Quite a bit of training and development.	A big commitment to training and development

Source: Reynolds (1998:34-35)

The strengths and weaknesses of the Reynolds (1998) trust effect model are:

### Strengths

- The model has indicated how to achieve trust from the side of the employer, and how it can become trustworthy.
- By using the model, the characteristics of the different levels of trust can be identified.

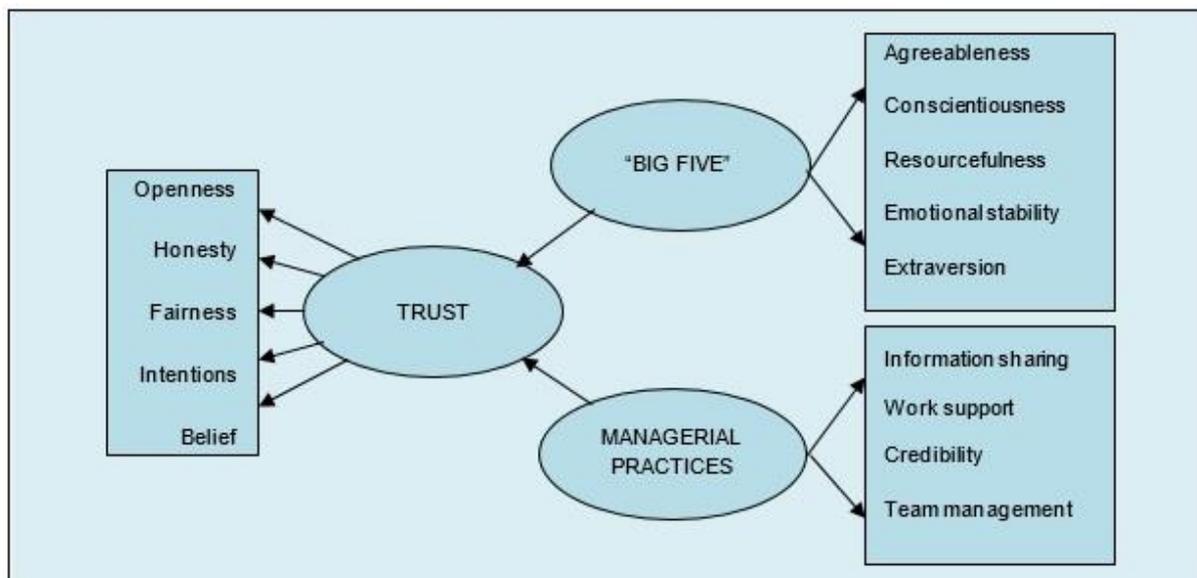
### Weaknesses

- The model fails to indicate that trust can be found at different levels within the organisation.
- The model fails to indicate the dynamism between the trustor (employee), and the trustee (supervisor/manager/organisation).
- The model does not indicate how to maintain the trust once it has been established, nor does it indicate how to repair it once it has been broken.
- No indication is given of so-called trust drivers (builders), or trust busters which can impact on trust within organisations.

## 5.5.2 The Martins Model for managing trust

The model developed by Martins (2002) focuses on managing trust within an institutional (organisational) context as indicated in Figure 5.5.

**Figure 5.5:** The Martins model for managing trust



Source: Martins (2002:756)

In their research, Martins, Watkins, Von der Ohe and De Beer (1997), as cited in Martins (2002), have concluded that trust in organisations is possibly created by personal factors and managerial practices. As far as the personal factors in the Martins model are concerned, the research is based on the five personality factors which have emerged over the years in the literature (Ivancevich & Matteson 1999). These factors have been referred to as the “big five”, and they appear to predict work performance in organisations (Martins 2002). The five personality factors are: agreeableness, conscientiousness, resourcefulness, emotional stability, and extraversion. Table 5.5 provides a brief description of the factors.

A further component of this model consists of trust dimensions which have emerged from various trust models and definitions, these include the following: openness, honesty, fairness, intentions, and belief. The managerial practices included in the model were identified through interviews conducted with more than 100 employees to establish what managers and supervisors can do to enhance trust in their organisations (Martins 2002). Four dimensions were identified through this process, namely: credibility, team-management cooperation, information sharing, and work support. More details about these dimensions are included in Table 5.6.

**TABLE 5.5:** The “big five” personality factors

<b>Agreeableness:</b>	This includes traits such as being organised and hard working as well as dependable, trustworthy and responsible. The opposite pole would be careless or irresponsibility.
<b>Conscientiousness:</b>	This reflects being liked, courteous, good natured, cooperative, forgiving and soft hearted. The opposite pole would be cold, rude unkind, and independent.
<b>Resourcefulness:</b>	This reflects imaginativeness, creativeness, broad-mindedness and intelligence. The opposite pole is narrow-mindedness, unimaginativeness and conventionality.
<b>Emotional stability:</b>	This reflects the absence of anxiety, depression, anger, worry and insecurity. The opposite pole is neuroticism.
<b>Extraversion:</b>	This reflects sociability, cheerfulness, talkativeness and activity. The opposite pole dimension is introvert, quiet, shy, and reserved.

Source: Martins (2002:758-759)

Testing the model amongst more than 6,500 respondents indicated that all the dimensions of the “big five” personality aspect, as well as the managerial practices

correlated with the construct of trust at the five percent level of significance. Thus, the results indicated support for a connection between trust relationships in an organisation and managerial practices (Martins 2002). This result provides support for the belief that managerial practices can have an influence on the trust relationships between managers and employees.

**TABLE 5.6:** Managerial practices to enhance trust in organisations

<b>Credibility:</b>	This includes the willingness to listen, consider proposals, allow others the freedom to express feelings, tolerate mistakes, and ensure that the employees enjoy prestige and credibility in the organisation.
<b>Team-management:</b>	It refers to the effective management of team and individual goal accomplishments and the handling of conflict within groups.
<b>Information sharing:</b>	It includes willingness to give individual feedback on performance and to reveal company-related information in an honest manner.
<b>Work support:</b>	It deals with willingness to support employees when necessary and to provide job-related information for the accomplishment of objectives.

Source: Martins (2002:759-760)

A number of strengths and weaknesses have been identified and are indicated as follows:

### **Strengths**

The identification of the trust dimensions, the personality traits, and the managerial practices within the trust paradigm are important components of the model, and are also in line with current thinking within the field.

### **Weaknesses**

- The model has limited application as it only presents a section of the total trust process.
- No mention is made of maintaining or repairing trust.
- No mention is made of the different levels of trust which can be found within an organisation.
- No indication is given of so-called trust drivers (builders), or trust busters which can impact on trust within organisations.

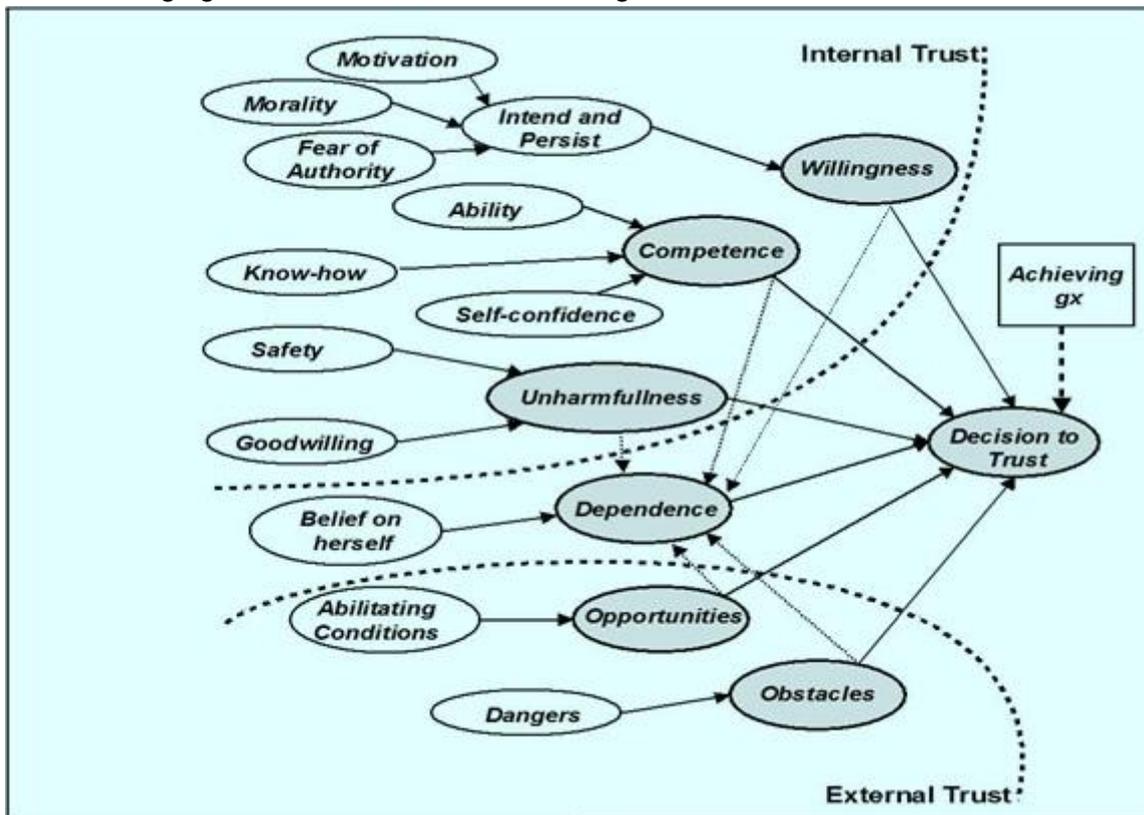
### 5.5.3 The Castelfranchi and Falcone Socio-Cognitive Trust Model

The socio-cognitive trust model developed by Castelfranchi and Falcone (2010) is based on a representation of a mental state (e.g. positive expectation) of trust in terms of goals and beliefs, as realised by the trustor, through a number of dimensions as indicated in Figure 5.6. Therefore, trust is seen as: (a) a simple mental attitude towards a trustee; this mental attitude is an opinion, a judgement, a preventive evaluation about specific and relevant qualities needed for relying on the potential trustee; (b) a decision to rely on the other, i.e. an intention to trust which makes the trustor *vulnerable*; and (c) a behaviour, i.e. the intentional act of trusting, and the consequent relationship between the trusting parties (Castelfranchi & Falcone 2010).

According to Castelfranchi and Falcone (2010), the most important characteristics in the process of evaluating the trustee are: competence, predictability/willingness, un-harmfulness, and dependence.

The first dimension - *competence* - is the set of qualities that make an organisation able to execute a task or set of tasks; and provides the organisation internal powers such as the ability, skills, know-how, expertise, self-confidence, and knowledge (Castelfranchi & Falcone 2010). It is important to note that in dealing with a trusting relationship, competence cannot be separated from trust in the organisation. The second dimension of trustworthiness relates to the actual behaviour of the organisation, i.e. the organisation is *predictable*, *willing* and *persistent* to execute the needed action. Here issues of morality, motivation, and fear of authority play a role. According to Castelfranchi and Falcone (2010), the next dimension is *un-harmfulness*. This aspect has two variants: *implicit un-harmfulness* and *explicit un-harmfulness*. Castelfranchi and Falcone (2010:123) refer to implicit un-harmfulness as the “absence of suspicions, doubts, reasons to worry, diffidence, no perceived threats”. Explicit un-harmfulness, on the other hand, consists of explicit beliefs about the fact that an employee has nothing to worry about from the organisation. The next dimension is *dependence* an aspect of importance here is belief in oneself. This dimension is followed by two further dimensions as indicated in Figure 5.6, namely: *opportunities* and *obstacles*.

**FIGURE 5.6:** The Castelfranchi and Falcone socio-cognitive trust model - The complex set of beliefs converging towards the decision of trusting



Source: Castelfranchi and Falcone (2010:90)

According to Castelfranchi and Falcone (2010), trustworthiness is not a mono-dimensional quality, rather it is the result of several dimensions. Furthermore, it is suggested that the evaluation of the trustworthiness of an organisation on the bases of competence, predictability/willingness, un-harmfulness, dependence, obstacles, and opportunities dimensions is sufficient for employees to take a risk.

In the model, the main role is played by the goal of the trustor that will be achieved through the trustee. The goal is the motivational component; without it trust does not exist (Castelfranchi & Falcone 2010). Besides their goals, employees need to believe that they are *dependent* on the organisation (Castelfranchi & Falcone 2010). This relates to the earlier definition of being *vulnerable*. The authors are of the view that a *dependence belief* can be strong or weak. A *strong dependence* is said to occur when the organisation's action is a necessity to the employees without which they are unable to achieve their goal, while in the case of *weak dependence* the employees would be able to realise the goal by themselves, but they choose to depend on their organisation for a broader outcome, which includes the original goal, as well as additional advantages (Castelfranchi & Falcone 2010).

According to Castelfranchi and Falcone (2010), employees make the decision to trust or not, based on four relevant issues: (1) the goal that employees want to achieve; (2) employees' dependence beliefs on their organisation; (3) employees' beliefs about their organisation's attributes, i.e. competence, willingness, and un-harmfulness (internal trust); and (4) employees' beliefs about the context within which their organisation performance will come (external trust: opportunities and obstacles).

Some strengths and weaknesses of the Castelfranchi and Falcone trust model have been identified, and are as follows:

### **Strengths**

The identification of the trustworthiness dimensions and sub-dimensions, as the basis for evaluating the trustee regarding a decision to trust, is an important area of emphasis which is also in line with the extant literature in the field.

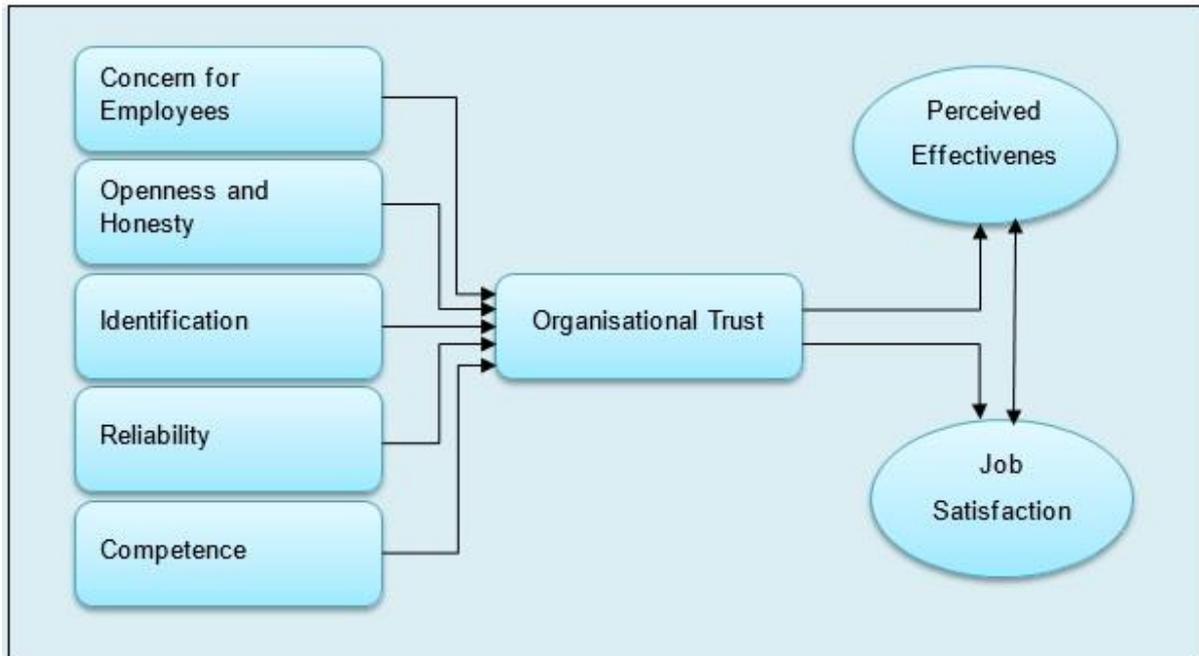
### **Weaknesses**

- The model only addresses one aspect of the trust relationship namely the trust of the trustee.
- Nothing is said about maintaining the trusting relationship between the trustor and the trustee nor is mention made of repairing the trust once it has been broken.
- Although different levels of trust are found within organisations, this aspect is not addressed.
- No indication is given of so-called trust drivers (builders), or trust busters (destroyers) which can impact on trust within organisations.

#### **5.5.4 The Shockley-Zalabak, Morreale and Hackman model of trust**

The Shockley-Zalabak *et al's* (2010) model of trust, is research-based and practice-driven, and consists of five key drivers which are seen as important within the trust relationship in organisations. The five dimensions are: (1) competence, (2) openness and honesty, (3) concern for employees, (4) reliability, and (5) identification. The model is schematically presented in Figure 5.7, while a detailed description of the drivers appears in Table 5.7.

**FIGURE 5.7:** The Shockley-Zalabak, Morreale and Hackman model of trust: Building a high-trust organisation



Source: Shockley-Zalabak *et al* (2010:28)

According to Shockley-Zalabak *et al* (2010), if a strong positive relationship exists between the five dimensions or drivers of trust, then a high organisational trust will exist, while a negative relationship between the dimensions will result in low organisational trust. This will impact on organisational effectiveness and job satisfaction as indicated in the model.

A brief description of the five dimensions follows:

#### - **Competence**

This dimension is the ability of the organisation, through its leaders' strategy, decision-making, and other capabilities, to enable the organisation to meet its challenges, i.e. the delivery of its products or services (Shockley-Zalabak & Morreale 2011). It relates to the overall efficiency of the organisation, as well as to the capabilities of its employees at all organisational levels (Shockley-Zalabak *et al* 2010). The competency dimension is measured by an organisation's ability to achieve its objectives. More specifically, purpose/vision, leadership, goals, strategy, structure, and execution all contribute to competence (Shockley-Zalabak & Morreale 2011). Strategies for building trust in competence, begin with understanding the current state of competence within the organisation, and the evaluation of the competence by its various stakeholders. It is important to note that the core

competence is addressed at all levels and that continuous development is made part of both the leader and employee evaluations (Shockley-Zalabak & Morreale 2011). Leaders also need to pay attention to the purpose and vision of the organisation, while a further strategy involves the assessment of the quality of the leaders themselves.

**TABLE 5.7:** The five dimensions of organisational trust identified by Shockley-Zalabak, Morreale and Hackman (2010)

<b>Competence:</b>	It involves the extent to which employees see, not only their co-workers and leaders as being effective, but also their organisation as a whole. It measures how strongly employees believe that their organisation will compete and survive in the marketplace.
<b>Openness and Honesty:</b>	It involves not only the amount and accuracy of information that is shared, but also how sincerely and appropriately it is communicated.
<b>Concern for Employees:</b>	It includes the feelings of caring, empathy, tolerance, and safety that are exhibited when employees are vulnerable in business activities.
<b>Reliability:</b>	It is determined by whether or not a co-worker, team, supplier, or organisation acts consistently and dependably. In other words, can employees count on them to do what they say?
<b>Identification:</b>	It measures the extent to which employees hold common goals, norms, values, and beliefs associated with the organisation's culture. It also indicates how connected employees feel to the management and to the co-workers.

Source: Shockley-Zalabak and Ellis (2006:49)

### - **Openness and Honesty**

Shockley-Zalabak and Morreale (2011) see the openness and honesty dimension of trust as the way the organisation communicates issues such as problems, engages in disagreements, and provides input into job-related decisions. This dimension is evaluated positively when managers and supervisors keep confidentiality, and provide information about job performance and the evaluation of performance (Shockley-Zalabak & Morreale 2011). According to Shockley-Zalabak *et al* (2010), in an open and honest organisation, employees must get the information they want and need, when they want and need it, in a form they can use and understand that is not only truthful but also perceived to be truthful. Trust in the openness and honesty dimension, improves the ability of an organisation to collaborate, partner with others and execute the day-to-day strategy. According to the authors, an organisation will face difficulty in building high trust in the other dimensions without openness and

honesty being present (Shockley-Zalabak *et al* 2010). For superior information flow, adequate explanations and timely feedback form a strong basis for trust within the organisation. Thus, a need to share strategies is important in this regard. The constant engagement of leaders in the assessment of the current state of openness and honesty throughout the organisation is important. A strategy which is central to building trust to assist in this regard, is the availability of a comprehensive communication plan for the organisation.

#### - **Concern for Employees**

This dimension impacts on the communication and employment practices of the organisation (Shockley-Zalabak & Morreale 2011). If trust within an organisation is to exist, employees must feel that they are being heard. Their immediate supervisor/manager needs to listen and act on the employees' needs, ideas, or concerns. Also, the leaders need to bring relevant information to the employees and develop policies and procedures which will reflect the concerns and well-being of the employees. Items of importance include: health plans, safety procedures, performance evaluation, promotional practices and vacation plans (Shockley-Zalabak *et al* 2010). Furthermore, employees are more productive when they believe they are working in an organisation that cares for their well-being. To build trust, leaders need to continually evaluate policies, practices, and processes from a people perspective. High-trust organisations can communicate their concern for stakeholders by continuously aligning actual practice with communication efforts (Shockley-Zalabak & Morreale 2011).

#### - **Reliability**

This dimension focuses on leaders, supervisors, and managers keeping commitments and maintaining basic follow-through (Shockley-Zalabak *et al* 2010). For example, telling the employees in the organisation what needs to change and why, and consistently listening to the ideas, issues and the concerns of others (Shockley-Zalabak & Morreale 2011). A reliable organisation is a trusted organisation. Trust in reliability manifests itself within organisations where employees are able to determine whether their supervisors have followed through with what they say they are going to do. They watch to see whether their supervisors behave

consistently from day to day (Shockley-Zalabak & Morreale 2011). To build trust in reliability, leaders must understand not only their own reliability profile, but also the profile throughout the organisation. The advantage of trust in the reliability of organisations is twofold (Shockley-Zalabak *et al* 2010). On the one hand, it prompts employee job satisfaction, and improves their perception of organisational effectiveness. On the other hand, it helps employees and other relevant stakeholders believe that the organisation has the ability to meet the challenges during times of organisational crisis and problems (Shockley-Zalabak *et al* 2010). Lastly, the authors point out that organisations that promote accountability has leaders who are transparent, who take personal responsibility for results and who provide credit for high performance (Shockley-Zalabak & Moreale 2011).

#### **- Identification**

The identification driver of trust involves the connection between the organisation and the individual employees. This connection is most often based on core values (Shockley-Zalabak & Moreale 2011). This may explain why identification involves the connection the individual employee establishes between himself/herself, management/peers and the entire organisation. Shockley-Zalabak and Moreale (2011) indicate that identification comes when individuals believe their values are reflected in the values that the organisation exhibits on a daily basis. This can have an impact on the quality of the employee-management relationship. Thus, if there is a balance between the two parties, trust can be established. When the drivers discussed thus far are not properly in place, organisations will not enjoy a strong identification with their employees. Shockley-Zalabak and Moreale (2011) also note that organisational identification benefits organisations in several respects. For example, in the case of high performing organisations, it helps individuals cope during times of uncertainty. Antisocial behaviours such as rumours, dysfunctional conflicts, and lower productivity increase with uncertainty. Strong organisational identification moderates these negative behaviours, and contributes to the possibility of positive changes (Shockley-Zalabak *et al* 2010).

Shockley-Zalabak and Moreale (2011) indicate that a strategy for assessing how stakeholders identify with an organisation is vital. Thus, understanding the norms and values of the culture of the organisation is critical to building trust through

identification. This can be entrenched in the policies/practices and the communication plan of the organisation.

According to Shockley-Zalabak (2013:14-17), to realise a true trust environment within an organisation, the following intentional actions need to be taken:

- challenges which impact on the realisation of trust within an organisation, for example, rapidly changing technologies, downsizing, new competition and globalisation should be taken into account.
- develop a profile of organisational trust – a snapshot of how people view the company through the measuring of the five trust drivers discussed earlier.
- use specific measures to evaluate the organisational performance and productivity.
- the organisational policies and procedures need to be evaluated on a regular basis.
- leaders need to regularly review the organisational vision, strategies and operational plans, with a view to how they will affect trust among the organisation's stakeholders.
- building trust goes beyond developing skills; it also requires the education of all parties within the organisation such as executives and supervisors undergoing development programs.
- a comprehensive development plan within the organisation to communicate all developments to all the stakeholders properly. The plan once implemented, needs to be evaluated regularly according to how it supports the organisational competence, openness and honesty, reliability, and helping others identify with the organisation.

Some of the strengths and weaknesses, identified for the Shockley-Zalabak *et al* trust model, will follow:

### **Strengths**

The identification of the trust dimensions (drivers) as the basis for evaluating an organisation's trustworthiness in order to make a decision to trust, and then build trust, is an important feature of this model.

## Weaknesses

- The model fails to address the uniqueness of each individual which can impact on the trust equation.
- Although trust building is discussed in detail, very limited mention is made about trust repair should trust be broken.
- No mention is made of the different levels of trust which can be found within an organisation.
- The dynamic process which needs to be built between the trustor and the trustee is not indicated in the model.
- No indication is given of the so-called trust drivers (builders), or trust busters which can impact on trust within organisations.

In the next section, the hybrid model of Blanchard, Olmstead and Lawrence is discussed.

### 5.5.5 The Blanchard, Olmstead and Lawrence model of trust

The Blanchard, Olmstead and Lawrence model of trust is known as the “Trust works! ABCD Trust model”. The ABCD in the model stands for “Able”, “Believable”, “Connected”, and “Dependable”. These elements are necessary in the process of building and restoring trust within organisations. Table 5.8 indicates the four elements and their individual characteristics.

A brief discussion of the four elements in the model follows next.

- **Able:** demonstrating competence

To build trust, leaders in organisations need to be capable and competent to execute their duties. Consequently, achieving goals, and having a track record of success, will build trust between the parties through inspiration. It will inspire confidence. According to Blanchard *et al* (2013), able leaders also facilitate work effectively, develop credible project plans, systems and processes to assist teams within the organisation to achieve their goals. To achieve success, there needs to be a well-stated mission, a common vision, clear goals and expectations, and proper training provided to ensure that the desired results, are achieved. Typical questions to be asked here, according to the Ken Blanchard Companies (2010) are: Do the leaders know how to get the job done? Are they able to produce results? Do they have the

skills to make things happen – including knowing the organisation and equipping the people with resources and information they need to get that job done?

**TABLE 5.8:** The four elements of the ABCD Trust model

<b>Able:</b> <i>Demonstrate Competence</i>	<b>Believable:</b> <i>Act with Integrity</i>
<ul style="list-style-type: none"> <li>- Get quality results</li> <li>- Resolve problems</li> <li>- Develop skills</li> <li>- Be good at what you do.</li> <li>- Get experience</li> <li>- Use skills to assist others</li> <li>- Be the best at what you do</li> </ul>	<ul style="list-style-type: none"> <li>- Keep confidences</li> <li>- Admit when you are wrong</li> <li>- Be honest</li> <li>- Do not talk behind backs</li> <li>- Be sincere</li> <li>- Be non-judgemental</li> <li>- Show respect</li> </ul>
<b>Connected:</b> <i>Care about Others</i>	<b>Dependable:</b> <i>Maintain Reliability</i>
<ul style="list-style-type: none"> <li>- Listen well</li> <li>- Praise others</li> <li>- Show interest in others</li> <li>- Share about yourself</li> <li>- Work well with others</li> <li>- Show empathy for others</li> <li>- Ask for input</li> </ul>	<ul style="list-style-type: none"> <li>- Do what you say you will do</li> <li>- Be timely</li> <li>- Be responsive</li> <li>- Be organised</li> <li>- Be accountable</li> <li>- Follow up</li> <li>- Be consistent</li> </ul>

Source: Blanchard *et al* (2013)

- **Believable:** acting with integrity

For trust to exist, it is important that the leaders of organisations are honest in their dealings with people (Ken Blanchard Companies 2010). According to Ken Blanchard Companies (2010), this means creating and following fair processes. Thus, integrity is the key word. The fundamentals in this regard include: keeping promises, not lying or stretching the truth, and not gossiping (Blanchard *et al* 2013). Leaders become believable by having common values that are shared and used in decision-making, being open and truthful with information, admitting mistakes or organisational mistakes and having clear ethical and fair policies and practices (Blanchard *et al* 2013).

- **Connected:** care about others

Caring about others involves focussing on people and identifying their needs. This is an important building block in creating trust between parties. The method by which this can be achieved, is through good communication skills. A healthy flow of information pertaining to the leaders themselves and the organisation is essential – thus becoming transparent (Blanchard *et al* 2013). Divulging information about

oneself can create a sense of connection between the parties which can strengthen the trust bond (Ken Blanchard Companies 2010). Some of the motivational tools here include amongst others: recognising good work.

- **Dependable:** maintain reliability

The last key element of the Blanchard *et al*'s (2013) model is dependability, i.e. being reliable. This is important as one of the easiest ways of eroding trust is by not following through on commitments made (Blanchard *et al* 2013). Leaders become dependable by doing what they say they are going to do.

Achieving success with the above four key elements of the model is important. The Ken Blanchard Companies (2010) indicate that when people believe that they are working for trustworthy leaders, they are willing to invest their time and talent in making a difference in an organisation. This is ultimately the goal of high performing organisations.

Some strengths and weaknesses of the Blanchard *et al* model of trust will follow:

### **Strengths**

The identification of the four key elements along with the key behaviours are important building blocks which assist the trustor to evaluate the trustworthiness of the trustee in making a trusting decision. These elements thus play an important role in building and repairing trust within organisations.

### **Weaknesses**

- The model fails to address the uniqueness of each individual which can impact on the trust equation.
- No mention is made of the different levels of trust which can be found within an organisation.
- The dynamic process which needs to be built between the trustor and the trustee is not indicated in the model.

In the next section, the last group of models, namely the situational or context-specific models of trust are discussed.

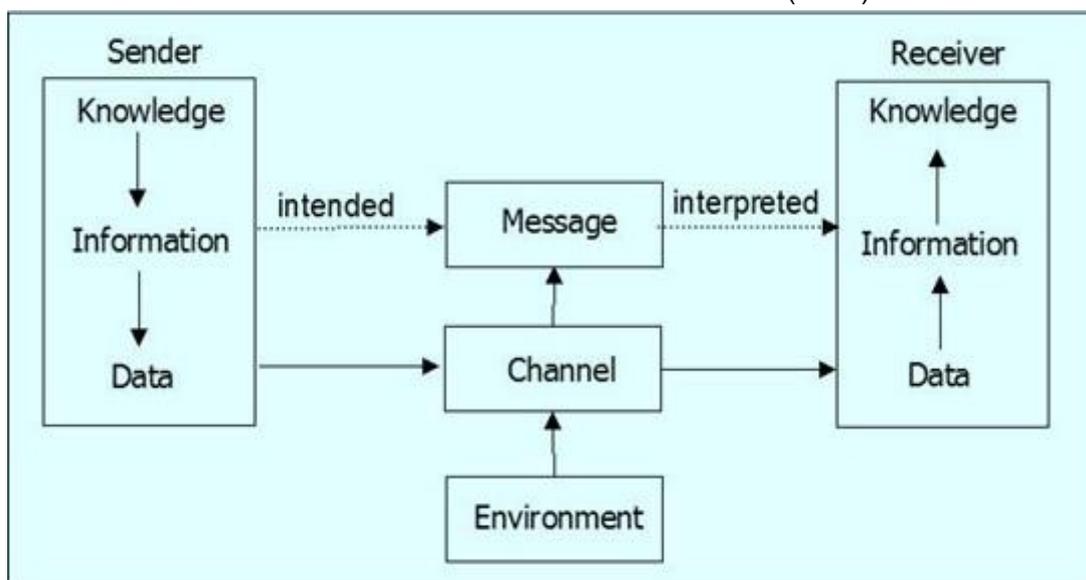
## 5.6 SITUATIONAL OR CONTEXT-SPECIFIC MODELS OF TRUST

The development of trust models in this category, takes a specific context or situation into account. Given that contextual factors such as societal and/or organisational culture influence trust, creators of these models argue that trust needs to be understood within a specific context. Typical, trust models following this approach are that of Schultz (2006), and McLeary and Cruise (2015). These models will be discussed next.

### 5.6.1 The Schultz Situational Trust Framework Model

The motivation for the design of the Schultz situational trust framework model is based on the similarity which exists between the aspect of communication and trust (Schultz 2006). For example, a sender of a message cannot be sure to be understood by the receiver of the message, and neither can the receiver be positive to understand the intention of the sender. In a similar way, a trustor cannot be certain that the trust placed in a specific transaction is respected by the trustee. The trustee in return, is unsure about the intention and expectations of a trustor (Schultz 2006). The model has been developed for consumer trust in E-commerce. The model is based on the communication model depicted in Figure 5.8 designed by Shannon and Weaver (1949), as cited in Shultz (2006), while in Figure 5.9, the trust framework model appears.

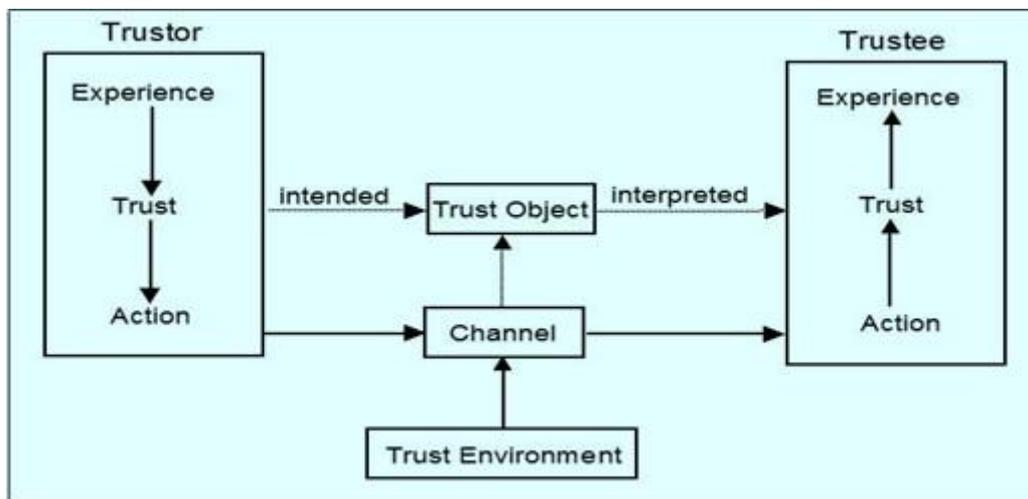
**Figure 5.8:** The communication model of Shannon and Weaver (1949)



Source: Schultz (2006:404)

A brief look will be taken first of the communication model. As indicated in Figure 5.8, this model consists of four major components, namely: (1) the sender, (2) the receiver, (3) the message, and (4) the environment. The process of communication generally consists of three phases, i.e. sending, transmitting, and receiving. The phases of sending and receiving are concerned with message formation, and comprehension by the sender and receiver, respectively. Basically, the intention of communication is to convey information from a person in the role of a sender, to a person in the role of a receiver, within a specific situation (environment). The information to be conveyed is derived from the sender's specific situation and pre-knowledge. By means of the transformation process, the information is then converted into the intended message. Relying on his/her situational context, and pre-knowledge, the receiver interprets the received message. A misunderstanding of the message can occur by noise originating from the environment, or from the divergence between the sender and receiver's pre-knowledge. Accordingly, the resulting transferred information depends on the inference of data and knowledge. A similar situation exists regarding the aspect of trust. This aspect will be discussed next by looking at the situational trust framework model as depicted in Figure 5.9.

**Figure 5.9:** The Schultz Situational trust framework model



Source: Schultz (2006:404)

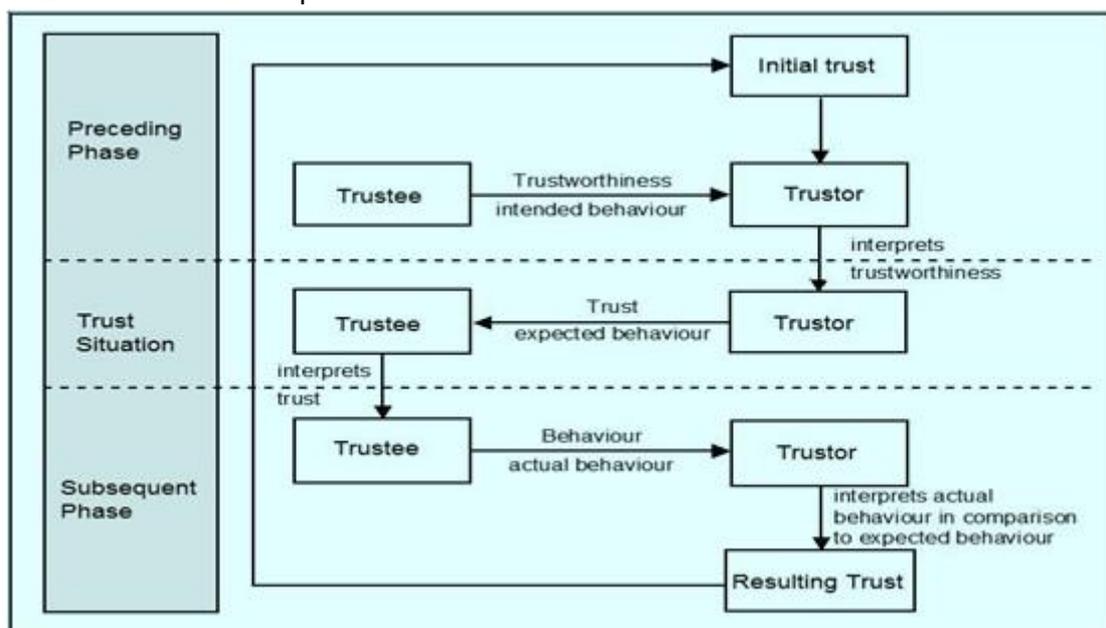
As is the case within the communication model, a trustor cannot be certain if the trust placed in a specific transaction is respected by the trustee. In return, the trustee cannot be sure of the intentions and expectations of a trustor. The situational trust framework model consists of the following components: (1) trustor, (2) trustee, (3) trust object, and (4) trust environment.

According to Schultz (2006), the trust object refers to the entity that the trust of the trustor revolves around. The intentions assigned to the trust object, are the positive expectations of the trustor to be fulfilled by the trustee. As trust is a psychological state it cannot be transferred; a trustee can only perceive the actions taken by the trustor to interact with the trustee. As a result the actions of the trustor, and the trustee respectively, represent the ground level, the level of interaction of the trust framework model (Schultz 2006). The central level and focus of the model, is trust, while the top level, is the experience. The central level of trust expresses the desirable way of communicating trust concerning the trust object, in contrast to the actual detour of the intention and interpretation process to convey trust from the trustor to the trustee. While the upper level of experience is the level of influence in the model where the experience affects the trust formation of a trustor and trust perception of a trustee in a specific situation. Thus, a trust decision is based upon the trustor's perception of and experience with the trustee, the trust object, and the environment. Schultz (2006:4) briefly describes the process as follows:

*A trustor willing to interact with a trustee formulates a trusting intention to engage in a transaction with a trustee. The formed intentions and expectations covering the trustee, the trust object, and the trust environment result into the actions, the trusting behaviour taken by the trustor.*

The above process is depicted in Figure 5.10.

**FIGURE 5.10:** An ideal sequential flow of a trust transaction



Source: Schultz (2006:406)

Some strengths and weaknesses of the Schultz trust model will follow:

### **Strengths**

- The model indicates in a simplistic manner the initial phase of the trust process.
- The model highlights the actions to be taken by the trustor and the trustee.

### **Weaknesses**

- The model fails to identify the different levels at which trust is found within the organisation.
- The model fails to indicate the influence of the trustor's experience, education, background, and personality on the intention to trust.
- There is no mention made of the maintenance or repair of trust should it be broken.
- No drivers of trust are indicated in the model.
- The effect of trust between the parties and its resulting impact on the organisation is not indicated.
- The aspect of different levels of trust is not addressed in the model.
- No indication is given of so-called trust drivers (builders), or trust busters which can impact on trust within organisations.

In the next section, the final model within the situational or context-specific group will be discussed. The model is known as the McLeary and Cruise organisational trust model.

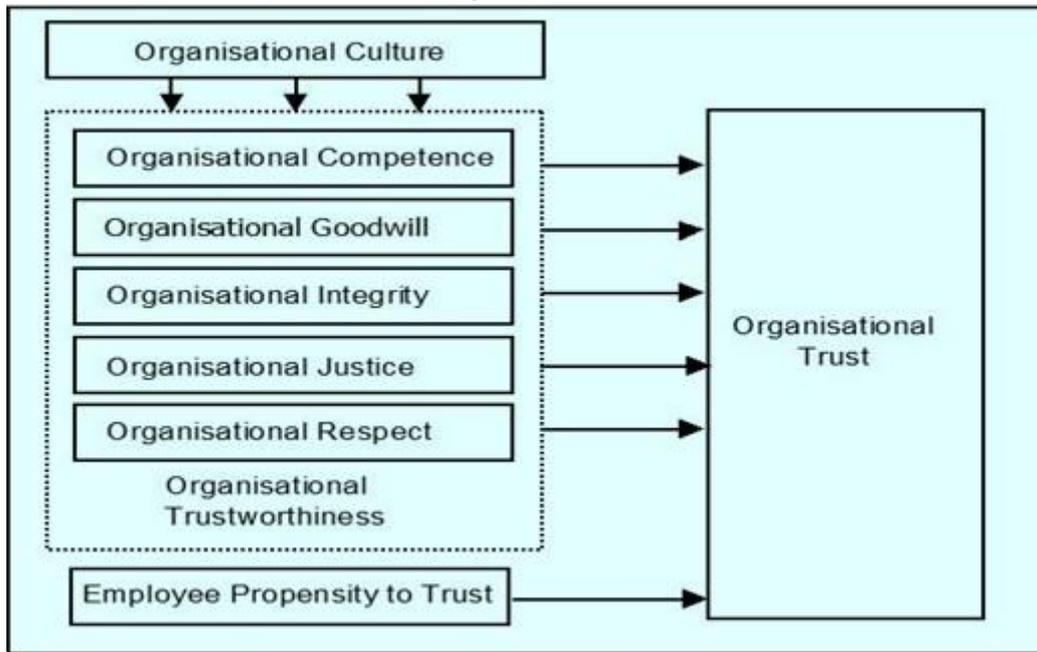
### **5.6.2 The McLeary and Cruise Organisational trust model**

Another context-specific trust model which has been developed by McLeary and Cruise (2015) and can be seen as a culturally tailored model is indicated in Figure 5.11.

The model is based on the work undertaken by Rawlins (2008). According to the authors, different cultures have different trust components which can impact on the trust within organisations, and subsequently affect organisational outcomes. The authors argue that the strict conceptualisation and operationalization of the phenomenon of trust within the parameters of western cultures, especially in individualistic societies, prevents the effective measure of trust (McLeary & Cruise

2015). In addition to focussing on the cognitive approach, as is the case with the majority of trust models, the authors propose that the role of culturally affective determinants also need to be considered. The affective-based trust is made of rational bonds that exist between individuals and these bonds form other bases on which people build their trust of each other. The authors have developed their model based on research undertaken in Jamaica.

**FIGURE 5.11:** The McLeary and Cruise organisational trust model



Source: As adapted from McLeary and Cruise (2015:304)

Some aspects relating to the strengths and weaknesses of the McLeary and Cruise model are highlighted as follows:

### **Strengths**

- The model has strengthened the measurement of trust within organisations by focussing on the characteristics within a culturally specific context through the inclusion of socio-affective components combined with cognitive determinants.
- The model has indicated that differences exist within individualistic and collectivistic societies and that these need to be taken into consideration.

### **Weaknesses**

- No mention is made of maintaining or repairing trust within organisations.
- No mention is made of the different levels of trust which can be found within organisations.

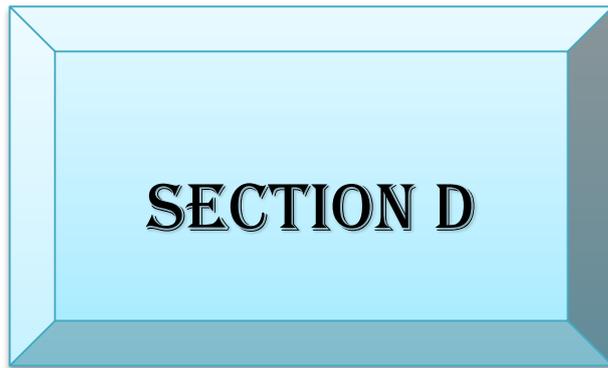
- No indication is given of so-called trust drivers (builders), or trust busters which can impact on trust within organisations.

In the foregoing chapters (Chapters 3 to 5), two specific research aims of this study in terms of the literature review have been realised, namely: to conceptualise trust from a theoretical perspective, and to identify the basic principles and best practices within the field of trust management.

## **5.7 CHAPTER SUMMARY**

In this chapter, important trust management models have been explored and evaluated against a checklist designed for this purpose based on the trust theory. The models have also been classified and presented into groups to gain a better understanding of the characteristics of the models. The models were classified into four groups, namely: cognitive, affective, combined (hybrid), and situational or context specific. The models address important aspects of the trust process; however, they fail to provide an integrated picture of the trust management process. Despite their strengths, they each also have weaknesses which needed to be addressed. No comprehensive integrated model of trust was thus found to exist within the literature.

In the light of this, an explanatory framework/building blocks for the proposed trust management model for organisations will be developed in the next chapter, namely Chapter 6.



**SECTION D**



**DEVELOPING A MODEL TO MANAGE TRUST IN  
ORGANISATIONS**

## CHAPTER 6

### DESIGNING AN EXPLANATORY FRAMEWORK/BUILDING BLOCKS FOR THE TRUST MANAGEMENT MODEL FOR ORGANISATIONS

#### 6.1 INTRODUCTION

This chapter, Chapter 6, introduces an explanatory framework/building blocks for the proposed trust management model for organisations, and the various components of the framework are discussed. Before addressing this aspect, the chapter examines the characteristics of models in general, relating to their nature and types, the concept of group model building, and the aspect of system dynamics.

#### 6.2 THE NATURE, CHARACTERISTICS, AND TYPES OF MODELS

The world out there can be substituted and simplified into models (Clement 2008; Ford 1999; Gianni, D'Ambrogio & Tolk 2015). This suggests that the knowledge and understanding of the real world can be represented in the form of models (Stockburger 1998). A model is a physical, symbolic representation, or simplified version of an object, a concept, a phenomenon, a relationship, a structure, a system, an event, a process, or an aspect of the real world (Ford 1999; Harré 2004; Business Dictionary 2016; Van Der Valk, Van Driel & De Vos 2007). According to Lave and March (1993:3), a model is:

*A simplified picture of a part of the real world. It has some of the characteristics of the real world, but not all of them. It is a set of interrelated guesses about the world. Like all pictures, a model is simpler than the phenomena it is supposed to represent or explain.*

Most phenomena are complex and complicated to understand in their entirety, and thus, a model contains only those features that are of primary importance to the model maker's purpose (Bailer-Jones 2003; Clement 2008). In line with this view, Stockburger (1998:15) considers a model as "a representation containing the essential structure of some object or event in the real world". The representation may take either physical or symbolic forms. Harré (2004) states that models are abstractions and idealisations. As an abstraction, a model excludes some features of

the subject matter, while retaining significant properties. As an idealisation, a model shows the properties of the subject matter in a more perfect form. It is, therefore, possible to have different models for the same phenomenon that do not interfere with each other. Modelling becomes possible, easier, and less complex when an aspect of a phenomenon is considered, and others are disregarded for the time being (Bailer-Jones 2003).

Models are used for several purposes including: facilitating understanding, enabling certain inferences, extending knowledge of the world, explaining, controlling, and predicting the world, guiding research, setting policy, and building a learning organisation (Barberousse & Ludwig 2009; Ford 1999; Stockburger 1998; Business Dictionary 2016).

According to Van Der Valk *et al* (2007), scientific models have the following common characteristics:

- a model is always related to a target or a subject, and is designed for a special purpose. A target or a subject is the actual object of the research which can be a phenomenon, an event, a process, a system, or an idea.
- a model serves as a research tool that is used to obtain information about the target which itself cannot be easily observed or measured directly. A model is used to find out about the less known, based on what is more familiar. Prediction or explanation is the primary purpose of a model in a scientific research.
- within the realm of valid use, a model bears some analogies to the target. The explanation of certain aspects may take place from the analogies between the model and the target. These analogies enable users to reach the purpose of the model, such as to derive hypotheses from the model, or to make predictions.
- a model differs in certain respects from the target. The differences make the model more attractive for research than the target. A model is kept as simple as possible to make the target attractive for observation, and other means of research.
- since there is a choice between a complex model that resembles the target, and a simpler model that is easier to handle, a model will always be the result of a compromise between the demands of “having analogies with” and “being different from” the target to optimally serve the purpose.

- a model does not interact directly with the target it represents. Consequently, there is always an element of creativity involved in its design, related to its purpose.
- several consensus models may co-exist with respect to the same target. Depending on the specific context and purpose, different choices, which result in the development or selection of different models, can be made. From the point of view of the precision requested, one model can be better than the other, at least for the time being.
- as part of the research activities, a model can evolve through an iterative process. Some aspects of a target, which are not represented by the initial model, may call for further exploration, and induce new observations or experimentation.

There are different types of models expressed in a diverse modelling style. Accordingly, models can be classified as: physical, theoretical, descriptive, analytical, hybrid (descriptive and analytical), domain specific, or system models (System Engineering Body of Knowledge - SEBoK 2017). As this classification of model types is appropriate to consider, they will be looked at next.

### **6.2.1 Physical model**

A physical model refers to a three-dimensional physical representation of objects (Achinstein 1968). Examples of this type of models include a model of a car or a train. By examining such models, facts thus represented can be determined. These models enable a researcher to understand the properties of the object shown by the model. It should be noted that most social science models are not physical but conceptual models (Shoemaker, Tankard & Lasorsa 2004).

### **6.2.2 Theoretical model**

A theoretical model is a tool that can be used in theory construction (Shoemaker *et al* 2004). According to Achinstein (1968), a theoretical model is a set of assumptions about an object or a system. Such a model describes a system according to the mechanisms that make up the actual system. A theoretical model is a representation of a system in the sense that it exists through the mutual interactions of the parts that combine to form a system. Examples of a system include: an atom, molecule, cell, organ, person, community, state, nation, the world and universe. A theoretical model

is a simplified approximation of different properties at a micro level that can be applied at a macro level. Examining the properties of the theoretical model, enables a description of what would happen at a macro level if such a model is applied there (Achinstein 1968). In this study, the various aspects of this type of model will be used in designing the proposed trust management model for organisations.

### **6.2.3 Descriptive model**

A descriptive model describes logical relationships that defines its parts, the interconnection between its parts, the functions that its components perform, or the test cases that are used to verify the system requirements. Models that describe the functional or physical structure of a system can be typical examples of descriptive models (SEBoK 2017). Some of the characteristics of this type of model will also be included in the development of the proposed model.

### **6.2.4 Analytical model**

Analytical models describe mathematical relationships. These models are of two types i.e. dynamic and static models. While dynamic models describe the time-varying state of a system, static models perform computations that do not represent the time-varying state of a system. A dynamic model can represent the performance of a system, such as for example, fuel consumption over time. A static model may represent the mass properties estimate or reliability prediction of a system or component (SEBoK 2017).

### **6.2.5 Hybrid (descriptive and analytical) model**

A model can include descriptive and analytical aspects at the same time, and these models are called hybrid models. In these models, the logical relationships of a descriptive model can be analysed, and inferences can be made about the system (SEBoK 2017). Integrating descriptive and analytical models helps to realise the benefits of a model-based approach (SEBoK 2017).

### **6.2.6 Domain-specific model**

Both descriptive and analytical models can also be classified per the domain that they represent (SEBoK 2017). Accordingly, based on *properties of the system*, models can be classified as performance, reliability, mass properties, power, structural, or thermal models; based on *design and technology implementation*,

models can be classified as electrical, mechanical, and software design models; based on *subsystems and products communications*, fault management, or power distribution models can be identified; and based on *system applications* a model can be referred to as information systems, automotive systems, aerospace systems, or medical device models (SEBoK 2017).

### **6.2.7 System model**

System models can be hybrid models i.e. both descriptive and analytical. To ensure a consistent and cohesive system representation, these models often include several modelling domains that must be integrated. Thus, the system model needs to provide both general-purpose system constructs and domain-specific constructs that are shared across modelling domains (SEBoK 2017). A system model can support planning, requirements, design, analysis, and verification (SEBoK 2017).

Accordingly, in this study, the proposed trust management model will employ a hybrid of descriptive, analytical, and theoretical models. While the descriptive aspect is used to identify the different components of the model and their interconnection and relationships, the analytical aspect is employed to determine the contents of the components to satisfy the requirements of the model, and the theoretical model to support the basic foundation of the model.

When designing the model, it is important to gain inputs from management, supervisors, and employees, which then involve the aspect of group model building, which will be discussed next (Vennix 1996).

## **6.3 GROUP MODEL BUILDING**

In group model building, the process of building a model starts from the different perceptions of the participants as it is “a participatory method for involving people in a modelling process” (Hovmand 2014:6). People’s mental models are limited by human information processing abilities, but system dynamics helps elicit and integrate mental models into a more complete view of the problem, and explore the dynamics of this holistic view (Hovmand 2014; Vennix 1996).

People tend to think in terms of causal processes. However, they tend to think in simple causal chains, rather than networks of related variables. Consequently, they

face difficulty in identifying interconnections between different aspects of a problem, and think in causal networks. In that sense, system dynamics helps create a more adequate problem description by eliciting the hidden causal assumptions, and integrating them into a more complete representation of the problem (Vennix 1996).

According to Vennix (1996), in the group model-building process, team members exchange their perceptions of a problem and explore the following questions:

- what exactly is the problem being faced?
- how did the problematic situation originate?
- what might be its underlying causes?
- how can the problem be effectively handled?

Group model building can be considered as “an organisational intervention process of coming between or among persons, groups or objects for the purpose of helping them” (Vennix 1996:4). The goal of the intervention is not so much to build a system dynamics model, as it is a means to achieve other ends. Hence, group model building is a learning process of a problem with the goal of creating a shared social reality that results in a shared understanding of the problem and potential solutions, and is a means to support strategic decision-making (Rouwette, Korzilius, Vennix & Jacobs 2010; Scott 2018; Vennix 1996). Applying group model building to the management of trust in the workplace will create an understanding of the problem of trust among employers and employees (i.e. shared social reality), foster a common understanding of the trust problems, and the negative consequences thereof (i.e. shared understanding of the problem), and enable them to jointly devise mechanisms to prevent and manage the behaviours that cause the problem (i.e. potential solutions).

Group model building is based on the system dynamics methodology. It focuses on building system dynamics models to enhance learning, to foster consensus, and to create commitment with a resulting decision within a team or an organisation (Vennix 1996). When problems become more complex, members of the team, or the organisation will have a limited view of the problem. What is needed is to enhance learning within the team/organisation to expand the view of the problem, and to identify courses of action in which all team members will feel confident and to which they all feel committed (Vennix 1996). System dynamics is discussed next.

## 6.4 SYSTEM DYNAMICS

System dynamics is a perspective and a set of conceptual tools that help understand the structure and dynamics of complex systems (Bérard 2010; Forrester 1999; Sterman 2000). A complex system refers to a higher-order, multiple-loop, and nonlinear feedback structure (Forrester 2007; Sterman 2000). According to Sterman (2000), three dimensions often define the complexity of a system, namely: the number of elements involved (quantity), the number of interrelationships between the elements (connectivity), and the inter-functional connection between the elements of the system (functionality). Complex systems have special responses which cause many of the failures and frustrations experienced in trying to improve their behaviour. Social systems such as organisations are examples of complex systems (Gianni *et al* 2015).

System dynamics modelling is a method which enables the design of more effective policies and organisations (Sterman 2000). The goal of system dynamics modelling is thus the improvement of a systems performance (Rouwette *et al* 2010). According to Vennix (1996) and Forrester (1999), to model the dynamic behaviour of a system, the following four hierarchies of structure need to be recognised:

- a) the closed-system boundary
- b) the feedback-loop structure
- c) levels and rates
- d) goals, observed conditions, discrepancies between goals and observed conditions, and desired actions.

These hierarchical levels are discussed next.

- a) The closed-system boundary

A starting point for system dynamics is the idea of a closed boundary (Vennix 1996). To develop a complete concept of a system, the boundary must be established within which the system interactions take place that give the system its characteristic behaviour. The boundary is chosen to include those interacting components necessary to generate the modes of behaviour of interest. The closed boundary concept implies that the system behaviour of interest is not imposed from the

outside, but created within the boundary. This, however, does not mean that the system remains unaffected by outside occurrences. But, outside occurrences are assumed to be random happenings, and do not give intrinsic growth and stability characteristics to the system (Forrester 1999).

In this study, the closed-system boundary refers to the hypothetical boundary that delineates each organisation from the external environment. Influences from the outside environment will not necessarily create the causes or the symptoms of the high or low trust culture within organisations. This is because high or low trust in an organisation results from unhealthy interpersonal relationships between employees, with their co-workers/team members or supervisors, as well as the inappropriate implementation of policies, strategies, and practices by top management or the organisation.

#### b) The feedback - loop structure

The dynamic behaviour of systems is generated within feedback loops. Feedback loops are the fundamental building blocks of systems (Forrester 1999). From a system dynamics point of view; the behaviour of the system is determined by the structure of interacting feedback loops inside the closed boundary. Feedback loops can be positive i.e. reinforce a behaviour, or negative i.e. stabilise a behaviour (Sterman 2000; Vennix 1996).

#### c) Levels and Rates

A feedback loop is composed of two kinds of variables - rate and level variables. These two kinds of variables are necessary and sufficient. The simplest possible feedback loop in a system dynamics model must contain one of each. A feedback loop is a structure within which a decision point – the rate equation – controls a flow or action stream. The action is accumulated to generate a system level (Forrester 1999). Levels represent accumulations within the system, e.g. the number of employees at a given time (Vennix 1996). Information about the level is the basis on which the flow rate is controlled (Forrester 1999). For instance, if the level of trust in the workplace is perceived to be low, the need for trust reinforcing actions tends to be higher.

- d) Goals, observed conditions, discrepancy between goals and observed conditions, and desired actions

Any feedback loop contains at least a one level variable. In a negative or stabilising loop, if an observed state of the system shows a discrepancy with a desired state, this calls for a decision to close the gap between the perceived and desired state. Consequently, the decision alters the observed state of the system. The newly observed state of the system will again be compared to the desired state, which will lead to a new decision depending on the value of the discrepancy between desired and observed conditions (Vennix 1996).

In relation to the proposed trust management model for organisations, this process can be applied as follows:

- the goal or desired state will be the building or restoration of a high-trust work environment.
- feedback will be received from the organisational trust profile, if there is a low-trust situation developing in the workplace, which constitutes a discrepancy in the desired state of a high-trust work environment.
- formal processes will be introduced into the work environment to avoid different forms of trust eroding behaviours, and these processes should achieve the desired state of a high-trust work environment.
- the work environment will then be evaluated to determine whether or not the introduction of the formal processes has had the effect of building or restoring the desired state of high trust in the work environment.

In addition to the four hierarchies of structure, in a system dynamics model building process, Vennix (1996) identifies seven stages. These stages are listed, and described, in relation to this study, as follows:

- 1) Problem identification and model purpose
- 2) System conceptualisation
- 3) Model formulation
- 4) Testing
- 5) Model evaluation
- 6) Policy analysis
- 7) Model use or implementation

The primary purpose of system dynamics is to build a model with which one can understand the system's structure, and behaviour, as well as to design policies, to alleviate problems in the system. It is important to note that the model goes through constant iteration, continual questioning, testing, and refinement (Sterman 2000; Ford 1999). The process begins with the identification of a problem, and ends with the implementation of a solution, as is briefly discussed next.

#### 1) Problem identification and model purpose

Problem identification is the first step in modelling, as the problem is the starting point in the model building process (Black 2013; Ford 1999; Sterman 2000). The need to identify the problem, and understand how it arises endogenously comes from the need to avoid or reduce its undesirable consequences (Black 2013). There is also a need to have a purpose for the study, and to decide what to include in the model and what to leave out (Sterman 2000; Vennix 1996). Without an understanding of the purpose for which the model is to be used, it is impossible to determine whether to use it as a basis for action (Sterman 2000). Thus, the process starts with the identification of problematic behaviour within the work environment, which in this study are the problems associated with trust in the workplace within organisations. The trust management model will serve to address the problem, resulting in an understanding of the required courses of action for building, maintaining, and repairing trust within organisations.

#### 2) System conceptualisation

Since the system boundary determines what belongs to the system, an important step in conceptualising a system for building a system dynamics model, is to settle on a system boundary (Vennix 1996). The boundary is chosen to include those interacting elements necessary to generate the modes of behaviour of interest (Forrester 1999). Hence, the question in the choice of a boundary is whether an element can be omitted without destroying the purpose of the study or misrepresenting the problematic behaviour. Based on the answer to this question, the boundary can be drawn narrowly or broadly (Vennix 1996).

The dynamic behaviour of systems is generated within feedback loops which are the building blocks of systems. A feedback loop is composed of two variables known as *flow* and *level (stock)* variables (Ford 1999). Levels represent the (observed) state of

the system in a system dynamics model, and their value can be changed by flows. For example, a level can be a bank balance which will be increased by deposits which flow into the balance and will be reduced by withdrawals which flow out of the balance (Ford 1999; Forrester 1999; Vennix 1996). In this study, a level is represented by the “trust account” (Covey & Merrill 2006) of co-workers, supervisors, and the top management/organisation which will be increased by the behaviours and actions that demonstrate trustworthiness characteristics, such as ability, integrity, benevolence, predictability, respect and justice, and will be decreased by trust destroying behaviours and actions of these parties such as injustice, incompetence, dishonesty, and lack of care and concern for employees, as well as other stakeholders, known as trust busters.

### 3) Model formulation

Model formulation refers to specifying equations for each relationship in the model and to quantify the model’s parameters. The relationship in a system dynamic model relates to two types of flows: material and information flows (Vennix 1996). Material flow refers to goods that move from one point in the model to another, while information flow refers to information from some point in the system that is used to produce a decision elsewhere in the model. In the case of trust violation in the workplace, the actual form of the trust violation influences a decision elsewhere in the trust management model to deal with that specific violation. Model formulation requires designing an equation to represent the identified problem (Vennix 1996). For example, the type of action to be taken once the problem of trust has occurred can be represented by the following equation.

Need for dealing with the problem of trust	=	Intentionality of trust violating behaviour	X	Severity of trust violating behaviour	X	Frequency of trust violating behaviour
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Thus, the need for dealing with the problem of trust depends on the intentionality, severity, and frequency of the trust violating behaviour (Grover *et al* 2017).

### 4) Testing

The intention of model testing is to increase understanding of the model behaviour, and gain more insight into the system under study (Vennix 1996). This can be

carried out through simulation models. The final goal of modelling is to solve a problem. For example, system improvement tests inquire whether the modelling process helped change the system for the better. To pass the test, the modelling process must identify policies that lead to improvement, those policies must be implemented, and the performance of the system must improve as a result (Sterman 2000). In sensitivity analysis, as part of the testing process, the modeller determines how sensitive the model behaviour is to changes in the parameter values (Vennix 1996). According to Sterman (2000), sensitivity analysis often shows that the modes of behaviour and response to policies of the system are often unaffected by wide ranges of variation in the assumed values of relationships.

In the case of developing a trust management model for organisations, the sensitivity analysis will involve a process of varying the intentionality, severity, and frequency of the trust violating behaviour in order to establish whether or not the model is capable of adapting and dealing with such variations.

#### 5) Model evaluation

Another question in the process of model building relates to the adequacy of the model (Vennix 1996). The underlying issue at this stage is how accurately the model represents the system under study. In system dynamics, this is referred to as the model's validity. Validation can be studied at macro-level (i.e. issues relating to epistemological questions) and micro-level (i.e. issues relating to the actual test of model validity). The final test of a model is whether the model can replicate the behaviour to which it refers (Vennix 1996). For instance, the validity of the model to manage the problem of trust in the workplace is determined by: (a) whether it succeeds in preventing the problem of trust proactively, and (b) whether it can deal with the problem once it has occurred.

Absolutely valid models which perfectly represent a system under study do not exist (Vennix 1996). Therefore, in this study, a requisite decision model is developed. A requisite decision model is one whose form and content are sufficient to solve a problem. This means that a model is built with a specific purpose of solving a particular problem (Vennix 1996).

## 6) Policy analysis

The rationale for building a system dynamics model is to test a variety of policies to improve the performance of the system. Policy analyses focus on changes in decision points in the model and their effects on certain outcomes. Changes in decision functions can involve parameter and structural changes (Vennix 1996).

Organisations do not formulate a standalone trust policy as trust does not function in isolation. Hence, in the proposed trust management model, the building, maintaining, and repairing efforts will be analysed to determine whether these can achieve the desired outcome of building a high-trust workplace.

## 7) Model use or implementation

Once a model has been constructed, the next phase is the implementation of the model's results. According to Vennix (1996), if the model that has been built reveals that a particular policy produces significant improvement, and the policy itself is robust, the next step is to implement the policy. Thus, once the proposed trust management model has been tested in the banking sector in Ethiopia, it should be possible to use it into a wide area of application.

The researcher took group model building, particularly hierarchical levels, and stages in system dynamics, into account in designing the proposed trust management model for organisations. In the following sections, the individual components/steps within the explanatory framework/building blocks will be discussed and evaluated.

## **6.5 EXPLANATORY FRAMEWORK/BUILDING BLOCKS FOR THE PROPOSED TRUST MANAGEMENT MODEL FOR ORGANISATIONS**

As indicated earlier in the theoretical chapters (Chapters 3-5), trust has become something that business and human relations need more than ever before (Mishra & Mishra 2013; Röttger 2018). In order to manage trust, an explanatory framework / building blocks for a trust management model is proposed to establish the mechanisms in which, workers, co-workers, supervisors, managers, and the organisation can utilise, to enhance a culture of trust within organisations.

The explanatory framework/building blocks for the proposed trust management model for organisations, which appears in Figure 6.1, consists of components for the

awareness, appreciation and understanding of trust as well as the building, maintaining and repairing of trust at the different levels within the organisation. The framework focusses on the actions of stakeholders within the organisational environment, such as the top management, immediate supervisors, co-workers and the individual. A component relating to the impact of the external environment is also part of the explanatory framework/building blocks. The relationship between these groups of stakeholders all can either have a positive or negative effect on the climate/culture of trust.

The explanatory framework/building blocks provides steps in the trust process from the involvement of the management/leadership regarding their awareness, appreciation and understanding of trust, to the trusting parties' actions and behaviours that build or bust trust, the provisioning of trust awareness training for employees, supervisors and managers all within the context of the external challenges facing each specific organisation.

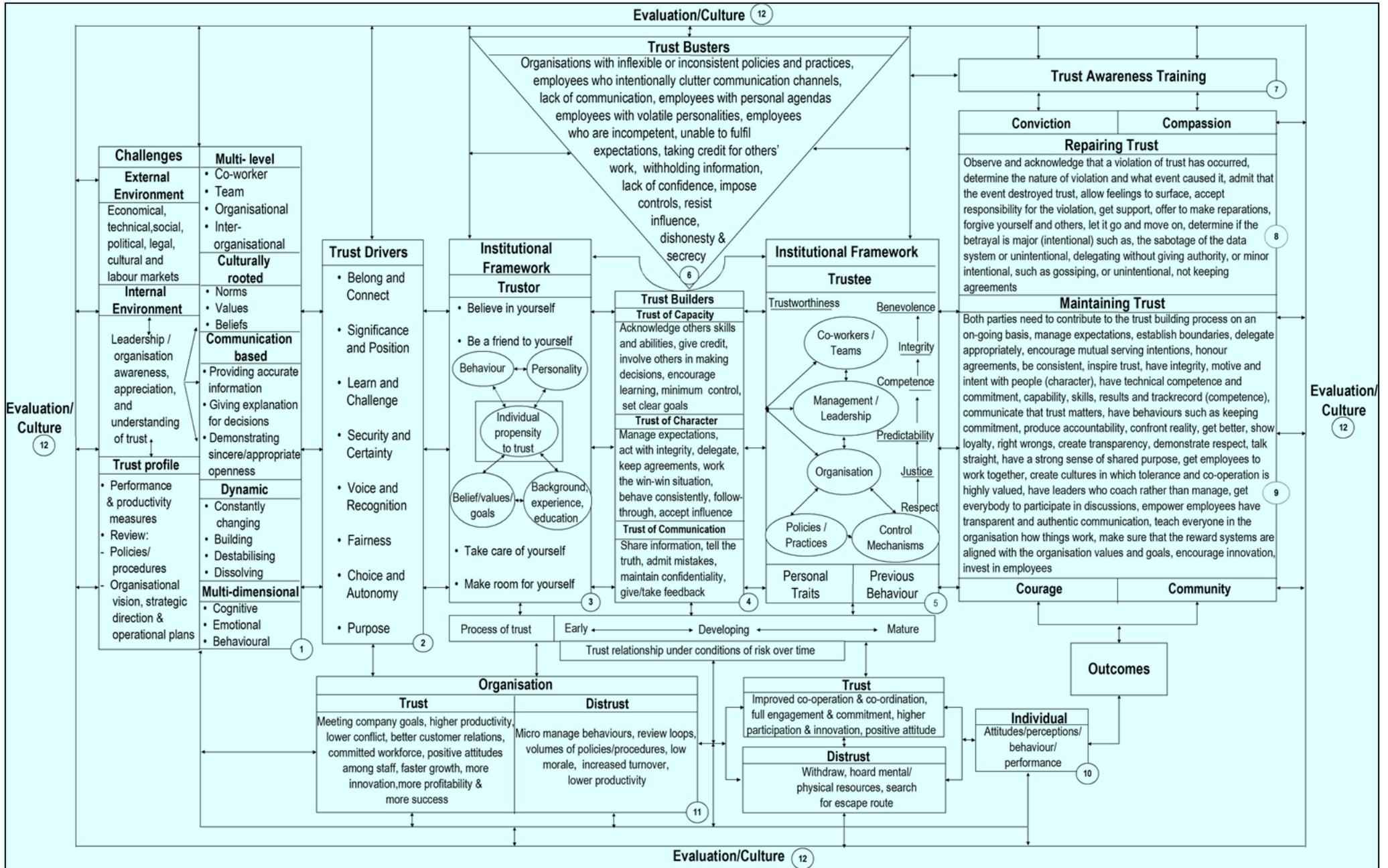
At each step of the explanatory framework/building blocks, actions are proposed which will form the basis for the development of a culture of trust within organisations. The framework is interactive and integrative, and at each step it permits both exchange and feedback. The framework might create the impression that trust is a separate element within an organisation, however, this is not the case. Organisations do not formulate a standalone trust policy as it does not function in isolation, the trust policy must be infused in the organisational processes, procedures and events including goals, policies, practices, strategies and the organisation culture.

The individual components of the explanatory framework/building blocks will be discussed next.

### **6.5.1 Step 1 – Internal and external environment challenges**

Step 1 of the explanatory framework/building blocks consists of two sections: the external environment challenges and the internal environment challenges. These can all impact on the trust climate within organisations. These aspects will be discussed briefly next.

**FIGURE 6.1:** Explanatory Framework/Building Blocks for the Proposed Trust Management Model for Organisations



### 6.5.1.1 External environment challenges

The systematic identification and analysis of the external environment is vital as this will identify potential threats and opportunities which can have an impact on an organisation's performance. As indicated in the explanatory framework/building blocks, changes taking place in the economical, technological, social, political, legal and cultural environment as well as in the labour market must be monitored on an ongoing basis. This scanning may be undertaken formally by means of a proper constructed scanning team or informally by means of attending seminars, reading newspapers, or other publications. Typical questions to be asked here are:

- how can the present economic situation influence the labour market and the consequence growth of the organisation?
- what social norms affect the behaviour of workers?
- what are the present government's policies?
- what labour laws are contemplated?
- what is the population growth rate, education level, market mobility of the labour market?

These challenges can be analysed by undertaking a SWOT analysis (strengths, weaknesses, opportunities and threats) exercise. In Figure 6.2 below, an example of such an exercise is indicated. It should be noted that this is a combined type of result and not focussed on a specific challenge.

**Figure 6.2:** A typical example of a SWOT exercise

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"><li>- Education, knowledge, experience of staff</li><li>- Leadership skills</li><li>- Strength of hiring strategy</li><li>- Low turnover rates</li><li>- Compensation package</li><li>- Work ethics within the organisation</li></ul>	<ul style="list-style-type: none"><li>- Education, knowledge, experience of staff</li><li>- Budget constraints</li><li>- Reputation in job market as employer</li><li>- Morale of employees</li><li>- Lack of training infrastructure</li><li>- Workforce supply does not fit demand</li><li>- High cost of doing business due to low productivity levels in the organisation</li></ul>

**Figure 6.2:** A typical example of a SWOT exercise (*Contd.*)

Opportunities	Threats
<ul style="list-style-type: none"> <li>- Employees showing leadership abilities</li> <li>- Innovative climate in the organisation</li> <li>- Utilising retirees knowledge/experience</li> <li>- Investment in talent retention and attraction</li> <li>- Proper succession planning</li> </ul>	<ul style="list-style-type: none"> <li>- Changes in business or to the employees' job responsibilities</li> <li>- Competitors offering better working conditions</li> <li>- Low unemployment levels in the country</li> <li>- Competition for human capital on local/regional, global level</li> <li>- Shortage of specialised workers</li> <li>- General economy of the country</li> </ul>

Source: Mayhew (2018) and Scilly (n.d.)

### 6.5.1.2 Internal environment challenges

The internal challenges relating to the management of trust within the organisation fall into two groups. Those challenges facing the leadership/organisation, and the challenges which are forthcoming from the trust profile of the organisation.

#### 6.5.1.2.1 Challenges facing the leadership/the organisation

As indicated in the explanatory framework/building blocks (see Figure 6.1), the leadership/organisation needs to exhibit the following characteristics relating to trust within the organisation. The leadership/organisation needs to have an awareness of the existence of trust within the organisation, appreciate the presence of trust and also what trust entails, i.e. its importance for organisational success, amongst others. These groups/stakeholders need to have a very clear understanding of the following characteristics of the concept of trust as indicated by Paine (2013) and Shockley-Zalabak and Ellis (2006), namely that:

- trust is multi-level: trust results from the interactions that span co-worker, team, organisational, and inter-organisational alliances.
- trust is culturally rooted: trust is culturally rooted in the sense that it is closely tied to the norms, values, and beliefs of the organisational culture.
- trust is communication-based: trust is the result of various communication behaviours, such as providing accurate information, giving explanations for decisions, and demonstrating sincere and appropriate openness.
- trust is dynamic: since trust is a constantly changing construct, it goes through different phases of building, destabilising, and dissolving.

- trust is multi-dimensional: trust includes many factors at the cognitive, emotional, and behavioural levels, all of which affect an individual's perception of trust.

The process of bringing these aspects to the attention of the staff can be undertaken through a number of seminars for the staff.

Besides the above, it is also important that the type of leadership style which exists in the organisation be investigated. Thus, for trust to grow within an organisation, an enabling work environment needs to be developed by the appropriate leadership style. The leadership of an organisation plays a role in creating and maintaining a collaborative environment through connecting people, their knowledge and expertise (Kaats & Opheij 2014; Mattessich, Murray-Close & Monsey 2001; Patel, Pettitt & Wilson 2012). Leaders of collaboration need to have credibility and gain the acceptance of the employees (Kaats & Opheij 2014). Mattessich *et al* (2001) indicate that leaders must be able to manage both structural and relational processes, hence it is important that they are skilled in organising and relationship building.

It is important to note that both transactional and transformational leadership styles are associated with effective collaboration (Patel *et al* 2012). Transactional leadership is required for collaboration as it encompasses the provision of resources, managing tasks and the implementation of rewards for performance (Chang, Johnson & Yang 2007). The provisioning of systems and processes that support the collaboration objectives and the removal of obstacles are vital.

On the other hand, transformational leaders play a role in formulating, maintaining and changing organisational culture (Patel *et al* 2012; Schein 2010; Schabracq 2007). Thus, for organisations aspiring to achieve a collaborative culture, transformational leadership can be considered critical. Furthermore, transformational leaders can improve the quality of communication and the level of trust within teams which are currently prevalent in most organisations (Cha, Kim, Lee & Bachrach 2015).

Trust is one of the factors fostering successful collaboration (Özer & Zheng 2019). It should also be noted that a strong interpersonal connection is a requirement for effective collaboration, and this can only be realised if a healthy trust environment exists (Frey, Lohmeier, Lee & Tollefson 2006; Gajda 2004). Consequently, as the

collaboration develops, changes to the relational dynamics are likely to occur. As role clarity increase, the level of trust develops, the level of shared decision-making increases, and group productivity increases (Kim 2019; Peterson 1991).

To determine the type of leadership style present within the organisation, use can be made of the questionnaires which have over the years been validated in numerous research studies, namely: the Transformational Leadership Questionnaire (TLQ – LGV), Multifactor Leadership Questionnaire (MLQ), and Langley's Value Scale (VS).

#### **6.5.1.2.2 Trust profile**

In order to integrate the information obtained, from the external and internal challenges facing the organisation, a further step is required, i.e. evaluating the present state of trust within the organisation. This is known as the *trust profile* of the organisation. The profile can be seen as a comprehensive and multi-dimensional snapshot of the current level of trust within the organisation (Self-Management Group 2008; Shockley-Zalabak 2013). This information can be obtained by making use of an Organisational Trust Index (OTI) (see Appendix K). The OTI which is comprehensive in nature, provides information on the dimensions of ethics, integrity, confidence, benevolence, transparency and predictability for the organisation, the manager, and the co-workers. It allows the organisation to do a gap analysis on these dimensions to enable it to determine its strengths and weaknesses in the relevant areas, as far as it pertains to the trust element.

Trust is also reflected in other different sets of organisational outcomes which need to be investigated to complete the trust profile. Included here, as indicated in the explanatory framework/building blocks, are: the measurement of organisational performance and employee productivity, and an in-depth evaluation of the organisation's vision, strategic direction, policies/procedures, and operational plans. A brief discussion of these components follows.

##### *6.5.1.2.2.1 Performance and productivity measures*

Productivity can be seen as the way that an organisation operates (Schwisow n.d.). These are: the interaction of the employees, organisational processes, different functional units and the suppliers that are in place to meet the needs of the

customers. Improvements in the way the organisation operates can be seen as a productivity improvement. Thus, the existence of a strong trust relationship between the individual stakeholders will strengthen the productivity of the organisation. Shockley-Zalabak (2013:15) remarks that “high-trust organisations demonstrate greater performance and productivity compared to their low-trust counterparts”.

Based on the above discussion, a formula for the measurement of productivity (Schwisow n.d.) can be expressed as follows:

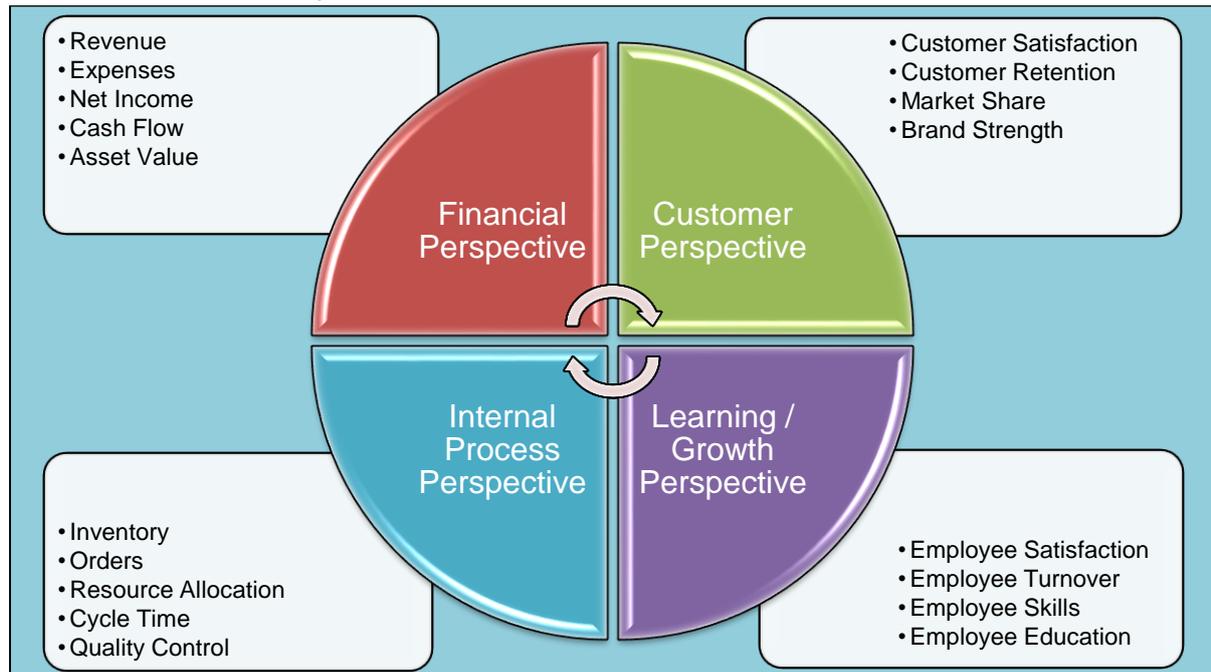
$$\text{Productivity Measure} = \text{Units of Output} \div \text{Units of Input}$$

It is important to take note that the measurement of productivity is complex, and that it should be seen as only one of several activities to use to assess the effectiveness of continuous improvement and business changes. Other indicators which can also be used include: customer reaction, sales trends, responsiveness factors like speed to the market, and quality measures such as defect reduction (Schwisow n.d.). These indicators connect with the general measurement of organisational performance, the second component.

According to (Veyrat 2016), the metrics of organisational performance are known as Key Performance Indicators (KPIs). These performance indicators can be used to show if the organisation is achieving its objectives, known as its strategic goals. A widely used tool to assist in determining the realisation of these goals is known as the Balanced Scorecard, as indicated in Figure 6.3.

To activate the scorecard, managers can translate the goals of the organisation as they relate to the four perspectives, i.e. financial, customer, internal processes, and learning/growth, into specific measures that reflect the factors. For example, in the case of the customer perspective, this will include: customer satisfaction, customer retention, market share, and brand strength as indicated in Figure 6.3. By determining changes for these components for specific periods of time, for example six months, strengths or weaknesses of the organisation can be established. Following this analysis, it is also important to review the organisation’s policies /procedures, vision, strategic direction, and operation plans relating to the specific components of the scorecard.

**FIGURE 6.3:** An example of a balanced scorecard



Source: Veyrat (2016)

#### 6.5.1.2.2.2 *Reviewing policies/procedures, organisational vision, strategic direction, and operational plans*

Organisational policies and practices can convey implicit and explicit messages relating to trust (Shockley-Zalabak & Ellis 2006). Therefore, organisations are required not only to design and implement policies and practices in a way that communicate the trust values of the organisation, but also to make regular reviews. A trust supportive policy and procedure is one which empowers employees to do what is right (Shockley-Zalabak 2013). The organisation thus, needs to eliminate redundant policies and procedures that reduce trust. A wide variety of policies and practices must be considered in the review process including: hiring policies and practices, performance feedback, compensation, disciplinary processes, benefits, vendor policies and practices, customer relationships, financial reporting, media relations, and confidentiality of private information (Shockley-Zalabak 2013).

The organisation's vision, strategic direction, and operation plans are also subject to a review process with respect to how they affect trust amongst the key stakeholders of the organisation. The difficult strategic decisions that can be made during the review process need to be framed and communicated honestly to the stakeholders,

as the message about these decisions will impact on their perception of the organisation's competence, reliability and concern (Shockley-Zalabak 2013).

Having completed the activities contained in Step 1 of the explanatory framework/building blocks, the organisation will be able to gain insight into the strengths and weaknesses of its trust culture. This step will also highlight opportunities and threats in this area. To address these challenges, the organisation needs to move to Step 2 of the explanatory framework/building blocks, namely Trust drivers.

### **6.5.2 Step 2 – Trust drivers**

The activity of this step is to continue to keep the culture of trust vibrant within the organisation by exercising a number of steps, and depending on the results in Step 1, to strengthen some of the activities specifically. A wide range of trust drivers are available for organisations to use. The trust drivers discussed by Taylor (2013) and Unum (2013) based on the Jacobs Model (2012), as cited in Working Families and Jacobs (2013), are important, and are included in the explanatory framework/building blocks. These drivers and their implications will be briefly discussed.

#### **6.5.2.1 Belong and Connect**

Leaders need to know that if employees feel excluded in the workplace, they will feel threatened, and consequently, their well-being will be affected. Therefore, leaders need to establish emotional connections with teams and individuals, and remove feelings of isolation. It must be ensured that employees feel connected with their co-workers, supervisors, management, and the organisation. This can be achieved by means of regular team building and rapport building activities (Taylor 2013; Unum 2013).

#### **6.5.2.2 Significance and Position**

Leaders need to understand that employees continually assess their role and contribution within their organisation. It is thus important to consider individual significance and position while developing performance and talent management strategies of the organisation. If employees do not feel valued, they can feel threatened, and their performance will be negatively impacted. This can be made

practical by helping the team members feel valued and purposeful as part of the team and the organisation (Taylor 2013; Unum 2013).

### **6.5.2.3 Learn and Challenge**

The work environment is constantly changing. To adapt to this environment, employees need to go through continuous learning. Since employees who feel challenged are more productive, performance management and development plans need to incorporate accessible and relevant challenges. Moving employees from the jobs that are no longer challenging, or giving them an opportunity to learn jobs that are challenging, and creating a safe environment to learn, can help leaders achieve this trust driver (Taylor 2013; Unum 2013).

### **6.5.2.4 Security and Certainty**

One of the factors that threatens employees, and negatively affects their performance and level of productivity, is a lack of security and certainty in their position. To deliver this driver in the workplace, leaders should demonstrate consistent communication and behaviours. This can be done through different ways, for example, by ensuring the link between what the leaders say and what they do (Taylor 2013; Unum 2013).

### **6.5.2.5 Voice and Recognition**

It is important to note that when employees are given the opportunity to express their views and ideas, they feel that their contributions are acknowledged and respected (Taylor 2013). Tangible, unexpected, personal, public and immediate recognitions have a positive effect on trust (Zak 2017). Therefore, leaders should create an environment where employees feel free to communicate their ideas and views without fear. Leaders must also demonstrate openness to feedback, and give opportunities to all people at different levels of the organisation to express their views (Unum 2013).

### **6.5.2.6 Fairness**

Organisations need to treat their employees as fairly and consistently as possible. This is because unfair treatment of employees can cause a high level of stress and

low productivity. To ensure fairness, leaders at all levels within the organisation need to be aware of treating their employees in a consistent manner, and avoid possible litigations. Training managers to identify and properly handle unfair treatment of employees, during team discussions or individual interactions, enables organisations to deliver this driver (Taylor 2013; Unum 2013).

#### **6.5.2.7 Choice and Autonomy**

Employees should be given some degree of control, and the ability to make their own choices within the framework of the organisational policies, strategies and plans. By doing so, they can be assisted to maintain a more effective work-life balance, and show improvement in their performance. This can be done through providing flexibility to employees concerning when and how they work and, trusting employees to be more autonomous. Training managers can play a role in this regard by developing high performing flexible teams (Taylor 2013; Unum 2013).

#### **6.5.2.8 Purpose**

When employees have a clear purpose, and are cognisant of their role to the organisation, their engagement and productivity tends to increase. Therefore, leaders need to create an environment where employees can develop and communicate a clear purpose that can inspire and build an emotional connection. This can be achieved by means of employee feedback (Taylor 2013; Unum 2013).

### **6.5.3 Step 3 – Institutional framework – the trustor**

Step 3 of the explanatory framework/building blocks involves the trustor with mental ingredients such as beliefs, behaviours, goals, and intentions that extend trust in cognitive terms (Castelfranchi & Falcon 2010). The trustor can be an employee and/or a manager within the organisation. Organisations require their employees to do more with less, create new opportunities, and be more engaged (Reina & Reina 2015). To meet these expectations at their highest levels, employees and managers need to trust one another, and themselves. Employees, supervisors, or managers should understand that trust begins with themselves, and how they bring themselves to the relationship (Reina & Reina 2015). In other words, one should not wait for others to take steps in building trust within the organisation. It should be noted that

building trust takes energy, dedication, and self-awareness. Giving best efforts and diligence to the process will thus benefit the employees and managers in terms of increased energy, commitment, and confidence in their relationship (Reina & Reina 2015).

It is obvious that employees and managers want to work with people they trust, and receive their trust in return, and they attain this goal by understanding and practicing how to interact with people within the organisation. The issue that needs to be considered in this regard is the capacity for trust, i.e. employees', supervisors' or managers' readiness and willingness to trust themselves and others (Reina & Reina 2015). The readiness and willingness to trust others is influenced by an individual's propensity to trust (i.e. the general willingness of the individual to trust others) which, in turn, is influenced by various individual factors, such as *beliefs/values/goals, behaviour, personality, background, experience, and education* (Mayer *et al* 1995; Özer & Zheng 2019) (see Figure 6.1). Understanding employees' propensity to trust will help organisations to make decisions in different contexts, such as recruitment and selection, and change management. For example, to minimise resistance to change within the change management context, leaders should identify people with a high propensity to trust. Contrary to this, in some job roles, such as security, audit, and compliance, it would be appropriate to assign people with a lower propensity to trust (Ashleigh, Higgs & Dulcewicz 2012).

It is important that employees and managers should be ready to deal with two types of trust in their workplace: self-trust and trust in others. Since self-trust is core to their sense of who they are, it needs to be raised to a higher level. Improvement of self-trust requires appreciation, understanding, and practice of the five core values, namely: self-respect, full responsibility and accountability, honour and dignity, integrity, and credibility (Marshall 2000).

It is important to extend employees' capacity for trust in themselves, and take it to the next level in their relationships with co-workers/team, supervisor, managers, and the organisation. As indicated in the explanatory framework/building blocks, four pathways, namely: *believe in yourself, be a friend to yourself, take care of yourself, and make room for yourself* can deepen the trustor's capacity for trust (Reina &

Reina 2015). The entire staff, as they are presumed to be a trustor at one time or the other, needs to see and practice these pathways as follows:

#### **6.5.3.1 Believe in yourself**

The *believe in yourself* pathway is concerned with employees' relationship with their inner spirit (Reina & Reina 2015). In the first place, employees and leaders should believe that they have unique gifts, talents, and perspectives that they can bring to their relationships with others. The health of their inner spirit relies on their respect for this innate uniqueness, and the positive intention with which they bring themselves to their life. To expand an employee's capacity for trust in themselves and others, the *believe in yourself* pathway entails accepting appreciations from others; being willing to accept the views of others who know them best about their contributions, and expressions of gratitude; communicating a positive inner belief in themselves; and grounding themselves in a strong viewpoint regarding what they can bring to the world (Reina & Reina 2015). Developing these strengths can be achieved by professional motivation experts providing in-house programmes to the staff.

#### **6.5.3.2 Be a friend to yourself**

The *be a friend to yourself* pathway is concerned with being kind to oneself (Reina & Reina 2015). People's ability to be a friend to themselves influences their ability to establish trusting relationships with others. In order to expand employees' *Capacity for Trust* in themselves and others, the *be a friend to yourself* pathway entails showing up for themselves the way they show up for others; supporting their own opportunities to learn, grow and achieve; telling the truth and taking the ownership of failures; recognising that shortcomings are not flaws in their character; taking a step forward with the knowledge that next time they will do better; giving themselves careful reminders, encouragements, acknowledgments, and positive affirmations; continuing to support themselves when they struggle; and giving themselves the permission to take care of their body through better nutrition, deeper rest, and more satisfying physical activity (Reina & Reina 2015). Again, professional motivational experts can assist in building this type of capacity.

### **6.5.3.3 Take care of yourself**

The *take care of yourself* pathway focuses on an employee's relationship with their physical body (Reina & Reina 2015). When employees compromise the care of their body, they put themselves in a place where it is difficult to hear their inner truth, to tune into their instincts, and to trust themselves to do what needs to be done. In order to extend an employee's capacity for trust in themselves and others, the *take care of yourself* pathway entails exercising personal health practices that keep themselves energised and engaged with life, such as focussing on their primary physical needs for nutrition and movement; discovering what they need to be energised throughout the day; and thinking about the hours of sleep that their body requires to feel attentive. When employees care for themselves, and deepen their relationship with their physical being, they will be better positioned, and they can take their relationships with others to the next level (Reina & Reina 2015). Professional experts in the wellness area can assist the organisation in this regard.

### **6.5.3.4 Make room for yourself**

The *make room for yourself* pathway focuses on employees' needs for the time to understand themselves (Reina & Reina 2015). By making room for themselves, employees create the space they need to integrate what they have discovered about their approach to the relationships into their greater awareness. To extend employee's *Capacity for Trust* in themselves and others, the *make room for yourself* pathway entails creating space within which they connect to themselves, taking a pause and reflect. It is important for employees to take a long break such as full days off, and a short break such as a few minutes throughout each day, to attain peace, focus, and perspective (Reina & Reina 2015). Time management experts can assist the staff with how they can improve the planning of their workday.

As employees practice these four pathways, they deepen their relationship with themselves, and they honour themselves as well as the intentions they bring to their relationships with others.

Organisations need to recognise individual differences and develop a new kind of commitment through the creation of meanings and values as created by individuals and groups through their work, their relationships with other people and their

opportunities for growth, rather than impersonal values and mission statements handed down (Hiltrop 1996). This does not mean that a chaos of values will not occur (Garble 1991). Shared values will develop from around personal values and meanings which will be unique and important to the group. This can take place, as Garble (1991) suggests, by each management team/work group or division articulating a statement of values (credo) that expresses the work they do and how they accomplish the work in a meaningful way. This credo will be unique to each group and will help create an identity that can be shared, and in which each individual can find meaning (Hiltrop 1996). A typical example of such a credo is indicated in Table 6.1.

**TABLE 6.1:** Example of a typical credo

<ol style="list-style-type: none"> <li>1. We promise to be reliable in our work together. We promise to tell each other if there are problems that will keep us from meeting our agreed upon deadlines.</li> <li>2. We promise to be open and honest with each other. We agree to tell the truth about our work together.</li> <li>3. We promise to do our best work for each other. We plan to exceed each other's expectations.</li> <li>4. We promise to care about each other's interests, and to promote each other's well-being.</li> </ol> <p>Signature of the contracting parties: _____</p>
--

Source: Mishra and Mishra (2013:173)

#### **6.5.4 Step 4 – Trust builders**

During the *early* stage of a relationship, employees build *calculus-based trust*. In this type of trust, individuals assure consistency of behaviour i.e. individuals will do what they say because they fear the consequences of failing to do so. At this stage, employees view trust as an economic calculation; its value is derived by comparing the creation and sustenance of the relationship with the cost of maintaining or severing it. The forward progress of this trust will be made in a slow and stepwise manner. Trust is fragile at this stage (Lewicki & Bunker 1996).

During the *developing* stage of the relationship, employees make an effort to develop the *calculus-based trust* into *knowledge-based trust*. This trust develops over time since employees have already established a history of interaction that helps them develop a generalised expectancy that the other's behaviour is predictable, and he/she will act in a trustworthy manner. Helping employees to make repeated

interactions in the multi-dimensional relationships will create understanding between each other, and contribute to an accurate prediction of their behaviour. Opportunities must be created to have regular communication, as this greatly helps employees to contact each other, exchange information about their wants, preferences, and approaches to problems (Lewicki & Bunker 1996). In the *developing* stage of the relationship, employees should be encouraged to cultivate their knowledge of each other by acquiring more information, examine each other in different contexts, and notice their reactions to different situations. Once the relationship has succeeded in reaching this stage, an inconsistent behaviour may not have the capacity to break the trust between employees, as they are willing to forgive and move on in the relationship (Lewicki & Bunker 1996).

Through continuous personal and organisational efforts, the relationship should get the opportunity to develop into a *maturation* stage, i.e. the *knowledge-based trust* should further develop into an *identification-based trust*. The relationship should attain this level by encouraging employees to learn more about each other, identify strongly with others' needs, preferences, and priorities, and regard them as their own (Lewicki & Bunker 1996).

During the *early*, *developing*, and *maturing* stages of the trust relationship, the trustor, trustee, trust builders, and trust busters appear to play important roles. And hence, in the explanatory framework/building blocks, these aspects are indicated as individual components, and are discussed in subsequent steps in the framework.

Trust appears to be achieved and maintained through visible consistency and alignment between what is intended to be done and what is done (Blanchard *et al* 2013; Reina & Reina 2015). This component thus focusses on the identification of the trust dimensions that are important to the trust building efforts, and the corresponding behavioural guidelines that build each dimension.

As indicated in the explanatory framework/building blocks, the three dimensions of trust that provide foundations for the trust building activities within organisations include: trust of capacity, trust of character, and trust of communication (Reina & Reina 2015). These dimensions provide leaders and followers with a common and shared understanding of the meaning of trust, and provide opportunities for trust

related discussions and actions. The trust dimensions and the specific guidelines that are basic to build each of these dimensions are discussed next.

#### **6.5.4.1 Trust of capacity**

People trust in the capacity of others when they have confidence in their competence to manage the demands and expectations placed on them by co-workers, managers, or customers. These demands and expectations require the attitude, interest, and confidence of people that will help them work with others, in addition to the task related skills (Reina & Reina 2015). To collaborate and perform better, people need confidence in one another's skills, abilities, and judgement. The absence of this confidence will lead to a communication breakdown, performance decline, failure to meet expectations, and a decline in morale and motivation. According to Reina and Reina (2015), to prevent communication breakdowns, to build sustainable trustworthy relationships, and to build and maintain one's own and others' trust of capacity, the trusting parties need to follow a set of guidelines. These guidelines include: acknowledging the others' skills and abilities, expressing appreciation for work well done (giving credit), involving others in making decisions, encouraging learning, putting minimum controls in place, and setting clear goals. By following these guidelines, leaders and followers in an organisation can grow their confidence in their talent, their awareness of and comfort with their shortcomings, and ultimately achieve a high trust of capacity. They also become trusted and competent professionals.

#### **6.5.4.2 Trust of character**

According to Reina and Reina (2015), trust of character is the trust of mutually serving intentions, the baseline for trust in relationships, the foundation supporting effectiveness at work, the basic element of an individual's trustworthiness, the groundwork for connecting with others, and a mechanism to visibly demonstrate intentions and commitments. When trust of character is missing, people stop taking risks, are unable to tap their creativity, look for reasons to miss work, and look for a position somewhere else (Reina & Reina 2015). To prevent these occasions of broken trust, the important guidelines to be followed here include: managing expectations, establishing boundaries, delegating appropriately, keeping

agreements, working the win-win situation, behaving consistently, following-through, accepting influence, and acting with integrity (Reina & Reina 2015).

#### **6.5.4.3 Trust of communication**

Trust of communication allows members of an organisation to know where they stand with one another and with their shared work (Reina & Reina 2015). This trust creates an environment of openness and transparency that paves the way for collaboration and honest two-way exchanges. It allows people to give and get the information that is needed to do their jobs, take responsibility, learn from mistakes, understand issues and concerns, and effective resolutions (Hess 2018; Reina & Reina 2015). It also brings positive energy, a sense of community, and a shared purpose into workplace relationships. Lack of trust of communication will have a negative effect on the people, as this form of trust is a starting point for all relationships. According to Reina and Reina (2015), the guidelines that are important to earn trust of communication include: sharing information, telling the truth, admitting mistakes, maintaining confidentiality, giving and taking feedback, and speaking with good purpose. By following these guidelines, employees and leaders can become persons who speak the truth and encourage others to do the same, become persons who do not engage in gossiping, and become a trusted confidant.

#### **6.5.5 Step 5 - Institutional framework - the trustee**

Step 5 of the explanatory framework/building blocks involves the trustee that can cause an effect or outcome that the trustor is waiting for (Castelfranchi & Falcon 2010). The trustee can be co-workers/team members, an immediate supervisor, or top management/the organisation. Characteristics and actions such as benevolence, integrity, ability, predictability, justice, and respect of these trustees will determine their trustworthiness. These characteristics are not trust *per se*, but they provide the foundation for the development of trust (Mayer *et al* 1995). In the case of organisations, policies, practices and control mechanisms play an important role in the process of building trust. The trustee's personal traits and previous behaviour provide an important basis in building a trusting relationship between the parties.

To assist an employee to extend his/her trust to co-workers/team members, the immediate supervisor, or top management/ the organisation, and establish healthy

relationships with these parties, the beliefs of trustworthiness are vitally important. These beliefs of trustworthiness are briefly discussed next.

#### **6.5.5.1 Benevolence**

Benevolence is the degree to which a trustee (co-workers/team members, the immediate supervisor, or top management/the organisation) is believed to do good to the trustor (an employee) aside from an egocentric profit motive; or organisational action indicating genuine care and concern for the wellbeing of employees through its policies, practices, and control mechanisms (Dietz & Den Hartog 2006; Gillespie & Dietz 2009; Mayer *et al* 1995). According to Blanchard *et al* (2013), the essential guidelines that help the trustee demonstrate benevolence in the workplace include: listening well, praising others, showing interest in others, providing care and concern for others, working well with others, showing empathy for others, asking for input from others, and sharing important information with others. The leadership should reflect organisational benevolence through the various acts, on employees' ideas, concerns, and needs (Gillespie & Dietz 2009; Röttger 2018). These skills can be strengthened through workshops for the employees dealing with communication, relationships, socialisation management, and leadership development on all levels within the organisation.

#### **6.5.5.2 Integrity**

Integrity involves adhering to a set of acceptable principles and values; or organisational actions that consistently adhere to moral principles and a code of conduct, acceptable to employees, through its policies, practices, and control mechanisms (Mayer *et al* 1995; Gillespie & Dietz 2009). According to Blanchard *et al* (2013), to demonstrate individual and organisational integrity, the important guidelines include: setting performance goals by considering their trust implications, maintaining congruence between words and actions, making available the long-term strategic directions, being honest, sincere, non-judgmental, providing input into job-related decisions, engaging in constructive disagreements, engaging in genuine organisational communication, showing respect to the stakeholders, conducting performance evaluations, developing a strong sense of justice, being credible in communications, changing policies and practices, being consistent in actions,

making strategic decisions, admitting wrong doings, and keeping confidences. Skills in this area can be strengthened by providing employees with training in Ethics. A typical example of such training can be found at MASTHEAD (n.d.). This program is known as Ethics and Corporate Governance Online Course. Topics addressed include: (1) Introduction to Ethics, (2) Ethics in Business, (3) Corporate Governance, (4) Ethics and Compliance, and (5) Ethics in practice.

### **6.5.5.3 Competence**

Ability is the group of skills and competencies that a trustee (co-workers/team members, immediate supervisors, or top management) possesses in a specific domain (Mayer *et al* 1995); or “the organisation’s collective competencies and characteristics that enable it to function reliably and effectively to meet its goals and responsibilities” through its policies, practices and control mechanisms (Gillespie & Dietz 2009:128). According to Blanchard *et al* (2013), the guidelines that are helpful to demonstrate ability within organisations include: delivering quality results, resolving problems, doing well at all endeavours, getting experience, and using skills to assist others. Furthermore, organisational ability should be verified through its leadership, strategy, decisions, and efficiency, products or service quality, ability to achieve its objectives, and ability to meet the challenges of its environment (Gillespie & Dietz 2009; Röttger 2018). To enhance these capabilities, the organisation should have a well-developed training programme for its staff members from the lowest to the highest level.

### **6.5.5.4 Predictability**

Predictability is concerned with the consistency and regularity of the behaviour of people within an organisation (Dietz & Den Hartog 2006). Predictability influences co-operation, in the sense that if an employee expects others will predictably behave positively, he/she will be disposed to co-operate with them. Behavioural predictability provides the ground for knowledge-based trust as it includes knowing the other adequately so that the other's behaviour will be anticipatable (Lewicki & Bunker 1996). It is important to note that information plays a key role in the predictability of others’ behaviour. As a person knows more about others, his/her prediction, regarding what the others will do, will become more accurate. Accurate prediction,

however, requires an understanding that develops over repeated interactions in multi-dimensional relationships.

#### **6.5.5.5 Justice**

Justice refers to employees' perception of fairness in the workplace relating to the distribution of resources, decision-making, and interactional treatments (McLeary & Cruise 2015). Top management/the organisation should understand that justice has a direct and indirect impact on trust. When employees perceive organisational interactions, processes, procedures, and consequences as fair, they develop confidence in the management, as well as in the organisation (Bidarian & Jafari 2012).

The three dimensions of organisational justice that have an impact on employees' trust in their organisation include: distributive justice (employees' perceptions of fairness of outcomes such as pay and promotion), procedural justice (employees' perceptions of fairness of the procedures used to determine the outcomes), and interactional justice (employees' perception of fairness of how the procedures and outcomes are put into action) (Brockner & Siegel 1996; Dirks & Ferrin 2002; Rigotti *et al* 2007; Ruder 2003). It is important to note here that trust will be facilitated when employees perceive the organisation as just. To create this perception, top management/the organisation need to deal with organisational and personal issues in the light of these three dimensions of justice.

#### **6.5.5.6 Respect**

Respect is concerned with the individuals' evaluation of their standing within the organisation, the extent to which they feel that they are a member of the organisation, and the belief that they are a valued member of the organisation (Fuller, Hester, Barnett, Frey, Relyea & Beu 2006). Respect plays an important role in employees' perceptions of trust. It answers questions, such as how an employee is thought of by and within the organisation, and what social standing an employee enjoys within the organisation. Since respect reflects the reputational self, it relates to the motivation to achieve and uphold a positive personal identity (Tyler & Blader 2003). Thus, the management needs to treat employees with respect to win their trust.

### **6.5.6 Step 6 – Trust busters**

To build a trusting relationship within organisations, recognising which behaviours build trust, and which ones have the opposite effect, is critical. The behaviours that encourage, build and sustain trust can be called trust boosters. Conversely, the behaviours that undermine, damage, or destroy trust are called trust busters (Blanchard *et al* 2013). In an organisational context, employees need to differentiate between those behaviours that either boost or bust trust, and make the commitment to put what they learn into practice. The trust boosters are addressed throughout the explanatory framework/building blocks at a number of steps such as: Step 2 (trust drivers), Step 3 (institutional framework – trustor), Step 4 (trust builders), Step 5 (institutional framework – trustee), and Step 7 (trust awareness training). In this section, Step 6 of the explanatory framework/building blocks, the focus involves some of the behaviours that negatively affect trust within an organisation - destroyers (busters) of trust. As indicated in the framework, some of the common trust busters include: inflexible or inconsistent organisational policies and practices, employees who intentionally clutter communication channels, employees with volatile personalities, employees with personal agendas, employees who are incompetent, taking credit for others' work, unable to fulfil expectations, withholding information, lack of communication, lack of confidence, resist influence, impose control, dishonesty, and secrecy. This view is also shared by several authors such as Blanchard *et al* (2013), Kutsyuruba and Walker (2017) as well as Reina and Reina (2015).

From the foregoing, it is clear that these trust busters can have an effect on the trust culture, and consequently these need to be monitored on a regular basis. To strengthen the organisation against these busters, ongoing trust awareness training within the organisation is needed.

### **6.5.7 Step 7 - Trust awareness training**

From the discussions thus far, it has become clear that trust is important within organisations. The question, however, is to what extent and how do employees and leaders understand trust, and more importantly, how do they build and sustain trust, rather than merely assert its importance (Solomon & Flores 2001). According to

Covey and Merrill (2006), trust can be taught and learned. Since people within organisations usually do not understand the comprehensive nature of organisational trust, trust training and awareness is an important component of trust-building efforts (Shockley-Zalabak & Ellis 2006). It is, therefore, important to inspire people to recognise, learn, and appreciate trust in order to bring about change in the way they work together within the organisation. The motivation to learn alone may not produce the desired long-term effect. Enduring results demand the embodiment of trust in the day-to-day behaviour, and the emotional fabric of employees' and leaders' lives (Solomon & Flores 2001). This calls for arranging regular trust awareness training interventions for people at all levels of the organisation.

The trust awareness training should basically relate to the exploration of the whole concept of trust, what it is, how it works, how it breaks and how it can be rebuilt and restored. The training should also help employees to develop self-trust, and build trust across a range of relationships and interactions, for example, co-workers, immediate supervisors, and top management/the organisation. The training should also embrace skills-training that can assist employees in building, maintaining and repairing trust, and working harmoniously with others. These can include: conflict-management, decision-making, stress-management, communication, problem-solving, interpersonal skills development, time-management, anger-management, and ethics-management.

Furthermore, any leadership, management and supervisory training needs to include an understanding of trust, as well as its importance to organisational performance (Shockley-Zalabak & Ellis 2006). Understanding trust requires instilling fundamental concepts of trust, in addition to the skills that are needed to perform effectively in each position. The training needs to address how individuals contribute to trust with their individual behaviours, and their communication strategies. Since increased job satisfaction, the ability to innovate, and organisational identification are all related to the perception of trust, employees will benefit from the training (Shockley-Zalabak & Ellis 2006).

#### **6.5.8 Step 8 - Trust repair**

Although individual and organisational efforts are made to build trust, a breakdown of trust can occur anytime due to different factors. Those factors can cause major

(intentional) actions such as, sabotage of the data system or unintentional, delegating without giving authority, not keeping agreements, betrayals, or minor intentional, such as gossiping (Reina & Reina 2015). During these times, employees, supervisors as well as top management need to have an optimistic view that the broken trust can be rebuilt and restored.

As indicated in the explanatory framework/building blocks, there are important guidelines to follow in order to recover from betrayals and restore the capacity for trust, and work with the betrayers within organisations. These guidelines include: observe and acknowledge that a violation of trust has occurred, determine the nature of violation and what event caused it, accept responsibility for the violation, admit that the event destroyed trust, forgive themselves and others, offer to make reparations, allow feelings to surface, let it go and move on, and get support (Kutsyuruba & Walker 2017; Reina & Reina 2015).

Thus, the trustor and the trustee, need to work together to resolve the problems/differences/misunderstandings which they may have. It is recommended that a third party, possibly an arbitrator can also be part of the process to help resolve the issues. Having repaired the trust, it is important that it is maintained.

### **6.5.9 Step 9 - Maintaining trust**

To gain the benefits of the established or repaired trust within the organisation, trust should be maintained (Kutsyuruba & Walker 2017). Maintaining trust requires guidelines which need to be closely attended to. These include the following: all parties should contribute to the trust building process on an on-going basis; have technical competence and commitment, capability, skills, results and track record (competence); ensure that the reward systems are designed with the organisation values and goals in mind; empower employees to have transparent and authentic communication; create cultures in which tolerance and co-operation is highly valued; have integrity, positive motives and intentions with people (character); teach everyone in the organisation how things work; have leaders who coach rather than manage; get everybody to participate in discussion; have a strong sense of shared purpose; encourage mutually serving intentions; get employees to work together; communicate that trust matters; be consistent in behaviours; delegate appropriately;

manage expectations; encourage innovation; produce acceptability; establish boundaries; demonstrate respect; create transparency; honour agreements; invest in employees; keep commitment; confront reality; right wrongs; show loyalty; talk straight; and inspire trust (see Figure 6.1).

From the explanatory framework/building blocks, it is clear that both Steps 8 and 9 need to take place within the context of the so-called Four C's: conviction, compassion, courage, and community (Reina & Reina 2015).

According to Reina and Reina (2015), the Four Cs play a key role to move employees, their co-workers, immediate supervisors, and top management/the organisation beyond betrayal towards an enduring culture of transformative trust. Conviction helps to regularly practice the behaviours that build trust of capacity, trust of character, and trust of communication (see step 4). Courage allows employees to honour themselves and their relationships during difficult times. Compassion enables forgiveness of oneself and others for mistakes and transgressions. A sense of Community encourages people to reframe painful situations, take responsibility for their behaviours, and to look at the bigger picture in order to see one's contribution to others.

The Four Cs of transformative trust amplifies the collective trust repair and sustenance of behaviours. This amplification creates momentum in the outward expansion of trust in the organisation, giving rise to a multiplier effect that eventually leads trust to increase exponentially and synergistically (Reina & Reina 2015). It is, therefore, important to train the entire staff to expand their capacity for trust by consciously practicing trust building behaviours, honouring the steps that rebuild trust, and integrating the Four Cs into how employees relate to one another.

#### **6.5.10 Step 10 – Individual level outcomes of trust**

Step 10 of the explanatory framework/building blocks relates to the individual (employee) who is supposed to either trust or distrust the co-workers/team members, immediate supervisor, top management/the organisation. Employees should create connections across a range of relationships and interactions within their organisation. The connection appears to be easier when there is trust in these relationships. However, if the concerned individuals feel that they do not trust each

other, creating the connection appears to be a challenge. To take work, relationships, and the organisation to the next level, individuals need to bestow trust, get trust, and be ready to rebuild trust when it has been broken. It should be noted that employees want trust, need trust, and deserve trust (Reina & Reina 2015). As discussed earlier, trust begins with the individuals: with their attitudes, intentions, behaviours, and performance in their relationships. It should also be noted that there is no way to control the natural cycle of trust and distrust in the workplace. It is, therefore, important for employees to embrace it, learn from it, and be ready to handle the next incident (Reina & Reina 2015).

A lack of trust is an expense for employees and organisations as it brings fear, scepticism, cynicism, wariness, watchfulness, and vigilance within their relationships (Guinot & Chavi 2019; Lewicki *et al* 1998). The proliferation of these behaviours results in several negative outcomes as they can lead employees to pullback, disengage, become resentful, psychologically withdraw from their organisation, hoard their mental and physical resources, and ultimately look for an available escape route. Observations of these behaviours need to be monitored and addressed without delay as such behaviours can impact on the outcomes of the organisation.

#### **6.5.11 Step 11 - Organisation level outcomes of trust**

The existence of healthy trust relationships within organisations can lead to positive outcomes for the organisation including: meeting organisational goals, higher productivity, lower conflict, better customer relations, committed workforce, job satisfaction, positive attitudes among staff, and improved co-operation and co-ordination among staff.

It should be noted that building and maintaining trust will not be an easy task for organisations as both require commitment from different organisational players. According to Hunt *et al* (2009), to build trust and gain its benefits, the management of the organisation should put in place the following guidelines:

- the management should develop a pattern of behavioural consistency which enables employees to predict their future behaviour.

- the management needs to achieve behavioural integrity through various mechanisms such as keeping promises, telling the truth, reducing control and encouraging commitment.
- there must be sharing of control through the participation of employees in decision-making processes.
- there must be effective managerial communication with employees regarding the various aspects and conditions of the organisation.

Furthermore, in order to increase the trustworthiness of the organisation, and the employees' willingness to be vulnerable to the actions of the organisation, top management need to establish and maintain situational normality i.e. employees' belief that individual and organisational success is possible because the situation is normal, and structural assurance i.e. employees' belief that individual and organisational success is possible because contextual conditions such as promises, contracts, rules, regulations, and policies are in place (McKnight *et al* 1998).

Top management should also duly consider a range of internal and external components of the organisation that send signals about the benevolence, integrity, ability, predictability, justice, and respect of the organisation, and influence its trustworthiness either positively or negatively, and then, the consequent decision to trust. The internal component includes: leadership and management practices; culture and climate; organisational strategies which includes financial, operational, and human resource strategy; and structures (i.e. reporting lines, checks and balances, distribution of responsibility and authority, and work formalisation), policies (i.e. the rules, guidelines, and procedures governing decision-making), communication, employee conduct, human resource management and general processes. The external components, on the other hand, include external governance (i.e. legislations and regulatory mechanisms from government, professional and trade associations, and industry networks); and organisation's public reputation which comes from the organisation's products and services, the familiarities of its services, its standing within the industry, and its stakeholder networks (Gillespie & Dietz 2009).

In every endeavour, managers should demonstrate their concern for their employees by identifying and responding to employees' needs, showing interest in the

employees' welfare, and having a sense of attachment to the employees, treating them with care, concern and equality, and considering employees as valuable assets of their organisation (Shockley-Zalabak *et al* 2010). Organisations that do not regularly demonstrate these behaviours provide the opportunity for distrust to emerge. If distrust proliferates, employees or managers at different levels not only reduce the effectiveness of what they do, but also engage in some form of counterproductive behaviours, such as obstruction or seeking revenge (Doney *et al* 1998; Kutsyruba & Walker 2017). To cope with this situation, the management/ leadership may engage in micro-managing behaviours, and put in place unnecessary review loops, lots of checks and balances, and volumes of policies and procedures. This, in turn, can result in a number of negative outcomes for the organisation, such as low morale, lower productivity, and increased turnover.

#### **6.5.12 Step 12 - Evaluation/culture**

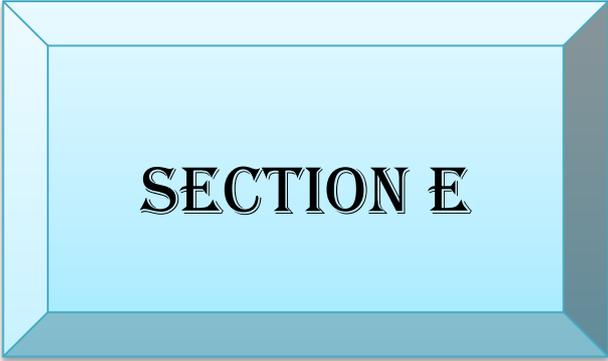
For the organisation to survive successfully, it needs to constantly monitor/evaluate all the steps of the explanatory framework/building blocks and overall seek to develop a trust culture as part of its daily operations. The goal of this final step is to establish the impact that trust has on the overall effectiveness of the organisation. As it would be difficult to know how effective the trust building, maintaining, and repairing efforts have been, and to detect problems that can damage individual and organisational trustworthiness, a formal evaluation procedure should be undertaken. The procedure should involve the evaluation of the trust culture and the correction of any deviations identified. Use can be made of the trust profile information gathered in Step 1 and the results can be compared with the previous years as well as using the Balanced Scorecard information as a departure point. The key question here is "how well is the management of trust working in the organisation?" By executing this evaluation, important decisions can be made regarding the strengthening of weak points in the organisation relating to the trust culture of the organisation.

### **6.6 CHAPTER SUMMARY**

In this chapter, the characteristics of models in general, their nature and type, the concept of group model building and the aspect of system dynamics have been examined as any model building process should be guided by sound model building

principles. An explanatory framework/building blocks for the proposed trust management model for organisations has subsequently been developed, and its components discussed. The explanatory framework/building blocks consisted of several steps such as environmental scanning (internal and external), understanding of the trust profile of the organisations, trust drivers, builders as well as the trust busters. The roles of both the trustor and the trustee were discussed as well as aspects such as the repair and maintenance of trust. Also highlighted include awareness training relating to trust. The outcomes of trust from both the individual and organisational perspectives were addressed. While the final step of the explanatory framework/building blocks encompassed the evaluation of the trust process and the trust culture. An effort has thus been made to introduce the explanatory framework/building blocks for the proposed trust management model for organisations to the readers in a logic and understandable practical manner.

Having developed the explanatory framework/building blocks, the researcher needed to test the proposed trust management model within the banking sector in Ethiopia. However, before this issue is addressed, the next chapter, Chapter 7, will briefly discuss the research methodology to be followed in this study.



**SECTION E**



**EMPIRICAL RESEARCH**

## CHAPTER 7

### RESEARCH METHODOLOGY

#### 7.1 INTRODUCTION

In this chapter the methods and instruments used to conduct the empirical research for the study are addressed. The concept of research methodology, the research paradigm, the research design and strategy will be focused on. The design and layout of the questionnaire (measuring instrument), methods to ensure the validity and reliability of the measuring instrument, issues related to the pretesting of the questionnaire, data collection method, population, sampling and response rate, computerisation and coding of the data, and data analysis, will also receive attention. Lastly, the ethical framework followed in this study will be discussed.

#### 7.2 RESEARCH METHODOLOGY: DEFINING THE CONCEPT

Conducting research requires adopting a scientific approach which is commonly known as research methodology (Novikov & Novikov 2013). According to Saunders, Lewis and Thornhill (2019:808), the term methodology refers to “the theory of how research should be undertaken, including the theoretical and philosophical assumptions upon which research is based and the implications of these for the method or methods adopted”. These authors believe that for researchers to make informed choices about their research, a clear understanding of the research methodology is crucial. According to Marczyk, DeMatteo and Festinger (2005:22), methodology refers to the “entire process of conducting research, i.e. planning and conducting the study, drawing conclusions, and disseminating the findings”. This definition is very broad in the sense that it encompasses the principles, procedures and practices that direct the research process. Igwenagu (2016) also states that methodology includes the systematic and theoretical analysis of the methods applied to a study. The author concurs that methodology is not the same thing as methods, and thus, it does not provide solutions. It rather provides the theoretical underpinnings to understand which method(s) or best practices can be applied to a specific case.

O'Leary (2017) is of the view that research methodology not only legitimises the knowledge production process of researchers, but it also shows that researchers are engaged in research with well-considered and rigorous processes. Research methodology also indicates the researchers' readiness to assume the responsibilities and controversies in relation to the production of knowledge (O'Leary 2017). Therefore, credible research design needs to be constructed within a macro-level framework (i.e. research methodology) that work together with the methods to provide researchers with a design that can face the highest level of scrutiny (O'Leary 2017).

With respect to business and management research, the literature identifies two types of research methodologies, namely: basic/pure/fundamental and applied research methodologies (Novikov & Novikov 2013; Saunders *et al* 2019). In the case of basic/pure/fundamental research methodology, research questions are set and solved by academic interests, and thus, there is little or no utilisation of the research by practitioners. This type of research is undertaken purely to understand the processes of business and management and their outcomes (Saunders *et al* 2019). In contrast, applied research methodology, a logical continuation of basic/pure/fundamental research (Novikov & Novikov 2013), emphasises a context governed by the world of practice highlighting the need for the production of practical relevant knowledge. This type of research has direct and immediate use to managers, and is presented in a way that they easily understand (Novikov & Novikov 2013; Saunders *et al* 2019).

Taking the foregoing discussions of the basic-applied research methodology continuum into consideration, this research lies nearer the applied business research methodology end of the continuum with an emphasis on the theoretical and methodological rigour as well as practical relevance. O'Sullivan, Rassel, Berner and Taliaferro (2017:47) suggest six research methodology steps to be followed in the course of data collection and analysis: (1) deciding when and how often to collect data, (2) developing or selecting measures to each variable, (3) identifying a sample or test population, (4) choosing a strategy for contacting subjects, (5) planning the data analysis, and (6) presenting the findings. These identifiable steps are followed in this research.

Another important aspect in the research process is the research paradigm. This will be the focus of the next section.

### 7.3 RESEARCH PARADIGM

A research process needs to involve determining the philosophical stance using a research paradigm (Ragab & Arisha 2018). The term paradigm is derived from the Greek word *paradeigma* where it means evidence, example, pattern, model or archetype (Encyclopedia.com 2019). It was an American philosopher, Thomas Kuhn (1962), who first used the term paradigm to mean a philosophical way of thinking (Kivunja & Kuyini 2017). According to Kamal (2019:1389), paradigm represents “the researchers’ beliefs and values about the world, the way they define the world, and the way they work within the world”. Similarly, Hughes (2010:35), defines paradigm as “a way of seeing the world that frames a research topic and influences the way the researchers think about the topic”. Therefore, it appears that paradigm is a broad term describing the way one understands the world by studying it (Çelik & Köksal 2019; Rehman & Alharthi 2016). Çelik and Köksal (2019) further state that paradigm is an essential part of research as the researcher adopts a position to the perception of truth in his/her study. In general, paradigms serve as a framework for the researchers that guide them in their studies.

The paradigms that comprise the philosophy of research include: (a) ontology, (b) epistemology, (c) axiology, (d) methodology, and (e) methods (Çelik & Köksal 2019; Rehman & Alharthi 2016; Saunders *et al* 2019). According to Biedenbach and Jacobsson (2016), attention to these philosophies of research plays an important role in the research process as the quality of research comes from the relationship between the researcher’s philosophical positioning and how the research is conducted. Accordingly, these concepts are briefly discussed next.

#### *(a) Ontology*

According to Saunders *et al* (2019:133), ontology can be defined as: “assumptions about the nature of reality”. These authors state that ontological assumptions shape the way in which the researchers see and study their research objects. In business and management research, objects include: organisations, management, individuals’ working lives and organisational events (Saunders *et al* 2019). Similarly, Blaikie (2007:3) defines ontology as: “claims and assumptions that are made about the nature of social reality, claims about what exists, what it looks like, what units make it up, and

how these units interact with each other”. Thus, ontology can be considered as an umbrella paradigm that has a broad and in-depth perspective to reality (Çelik & Köksal 2019). An important issue relating to ontology is whether social actors should be perceived objectively or subjectively. Thus, objectivism and subjectivism are two important dimensions of ontology. According to Saunders *et al* (2019), objectivism argues that social reality which can be researched is external to social actors. Whereas, subjectivism argues that social reality is made from the perceptions and consequent actions of social actors.

### *(b) Epistemology*

Epistemology, according to Burrell and Morgan (2016), as cited in Saunders *et al* (2019:133), is concerned with the “assumptions about knowledge, what constitutes acceptable, valid and legitimate knowledge, and how we can communicate knowledge to others”. One of the important earlier definitions of epistemology is that of Crotty (1998:3), who defines it as: “the theory of knowledge embedded in the theoretical perspective and thereby in the methodology”. Therefore, epistemology appears to serve as a bridge between ontology and methodology as long as the data is interpreted in a systematic manner to transform it into knowledge and finally to reality (Çelik & Köksal 2019). Objectivism and subjectivism are also important aspects of epistemology (Saunders *et al* 2019). Epistemologically objectivism asserts that observable and measurable facts are important to discover the truth about the social world, and then, to draw generalisations about the universal social reality. On the other hand, subjectivism asserts the need for different opinions and narratives which cannot be detached from the social actors’ own values to explain different social realities (Saunders *et al* 2019).

### *(c) Axiology*

The term axiology reflects the notion of “a theory of value” (Biedenbach & Jacobsson 2016:140), and refers to the role of values and ethics within the research process (Saunders *et al* 2019). This includes how to deal with the values of the researcher as well as the research participants (Kivunja & Kuyini 2017; Saunders *et al* 2019). As the researchers’ values play an important role in all stages of the research process, objectivism and subjectivism are important aspects of axiology. Objectivism claims to

have a value-free and detached axiology; while subjectivism claims to have a value-bound and reflexive axiology (Saunders *et al* 2019).

#### *(d) Methodology*

Methodology is related to how the researcher can discover the knowledge systematically by considering the assumptions of ontology and epistemology (Çelik & Köksal 2019). Likewise, O'Leary (2017) describes methodology as: an “overarching macro-level framework that offers principles of reasoning associated with particular paradigmatic assumptions that legitimate various schools of research”. Thus, it appears that a relationship exists between ontology, epistemology and methodology (Çelik & Köksal 2019). O'Sullivan *et al* (2017) also broadly define methodology as: “a structured set of steps and procedures for completing a research project”. Credible research thus needs a macro-level framework that works in concert with the methods (O'Leary 2017).

#### *(e) Methods*

Research methods are specific micro-level techniques used to collect and analyse data. The methods of data collection include interview, survey, observation, and documents and records (O'Leary 2017; Rehman & Alharthi 2016). Rehman and Alharthi (2016) are of the view that the design of the research and the theoretical perspective of the researcher determine what methods to use in the research project. According to O'Leary (2017), research methods need to be nested within the research methodology.

A further important aspect with regard to the research paradigm includes the following: positivism (which entails working with observable social reality to produce generalisations); critical realism (which focuses on explaining what can be seen and experienced in terms of underlying structures of reality that shape the observable events); interpretivism (which emphasises that humans create meanings and those meanings need to be studied); postmodernism (which emphasises the role of language and power relations); and pragmatism (which asserts that concepts are only relevant where they support action) (Saunders *et al* 2019; Sekaran & Bougie 2016). According to Creswell (2014), these aspects still influence the research process and need to be identified.

Taking the foregoing discussions of the different paradigms into account, this study can be referred to as positivist as it employs empirical and analytical approaches to produce generalisations (Kivunja & Kuyini 2017). Thus, the emphasis is on quantifiable perceptions that lend themselves to statistical analysis (Saunders *et al* 2019). The ontological stance adopted in this research is that there is one social reality experienced by employees within organisations. While the epistemological position adopted is to discover the truth about the organisational world through observable and measurable facts from which generalisations can be made about the organisational reality; the axiological position adopted is to keep the research free from the values of the researcher so as not to bias the results of the research. Thus, it is clear that the objectivist position is adopted as far the ontological, epistemological and axiological stances of this research are concerned (Saunders *et al* 2019; Kivunja & Kuyini 2017). Appropriate methods and methodology are also applied in the research.

Another important aspect in the research process is the research design which will be discussed next.

#### **7.4 RESEARCH DESIGN: DEFINING THE CONCEPT**

The research design can be seen as a blueprint for the collection, measurement and analysis of data (Cooper & Schindler 2014). According to Shukla (2014:27), research design is “a master-plan, blueprint, and even a sequence of research tasks and activities”. Research design provides a plan of how the researcher intends to go about answering the research questions (Cooper & Schindler 2014; Sekaran & Bougie 2016). According to Saunders *et al* (2019), the research design also includes research objectives derived from research questions, the sampling methodology as well as procedures. In general, research design is an activity and time based plan, based on the research questions, a guide for selecting sources and types of information, a framework for specifying the relationships between the study’s variables, and a procedural outline for every research activity (Cooper & Schindler 2014). Therefore, developing a sound research design is an important aspect of any research.

Research designs are usually classified into two types, namely: exploratory and conclusive (Arezina 2018). Exploratory research design deals with exploring an issue, a problem or phenomenon (Saunders *et al* 2019). Shukla (2014) states that

exploratory design focuses on collecting either secondary or primary data by using an unstructured format. Thus, this type of design incorporates the least amount of scientific method and rigour due to its aims and structure (Cooper & Schindler 2014). For this reason, exploratory research is not usually used to generate actions or inputs for decision making (Shukla 2014). On the other hand, conclusive research design is conducted to test a specific hypothesis or examine specific relationships (Arezina 2018). The findings from the conclusive research are mostly generalizable, reliable and valid due to the usage of structured research methods and rigorous statistical analysis. Therefore, findings of conclusive researches are used as an input in the decision-making process (Shukla 2014).

Conclusive research designs are further classified into descriptive and causal (Arezina 2018). Descriptive research design is employed to obtain information regarding the current status of a phenomenon or characteristic (Arezina 2018). According to Shukla (2014), descriptive research can be classified into cross sectional and longitudinal research. Cross-sectional research involves the collection of information from respondents at a single point in time. On the other hand, longitudinal research involves repeated measurement from the same respondents over a long period of time (Bryman & Bell 2011; Saunders *et al* 2019). Causal designs on the other hand are used to specify the cause and effect relationship between variables (Arezina 2018). Experimentation (laboratory or field) as a technique is widely used in causal designs (Shukla 2014). The basic differences between exploratory, descriptive and causal designs are indicated in Table 7.1.

**TABLE 7.1:** Comparison of research designs

	Exploratory	Conclusive	
		Descriptive	Causal
<b>Emphasis</b>	Discovery of ideas and insights	Frequency of occurrences	Determine cause and effect
<b>Features</b>	Flexible, unstructured	Hypothesis based, structured	Variable control
<b>Techniques used</b>	Focus groups, in-depth interviews, mostly qualitative research	Survey, observation, panel data, mostly quantitative research	Experimentation

Source: Shukla (2014:36)

It is important to note that in a research process, as there is no single design superior in all circumstances, what the researcher needs to do is to make choices and create a design that is suitable for his/her specific research (Sekaran & Bougie 2016).

The foregoing aspects were taken into account in deciding which research design to follow for this study. Based on the research objectives, it was decided to apply exploratory and descriptive research designs during the different stages of the study.

A critical part of the research process is having a well thought out research strategy. This will be the focus of the next section.

## **7.5 RESEARCH STRATEGY**

Research strategy is the methodological link between the philosophy of research and subsequent choice of methods to collect and analyse data (Saunders *et al* 2019). In the words of Saunders *et al* (2016:177), a research strategy is: “a plan of how a researcher will go about answering his/her research questions”. Likewise, Melnikovas (2018:39) refers to the research strategy as: “a general way which helps the researcher to choose main data collection methods or sets of methods in order to answer the research questions and the research objectives”. In the literature, there exists three types of research strategies, namely: quantitative, qualitative and mixed methods (Bryman & Bell 2011; Kivunja & Kuyini 2017; Rose, Spinks & Conhoto 2015).

To decide which approach to choose, the focus needs to be on the main goals of the study. The questions which the researchers in a study normally must face are twofold: Is this study interested in a systematic approach to produce comparable, generalizable data? Or is the intention to produce a “thick” description of a case/group/situation/context? (Andres 2012; Quinlan 2011). Each option involves a different kind of planning, which may be best followed by using a different research design. According to the literature, a quantitative method is best when the objective is to compare data in a systematic way, make generalisations to the whole population, or test theories against a hypothesis (Ang 2014; Vogt, Vogt, Gardner & Haeffele 2014). This is particularly so when there is a need to compare or generalise information extensively within, and for a specific population, or between different populations. On the other hand, a qualitative approach is best when there is a need to explore a subject about which not much is known in advance, or the objective is to grasp the meanings, motives, reasons, or patterns (Ang 2014; Vogt *et al* 2014). In mixed methods research, quantitative and qualitative techniques are combined in a concurrent or sequential form (Saunders *et al* 2019).

Having explored the three options and evaluated the main goals of this study against the options, it was decided to use a quantitative research approach. Conventionally, this approach uses a structured questionnaire (Shukla 2014), with mostly closed questions, i.e. the respondents only need to select their answers from a given list of possible responses (Ang 2014). A range of question types may also be used. For example, rating questions can measure the strength of feeling such as the importance of and satisfaction with a specific aspect. Due to its statistical nature, the sample size plays an important role (Shukla 2014).

An important aspect to also take note of when using exploratory research designs is that of Common Method Variance (CMV), also known as Common Method Bias (CMB). According to Jordan and Troth (2020:4), this phenomenon occurs in survey research when all data (independent variable, dependent variables and moderating and mediating variables) are collected using the same method potentially resulting in the artificial inflation of relationships. This is specifically prevalent in quantitative survey research in applied settings. According to Edwards (2008), the reasons for CMB to occur include: similarities in the structure or wording of survey items that generate similar responses by respondents, the proximity of items in an instrument, and similarity in timing, medium or location in which the measurement data are collected.

To overcome this problem, Jordan and Troth (2020:7-10) have suggested a number of strategies to provide a good research information collection. This includes: providing a good research information coversheet, improving scale item clarity by including a 7-point and 5-point Likert-type scales, balancing positive and negative items or including reserve items, obtaining information from different sources, and separating data collection. Besides these aspects, the authors also suggested a number of statistical strategies which could be followed. These include: Harman's one factor test, unmeasured latent factor technique, confirmatory factor analysis marker technique and IV technique.

Taking all the above into consideration, a decision was made to minimise CMB in this study and thus the following actions were undertaken: a comprehensive letter explaining the purpose of the research, the involvement of respondents and the confidentiality of the data was drawn up. The respondents were also requested to

complete the questionnaire over a number of days. Furthermore, two sections within the questionnaire used different measuring scales and a number of items in the questionnaire were of a reverse nature. The questionnaire was also sent to different levels of employees in different locations, for example, in Head Offices, and those branches in the cities and regions. Also of importance was the use of exploratory factor analysis follow up with structural equation modelling to test the fit between the different constructs as represented in the proposed trust management model developed for organisations. Thus a number of important strategies were implemented to reduce CMB for this study.

Since the questionnaire for this study is employed as the data collection instrument, the discussion relating to its design and layout will be the focus of the next section.

## **7.6 THE DESIGN AND LAYOUT OF THE QUESTIONNAIRE FOR THIS STUDY**

The questionnaire has become one of the most widely used data collection methods (Quinlan 2011). A questionnaire is a popular method of collecting primary data, and thus, it can be used in all types of quantitative research studies (McNabb 2013; Saunders *et al* 2019). Drawing up a questionnaire requires careful planning such as taking into consideration the research objectives of the study and the types of questions which need to be asked (Shukla 2014). Researchers can use either of the two variants of the general forms of questionnaires: a structured questionnaire or an unstructured questionnaire. Instead of designing a new questionnaire, use can also be made of existing questionnaires which is in some cases advisable, as these questionnaires have undergone extensive testing and have been proved to be reliable and valid (Andres 2012). For this study, it was decided to make use of the self-completion questionnaire to obtain the necessary data for the study.

In order to proceed with the design of the questionnaire, instruments which have previously been designed and used, and which have been proved to be valid and reliable, relating to the variables of the theoretical model (components of the proposed trust management model) were searched for. A combination of different measurement scales which have been developed by several authors over the past years and addressing a number of variables relating to the proposed trust management model were found in the literature (see Appendix L). These variables of the proposed model

were subsequently included in Section B of the questionnaire. The individual authors were approached and their approvals for using their measurement instruments were obtained (see Appendix M). Questions which related to the remaining components of the proposed model were generated through an intensive literature review undertaken for this purpose. This relates to Sections A, C, D, E, F and G of the questionnaire.

Closed-ended questions using a five-point Likert-type scale were used in the questionnaire. A “Don’t know” option was added to the five-point Likert-type scale to allow and ensure that a respondent is not forced to choose an option that he/she has no knowledge of. In the case of Willingness to trust/take risks with co-workers/team members, immediate supervisor, and top management/the organisation (Section B), the questionnaire used a six-point Likert-type scale.

To enable the respondents to provide their responses easily, thereby increasing the response rate, an effort was made to make the appearance of the questionnaire more appealing (Shukla 2014). Thus, a clear and legible questionnaire was printed on a high-quality white paper in a booklet format. Sufficient space was provided between questions and sections of the questionnaire. To make it more effective and easier to complete, clear instructions as to how to complete the different sections of the questionnaire were provided. The willingness of the respondents to complete the questionnaire, and the required quality of data they are expected to provide, can be influenced by a time constraint (Kothari 2004). To mitigate this influence, approximately 45 minutes was provided to complete the questionnaire. Due to the length of the questionnaire, respondents were advised to complete one or two sections of the questionnaire at a time. A covering letter, which provided relevant information pertaining to the study, and a consent form to be signed and returned, accompanied the questionnaire. Due to financial reasons, the covering letter (see Appendix N), the consent form (see Appendix O), the questionnaire (see Appendix P), and the follow-up letter (see Appendix Q) were drawn up in English only. As a questionnaire to be employed in the research needs to be both valid and reliable, this aspect will be addressed in the next section.

## **7.7 METHODS TO ENSURE VALIDITY AND RELIABILITY OF THE MEASURING INSTRUMENT**

To ensure a valid and reliable research process, a number of measurements will be in place. The most useful instrument needs to be both valid and reliable (Ang 2014). A brief discussion of the two concepts follow:

### **7.7.1 Validity**

Validity is the extent to which an instrument measures what it is supposed to measure and performs as it is designed to perform (Ang 2014; Rose *et al* 2015). According to Kimberlin and Winterstein (2008), it is rare, if nearly impossible, that an instrument will be 100% valid, so validity is generally measured in degrees. As a process, validation involves collecting and analysing data to assess the accuracy of an instrument (Rose *et al* 2015). There are numerous statistical tests and measures available to assess the validity of quantitative instruments, which generally involve, for example, pilot testing (Kimberlin & Winterstein 2008; Saunders *et al* 2019). Two main groups of validity can be distinguished, namely: internal and external validity (Rose *et al* 2015). Internal validity is affected by flaws within the study itself, such as not controlling some of the major variables (a design problem), or problems with the research instrument (a data collection problem). Some factors which affect internal validity include: subject variability, size of population, and the time given for data collection. Internal validity is enhanced by increasing the control of these variables (Neuman 2014). In this research, internal validity will be ensured by using applicable literature, models and theories that are relevant to the research topic, problem statement, aims of the study, and by using a measurement instrument that is appropriate to the model developed for the study. External validity is the extent to which the results of a study can be generalised from the sample population (Saunders *et al* 2019). Establishing external validity for an instrument then follows directly from sampling (Kimberlin & Winterstein 2008). A sample should be an accurate representation of a population (Quinlan 2011; Shukla 2014). An instrument that is externally valid, helps to obtain population generalisability or the degree to which a sample represents the population (Quinlan 2011). In this research, the external validity will be addressed through the selection of a sample that is representative of the target population and by following an acceptable data collection approach, i.e. using a questionnaire.

### 7.7.2 Reliability

Reliability can be thought of as consistency. Does the instrument consistently measure what it is intended to measure? It is the degree to which the measures are free from error (Ang 2014). Thus, the more random errors there are in the measurements, the lower the reliability will be. The greater the reliability, the more the results can be generalised (Ang 2014). According to Kimberlin and Winterstein (2008:2281), there are four general estimators available to test reliability.

- a) Inter-rater/observer reliability - the degree to which different raters/observers give consistent answers or estimates.
- b) Test-retest reliability - the consistency of a measure evaluated over time.
- c) Parallel forms of reliability - the reliability of two tests constructed the same way from the same content.
- d) Internal consistency-reliability - the consistency of results across items, often measured with Cronbach's Alpha (coefficient alpha).

Other test models, according to Ang (2014), include split half and Guttman. While Vogt *et al* (2014), mention Cohen's kappa, Pearson's  $r$ , Factor Analysis and the item response theory. Ang (2014) indicates that the degree of reliability is best evaluated by referring to its square root value (reliability index). The data obtained in this study will be tested by using Cronbach's Alpha which is seen as the best measurement to assess data reliability (Ang 2014; Rose *et al* 2015).

An important aspect in the validity and reliability of a measuring instrument relates to the pre-testing of the questionnaire. This will be the focus of the next section.

## 7.8 PRE-TESTING OF THE MEASURING INSTRUMENT

Pre-testing is an integral part of a survey process (Brace 2008). It is a method through which the researcher evaluates the usefulness of the questionnaire in terms of the data that will be obtained. The purpose of pre-testing includes: ensuring that the level of language used in the questions is appropriate and understandable to the respondents, assessing whether the questions are understood as intended, testing different versions of a question, and determining whether the order of questions is logical (Andres 2012). It is thus important to correct all the deficiencies through a pre-testing process before the questionnaire is distributed to the respondents.

Taking a small group of people which is representative of the various sub-groups within the sample to complete the questionnaire is often considered to be the best way of testing a questionnaire. According to Shukla (2014), most researchers recommend pilot studies taking a sample of between 15 and 30 respondents. Isaac and Michael (1995) also suggest that for pilot studies, taking a sample size of between 10 to 30 participants has practical advantages such as: simplicity, easy calculation, and the opportunity to test the hypotheses. Accordingly, for this study, a formal pre-test was conducted with 14 respondents with different titles in the banking sector in Ethiopia such as: Vice-President, Departmental Director/Manager, Deputy Departmental Director/Manager, Branch Manager, Assistant Branch Manager, Section Head, Principal Officer, Supervisor, Senior Officer, and Junior Officer. The pre-test group indicated that the font size of the questionnaire should be increased. As far as the instructions of the Likert-type of questions are concerned, it was indicated that circling the most applicable number is more convenient than making a tick mark in the most applicable box. Having received the foregoing feedback from the pre-test group, improvements to the questionnaire were made accordingly, and the final questionnaire for the survey was prepared.

The data collection method used in this research is discussed next.

## **7.9 DATA COLLECTION METHOD**

The data collection method is a process of collecting data from different sources to answer research questions or meet research objectives (Saunders *et al* 2019). Data collection methods can be classified into two main categories, namely: secondary and primary (Kalu, Unachukwu & Ibiam 2018). Secondary data may be collected and assembled for some research problem or opportunity situation other than the current situation. Therefore, secondary data is historical data that already exists (Kalu *et al* 2018). Shukla (2014) identifies several sources of secondary data including: internal data (e.g. in company reports), expert advice (e.g. newspaper, books, interviews and reports), Internet (e.g. various search engines, portals and websites), industry data (e.g. industry or trade associations), macro data (government and international publications), and research report (e.g. journal articles and independent research firms).

The availability of secondary data from various sources can assist researchers in terms of improving research validity and reliability. The important aspects that need to be considered in relation to secondary data are whether or not the secondary dataset has an appropriate depth, pertinent detail, and the required suitability and sufficiency in relation to the area of interest (Kalu *et al* 2018). Other aspects in assessing secondary data include: the date of publication, the reliability and credentials of the sources, the purpose of publication, and the quality of discussion (Kalu *et al* 2018). In this research, an effort was made to meet these criteria in relation to the secondary research which focused on the concept of trust, the trust process and trust management models within organisations.

Primary data refer to first-hand data, which require meaningful interpretation (Kalu *et al* 2018). With regard to the primary data for this study, the researcher employed a questionnaire as a decision was made to follow a quantitative research strategy as indicated earlier. The choice of questionnaire as a data collection tool was primarily influenced by the research questions and objectives formulated for this research from the outset (Saunders *et al* 2019). Besides, it was found to be a good means of making comparisons between the results and less costly to apply within a relatively short period of time than other available methods.

## **7.10 POPULATION, SAMPLING AND RESPONSE RATE**

A researcher needs to decide what kind of population is suitable for the investigation of a research topic (Bryman & Bell 2011; Shukla 2014). A population, in research terminology, is “the universe of units from which the sample is to be selected” (Bryman & Bell 2011:176). Sampling, a key step in the research process, is an activity that is almost always encountered in quantitative research (Bryman & Bell 2011). The basic idea of sampling is that by selecting some of the elements in a population, conclusions may be drawn about the entire population (Cooper & Schindler 2014). According to Cooper and Schindler (2014), some of the compelling reasons for sampling include: lower cost, greater accuracy of results, greater speed of data collection, and availability of population elements. Since a 100% response rate is unlikely, the sample needs to be large enough to ensure sufficient responses (Saunders *et al* 2019).

### **7.10.1 Population**

In this study, the need for primary data is mainly to gain empirical support for the theoretically conceptualised integrated model for managing trust within organisations. As the researcher resides in Ethiopia, Ethiopian banks were found to be a suitable, convenient and easily accessible research site for the collection of the primary data. The empirical study was thus conducted among a population of employees within the banking sector in Ethiopia. At present, there are 18 banks (2 public and 16 private) operating in this sector in the country employing approximately 57,588 people. A detailed explanation about the banking sector in Ethiopia is provided in Chapter 2.

### **7.10.2 Sampling approach**

According to Bryman and Bell (2011), it is highly unlikely that a researcher will have the time and resources to undertake a survey of all elements of a population. Thus, it is almost certain that the researcher needs to take samples from the total population. Likewise, in this study, due to time and money constraints, it was not possible to involve all 18 banks operating in the country in the survey. A decision was made to purposively select only the largest banks, measured in terms of their total assets held. The assets they hold ranged between 13.2 billion and 359 billion *Birr*. A list of the existing banks in the country was drawn up, indicating their total assets held, based on the annual reports of the respective banks. The top eight banks were then selected. These consisted of two public banks, i.e. Commercial Bank of Ethiopia (CBE) and Development Bank of Ethiopia (DBE), and 6 privately-owned banks, i.e. Awash International Bank S.C., Dashen Bank S.C., United Bank S.C., Bank of Abyssinia S.C., Wegagen Bank S.C., and Nib International Bank S.C. These banks held about 92% of the total banks' assets within Ethiopia (i.e. 493.4 billion *Birr*), and hired approximately 85% of the total banking employees (i.e. 48,850 employees).

In the Ethiopian banking sector, the total number of employees for public and private banks differ slightly, 26,625 employees versus 30,963 employees, respectively. To ensure representativeness and limit response bias (Saunders *et al* 2019), the banks participating in this survey were stratified according to their ownership, i.e. public and private banks. These two groups then formed the strata to be used for the sampling process. The one stratum, i.e. the public banks, had 26,625 employees, and the other

stratum, i.e. the private banks, had 22,225 employees a combined total of 48,850 employees. The number of employees per strata to participate in the survey was then determined by using a 5% margin of error, and a 95% confidence level. This resulted in 379 employees for the public banks, and 378 employees for the private banks, a sample size of 757 employees for the study. The reason why it was done separately for each banking group was that the resulting minimum sample size indicated a sample size of 382 for both groups which would lead to sample sizes per bank group being too small. Increasing the sample size also decreased the margin of error to 3.54% and increased the confidence level to 99.4%.

Having determined the total number of employees for the two groups (i.e. public and private banks), the sample size per bank group for each individual bank in the sample group was determined proportionally (stratified within the two banking groups), based on the number of staff within the banks as indicated in Table 7.2.

**TABLE 7.2:** Proportional sample size per bank based on number of employees

<b>Name of bank</b>	<b>Number of staff employed</b>	<b>Sample size per bank</b>
<b>Public banks</b>		
1) Commercial Bank of Ethiopia (CBE)	25478	363
2) Development Bank of Ethiopia (DBE)	1147	16
<b>Sub-total</b>	<b>26625</b>	<b>379</b>
<b>Private banks</b>		
3) Awash International Bank S.C.	5847	99
4) Dashen Bank S.C.	4597	78
5) United Bank S.C.	2921	50
6) Bank of Abyssinia S.C.	3290	56
7) Wegagen Bank S.C.	2948	50
8) Nib International Bank S.C.	2622	45
<b>Sub-total</b>	<b>22225</b>	<b>378</b>
<b>Total</b>	<b>48850</b>	<b>757</b>

In order to draw the final sample, the bank groups were further stratified into three categories, namely: (1) the head offices of the two groups, (2) the branches within the capital Addis Ababa, and (3) the branches outside the Capital Addis Ababa. Table 7.3 indicates the number of head offices and branches in both locations.

All the head offices of the two groups, i.e. the public and private banks, were used, and each branch of the bank was identified by using the bank codes for the branches. Due to the large number of branches, and due to time and money constraints, the number of branches to be drawn were determined by dividing the sample size of employees per bank by 4 (the number of post levels) resulting in 190 branches to be selected as indicated in Table 7.4. This was done primarily to ensure that within each branch adequate post level representativeness could be achieved.

**TABLE 7.3:** Number of head offices and branches of the participant banks

Name of bank	Head Office	Branches within Addis Ababa	Branches outside Addis Ababa	Total number of branches
<b>Public banks</b>				
1) Commercial Bank of Ethiopia (CBE)	1	262	888	1150
2) Development Bank of Ethiopia (DBE)	1	4	106	110
<b>Private banks</b>				
3) Awash International Bank S.C.	1	127	118	245
4) Dashen Bank S.C.	1	57	61	118
5) United Bank S.C.	1	74	70	144
6) Bank of Abyssinia S.C.	1	92	84	176
7) Wegagen Bank S.C.	1	66	95	161
8) Nib International Bank S.C.	1	86	69	155
<b>Totals (public and private)</b>	<b>8</b>	<b>768</b>	<b>1491</b>	<b>2259</b>

Source: NBE (2016)

The different post levels were identified as: *top-level management*, consisting of members of the Board of directors, Presidents, and Vice-presidents; *middle-level management*, consisting of Departmental directors/managers, and Deputy departmental directors/managers; *lower-level management*, consisting of branch managers and assistant branch managers; and *non-management* employees, who occupy non-managerial job positions such as: customer service clerk, officer and supervisor, loan and trade finance officer and supervisor, and auditor. With respect to post levels, the breakdown for the planned sample is 1.1%, 2.1%, 47.4% and 49.4% for the *top-level management*, *middle-level management*, *lower-level management*, and *non-management* employees respectively. This is in line with a hierarchical organisation structure. The stratification was deemed appropriate due to the statistical importance to ensure a sample that limits response bias and representativeness (Saunders *et al* 2019).

Typical examples of jobs that participants perform in each of the levels included: (1) *top level management* – assess the overall direction and strategy of the bank, monitor and control functions, manage operations, systems and e-banking, administration and finance, and marketing and business development; (2) *middle level management* – manage the human resources of the bank, the finance and accounts, marketing and corporate planning, risk and compliance, and credit analysis and appraisal; (3) *lower level management* – manage customer service, promote and market the branch and its products, monitor sales targets, and report to head office; and (4) *non-management staff* – engage in domestic banking activities such as saving and current accounts, local money transfer, and cheque clearance activities; international banking activities such as import and export; and loan (credit) operations.

**TABLE 7.4:** Number of branches and head offices to participate in the survey

Name of bank	Head Office (a)	Branches within Addis Ababa (b)	Branches outside Addis Ababa (c)	Total Number of Branches (d)=(b+c)	Sample size per bank (e)	Number of branches to be sampled (f)=(e/4)	Number of branches to be sampled (less head offices) (g)=(f-a)	Number of branches to be sampled	
								within Addis Ababa (h)= (g * 0.34)	outside Addis Ababa (i) = (g * 0.66)
<b>Public banks</b>									
1) Commercial Bank of Ethiopia (CBE)	1	262	888	1150	363	91	90	31	59
2) Development Bank of Ethiopia (DBE)	1	4	106	110	16	4	3	1	2
<b>Private banks</b>									
3) Awash International Bank S.C.	1	127	118	245	99	25	24	8	16
4) Dashen Bank S.C.	1	57	61	118	78	20	19	7	12
5) United Bank S.C.	1	74	70	144	50	12	11	4	7
6) Bank of Abyssinia S.C.	1	92	84	176	56	14	13	4	9
7) Wegagen Bank S.C.	1	66	95	161	50	13	12	4	8
8) Nib International Bank S.C.	1	86	69	155	45	11	10	3	7
<b>Total</b>	<b>8</b>	<b>768</b> <b>(34%)</b>	<b>1491</b> <b>(66%)</b>	<b>2259</b>	<b>757</b>	<b>190</b>	<b>182</b>	<b>62</b>	<b>120</b>

Using a stratified random sampling process, in addition to the eight head offices, a total of 182 branches (within and outside the capital Addis Ababa) were proportionally sampled from the participating banks. Sixty-two (34%) branches were sampled within the capital of Addis Ababa, and 120 (66%) branches (from outside the capital Addis

Ababa) using the branch codes obtained from the individual head offices of the different banks (see Table 7.3).

Once the branches were identified, the respondents to participate in the survey needed to be identified. The identification of the respondents was done from staff lists received from the HR officers for the Head Offices and in the case of the branches from branch managers/assistant branch managers. The employees' identity numbers were used in this process. Use was made of a random number generator to draw the predetermined sample of respondents. Accordingly, four participants were sampled from each head office, and from each selected branch. This study used groupings of post levels; for the first category, i.e. the head offices, the job categories were - top management, middle management and non-management post levels. For the branches both within the capital Addis Ababa, and those outside, the job categories were: lower management and non-management as the branches did not have the senior posts normally found at the head offices. In the case of the head offices, it was decided to randomly select one respondent from the top management category, two respondents from the middle management group, and one respondent from the non-management group. The reason for selecting the two participants from the middle management group is the important role this group plays in connecting the lower management/non-management group with top management and the connection this group has with the top management group. As the branches within and outside the capital of Addis Ababa only have lower management and non-management post levels, it was decided to randomly select two respondents from each of these two categories as indicated in Table 7.5.

As work experience of the participants played an important role in this survey, a decision was made to focus only on employees with more than two years of work experience within the banking sector of Ethiopia. The reason being that as these bank employees have some experience of interacting with other staff over a reasonable period of time, then they should have gained a good insight into the aspect of trust being investigated. The list used, from which a random sample of respondents was drawn, contained only employees with two or more years of work experience.

**TABLE 7.5:** Number of participants per category and post level

Name of bank	Sample size per bank	Number of participants per category			Number of participants per post level							
		Head Office	Branches within Addis Ababa	Branches outside Addis Ababa	Head Office			Branches within Addis Ababa		Branches outside Addis Ababa		
					Top Level Mgt.	Middle Level Mgt.	Non-Mgt.	Lower Level Mgt.	Non-Mgt.	Lower Level Mgt.	Non-Mgt.	
1) Commercial Bank of Ethiopia (CBE)	363	4	124	235	1	2	1	62	62	117	118	
2) Development Bank of Ethiopia (DBE)	16	4	4	8	1	2	1	2	2	4	4	
<b>Total Public Banks</b>	<b>379</b>	<b>8</b>	<b>128</b>	<b>243</b>	<b>2</b>	<b>4</b>	<b>2</b>	<b>64</b>	<b>64</b>	<b>121</b>	<b>122</b>	
3)Awash International Bank S.C.	99	4	32	63	1	2	1	16	16	31	32	
4)Dashen Bank S.C.	78	4	23	51	1	2	1	11	12	26	25	
5) United Bank S.C.	50	4	17	29	1	2	1	8	9	14	15	
6)Bank of Abyssinia S.C.	56	4	16	36	1	2	1	8	8	18	18	
7)Wegagen Bank S.C.	50	4	15	31	1	2	1	7	8	15	16	
8)Nib International Bank S.C.	45	4	13	28	1	2	1	6	7	14	14	
<b>Total Private Banks</b>	<b>378</b>	<b>24</b>	<b>116</b>	<b>238</b>	<b>6</b>	<b>12</b>	<b>6</b>	<b>56</b>	<b>60</b>	<b>118</b>	<b>120</b>	
<b>Total Public and Private Banks</b>	<b>757</b>	<b>32</b>	<b>244</b>	<b>481</b>	<b>8</b>	<b>16</b>	<b>8</b>	<b>120</b>	<b>124</b>	<b>239</b>	<b>242</b>	
<b>Total sample size</b>	<b>757</b>				<b>757</b>							

### 7.10.3 Response rate

Given the poor postal and internet services which exist within Ethiopia, the questionnaires were delivered by hand to the respondents at each of the head offices and branches within and outside the capital Addis Ababa. This process was executed by the researcher and two fieldworkers employed for this purpose. A human resource officer at each of the head offices, and a branch manager/assistant branch manager at each of the branches played an important facilitation role in this regard. All the units in the sample completed the form and the questionnaires were delivered together with a sealable envelope. With regard to the return of the completed questionnaires, the researcher's contact address, such as post, fax and email, were included in the package delivered to each respondent.

A total of 757 questionnaires were delivered to the respondents together with the consent form. The respondents who had not returned the questionnaires were approached, and follow-up letters together with a second questionnaire were delivered. A total of 405 questionnaires were finally received resulting in a response rate of 53.5%. The number of questionnaires distributed and returned is indicated in Table 7.6.

**TABLE 7.6:** The number of questionnaires delivered and returned

Name of bank	Number of questionnaires delivered	Number of questionnaires returned
<b>Public banks</b>		
Commercial Bank of Ethiopia (CBE)	363	184
Development Bank of Ethiopia (DBE)	16	16
<b>Sub-total</b>	<b>379</b>	<b>200</b>
<b>Private banks</b>		
Awash International Bank S.C.	99	50
Dashen Bank S.C.	78	39
United Bank S.C.	50	33
Bank of Abyssinia S.C.	56	27
Wegagen Bank S.C.	50	25
Nib International Bank S.C.	45	31
<b>Sub-total</b>	<b>378</b>	<b>205</b>
<b>Total questionnaires delivered and returned</b>	<b>757</b>	<b>405</b>

The literature provides diverse views regarding the response rate of a survey study. For example, Bryman and Bell (2015) believe that a response rate of between 50-60% is barely acceptable. For Sekaran (2003), a response rate of 30% is considered acceptable. Nulty (2008) is of the opinion that a response rate of above 50% is adequate. According to Aaker, Kumar and Day (2007), it is the representativeness of the population that is more significant than the general response percentage. Taking the above views into account, and the fact that the survey was undertaken only amongst employees within the banking sector, it would appear that the achieved response rate of 53.5% for this study was acceptable. The number of returned questionnaires also indicated that all the banks were adequately and similarly represented and thus representative of the target population.

## **7.11 COMPUTERISATION AND CODING OF THE DATA**

Before the data could be analysed, the questionnaires needed to undergo preliminary preparation (Pallant 2016). According to Aaker *et al* (2007), data preparation includes the following: data editing, coding, and statistical adjustment of the data. In this study, each of the completed and returned questionnaires was edited for any omissions, illegibility, and errors in the responses, to achieve maximum data quality standards. To simplify the data analysis without any distortion, illegible or missing responses were coded as “missing”. A codebook was used to code the data. A codebook is a summary of the instructions, which is used to convert the information obtained from each respondent, into a format that a statistical software programme can understand (Pallant 2016). For this study, the coding scheme was developed with the assistance of the statistician; the coding scheme contained each variable, and the application of the coding rules for each variable. The data were captured on an Excel spreadsheet, which was then exported to the appropriate software packages for analysis. The software packages known as SPSS (Statistical package for the social sciences, version 24.0), and AMOS (Analysis of moment structures, version 24.0), which were released during March 2016, were used to analyse the data.

## **7.12 DATA ANALYSIS**

Data analysis usually involves a number of activities such as the reduction of the data to a manageable size, developing summaries, looking for patterns, and applying statistical techniques (Cooper & Schindler 2014). In this research, the data analysis consisted of three major stages, namely: descriptive statistical analysis, construct validity and reliability, and inferential statistical analysis. These stages are discussed as follows.

### **7.12.1 Stage 1: Descriptive statistical analysis**

Having coded the raw data obtained from the questionnaires by means of the SPSS software program, the first step was to make some sense of the data gathered. To achieve this goal, use was made of descriptive statistics, namely: percentages, means, standard deviations, skewness and kurtosis (Ang 2014; Pallant 2016). Descriptive statistics enabled the researcher to present the raw data in a more

meaningful way which allowed for easy interpretation (Saunders *et al* 2019). The descriptive statistical analysis of this research consists of demographic and personal information and item descriptives.

#### **7.12.1.1 Demographic and personal information**

The demographic and personal information of the respondents was described according to the following biographical variables: the ownership of the bank, the place of work, the gender distribution, the type of position held, the age distribution, length of service, their official title and educational qualifications, and the academic field of study of the respondents. The results were indicated using a frequency table.

#### **7.12.1.2 Item descriptives**

The item descriptive statistics were reported on the items as they appeared in the questionnaire. The descriptive information used consisted of means (an average, computed by summing the values of several observations and dividing it by the number of observations), standard deviations (a measure of the spread of scores about the mean), skewness (the measure of symmetry or more precisely lack of symmetry) and kurtosis (a parameter that describes the shape of a random variable's probability distribution) for each item. While the cut-off scores/criteria used for the items were based on the following guidelines: a mean score of higher than 4.00 as a tendency to strongly agree; a mean score between 3.50 and 4.00 as a tendency to agree; a mean score between 3.00 and 3.49 as a tendency to a neutral opinion; and a mean score of lower than 3.00 as a tendency to disagree.

### **7.12.2 Stage 2: Construct validity and reliability**

At this stage, the exploratory factor analysis and the description of the identified factors (i.e. factor descriptives) were undertaken.

#### **7.12.2.1 Exploratory Factor Analysis**

The exploratory factor analysis (EFA) was done in three phases, namely: assessment of the suitability of the data for factor analysis, factor extraction, and factor rotation and interpretation (Pallant 2016), as discussed next.

- *Phase 1: Assessment of the suitability of the data for factor analysis*

In this phase, an attempt was made to ensure the suitability of the data set for factor analysis. This was determined by using the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy. In this process, the recommended value needs to be at least 0.6 (Pallant 2016; Tabachnick & Fidell 2014). Providing further support that the factor analysis was suitable for the data analysis, Bartlett's test of sphericity was also utilised to determine if the correlation matrix of the items had an identity matrix (Pallant 2016). Statistical significance ( $p < 0.05$ ) would indicate appropriateness to conduct an exploratory factor analysis.

- *Phase 2: Factor extraction*

This phase was needed to decide on the number of factors to be extracted (identified). Principal axis factoring was used as the extraction method. To decide on the number of factors, Kaiser's criterion (eigenvalue rule) and Cattell's scree test techniques were used. In using Kaiser's criterion, only factors with an eigenvalue of 1.0 or more were to be retained for further investigation. The eigenvalue of a factor represents the size of the total variance explained by that factor. However, this technique has been criticised for retaining too many factors in some situations (Pallant 2016). In order to mitigate this problem, a decision was made to use Kaiser's criterion (eigenvalue rule) in conjunction with Cattell's scree test. The Cattell's scree test involves plotting each of the eigenvalues of the factors and inspecting the plot to find a point at which the shape of the curve changes direction and becomes horizontal. Cattell (1977) recommends retaining all factors above the break in the plot.

- *Phase 3: Factor rotation and interpretation*

Once the number of factors had been determined, the third phase included the interpretation of the factors. To assist this process, the factors were rotated obliquely by using the promax technique. The whole process resulted in several factor solution matrices, of which, the *pattern* solution matrix is important (Pallant 2016). The values in these *pattern* solution matrices are called factor loadings. The factor loadings are a gauge of the substantive importance of a given item to a given factor (Field 2009). The study of all items that have high loadings on a factor, and identifying the common nature of these items, can indicate the nature of the factor. Researchers take a loading

of an absolute value of more than 0.30 for exploratory research to be significant (Field 2009), and thus, this value was adopted for this research.

### **7.12.2.2 Factor descriptives**

This section reported on the descriptive statistics for the factors identified through the EFA. The descriptive information consisted of means, standard deviations, skewness and kurtosis.

### **7.12.3 Stage 3: Inferential statistical analysis**

The inferential statistical analysis consisted of correlational analysis and structural equation modelling (SEM).

#### **7.12.3.1 Correlational analysis**

To test for the existence of relationships, use can be made of Pearson product-moment correlation coefficients. Pearson correlation coefficients ( $r$ ) can take on values from  $-1.00$  to  $+1.00$ . The negative or positive sign indicates whether there is a negative correlation, or a positive correlation. In a negative correlation, as one variable increases, the other decreases. In a positive correlation, as one variable increases, so does the other (Pallant 2016; Saunders *et al* 2019). The size of the absolute value provides an indication of the strength of the relationship. A perfect correlation of  $+1.00$  or  $-1.00$  indicates that the value of one variable can be determined exactly by knowing the value of the other variable. On the other hand, a correlation of  $0.00$  indicates that there is no linear relationship between the two variables. In this case, as the variables are considered perfectly independent, knowing the value of one of the variables does not help to predict the value of the second variable. Therefore, multiple regression analysis or structural equation modelling can be applied where the aim is to determine the extent to which a dependent variable(s) can be predicted by an independent variable, or a set of independent variables.

In this study, two types of correlation analysis were undertaken. The first correlation analysis was used to test the strength and direction of the relationship between the different sections of the questionnaire which represent the building blocks of the theoretical model, i.e. the integrated trust management model proposed in this study. The second correlation analysis was used to test the strength and direction of

relationships between the factors identified within the sections. For the purpose of this study, Pearson product-moment correlation coefficient ( $r$ ) was used to calculate the strength of the relationship between variables (Pallant, 2016). Different suggestions have been provided as to the interpretation of the strength of the relationship (Pallant 2016). For example, Cohen (1998), as cited in Pallant (2016), suggests the following guidelines:  $r=.10$  to  $.29$  as small;  $r=.30$  to  $.49$  as medium; and  $r=.50$  to  $1.0$  as large. Whereas Grobler and De Bruyn (2018) used the following guidelines in their study:  $r=0.001$  to  $0.199$  as very weak;  $r=0.2$  to  $0.399$  as weak;  $r=0.4$  to  $0.599$  as moderate;  $r=0.6$  to  $0.799$  as strong; and  $r=0.8$  to  $1.0$  as very strong. The interpretation guidelines used by Grobler and De Bruyn (2018) provides a larger number of categories in determining the strength of the relationships, and thus, their guidelines were adopted for this study.

### **7.12.3.2 Structural Equation Modelling (SEM)**

Structural equation modelling (SEM) is a family of statistical procedures that explain the relationships among multiple variables with the same basic goal of providing a quantitative test of the adequacy of a hypothesised theoretical model. Various theoretical models can be tested in SEM of how sets of variables define constructs and how these constructs are related to each other (Schumacker & Lomax 2010). In this study, the SEM procedure was used to test the theoretical propositions regarding the extent to which constructs are theoretically linked and the directionality of the statistically significant relationships which exist (Schreiber, Stage, King, Nora and Barlow 2006).

Since basic statistical methods, such as simple bivariate correlations, only use two variables at a time, they are not capable of dealing with the sophisticated theories being developed in this study. In contrast, SEM allows a complex phenomenon to be statistically modelled and tested (Schumacker & Lomax 2010). As trust is a complex phenomenon, it requires the use of multiple observed variables to better understand this area of scientific investigation. The SEM technique was preferred to quantitatively test the theoretical model of trust developed for use in this study. Furthermore, in normal correlation and multiple regression analysis, the measurement error is aggregated in a single residual error term, while SEM includes measurement error for each observed variable and latent construct.

SEM models can either be measurement models or structural models. The measurement model deals with the relationships between the observed variables and the latent constructs but connections among the latent constructs will not be considered. Whereas the structural model does deal with the relationships which can exist between the latent variables (Byrne 2010; Tabachnick & Fidell 2014). In this research, the interrelationships between the process of trust, trust characteristics, training in trust awareness, builders of trust, drivers of trust, destroyers (busters) of trust, challenges regarding trust, trust outcomes, trust repair, maintaining trust, and company competitiveness, as manifested in the banking sector of Ethiopia, were studied.

According to Hair, Anderson, Tatham and Black (1998), as cited in Diedericks (2016:183), there are four major types of relationships between the variables, namely: (a) bidirectional association, which includes correlation and covariance, (b) the direct effect relationship, which is a directional relationship between two variables, such as independent and dependent variables, (c) the indirect effect, which is the effect of an independent variable on a dependent variable, and (d) a relationship through one or more intervening or mediating variables. For the purpose of this research, these relationships were accepted.

The SEM procedure applied in this research allowed to identify the interrelationships between the latent constructs. Furthermore, it allowed, by means of structural path analysis, to judge the fit of the structural model, by measuring the significance of the relationships between the latent variables (Hoyle 1995; Kaplan 2000). The model adequacy was evaluated by means of goodness-of-fit measures, which determined whether the model being tested should be accepted or rejected (Byrne 2010). In this research, the following indices were used to evaluate the model fit:

- Chi-square ratio ( $\chi^2/df$ ): a value of less than 3 is seen as an acceptable fit, while values less than 5 indicate a reasonable fit (Hair, Anderson, Tatham and Black 2006; Wheaton, Muthén, Alwin & Summers 1977).
- Incremental fit index (IFI): a value of 0 reflects no fit, while a value of 1 reflects a perfect fit. Values above or equal to 0.90 reflect an acceptable fit.
- Tucker-Lewis index (TLI): a value of 0 reflects no fit, while a value of 1 is a perfect fit. Values above or equal to 0.90 reflect an acceptable fit.

- Comparative fit index (CFI): a value of 0 reflects no fit, while a value of 1 reflects a perfect fit. Values above or equal to 0.90 reflect an acceptable fit (Hair, Black, Babin & Anderson 2009).
- Root mean square error of approximation (RMSEA): a value of 0.05 represents a close approximate fit; while values between 0.05 and 0.08 suggest a reasonably approximate fit, and values greater than 0.10, suggest a poor fit.

The Chi-square ( $\chi^2$ ) test is one of the most commonly used model-fit criteria in SEM analysis (Schumacker & Lomax 2010). In this study, the  $\chi^2$  test was used to measure the difference between the observed data and estimated covariance metrics (Hair *et al* 2009). It must be remembered however that the  $\chi^2$  model-fit criterion is sensitive to sample size (Lei & Wu 2007; Schumacker & Lomax 2010; Tabachnick & Fidell 2014). In order to address this problem, in this research, alternative goodness-of-fit indices, namely: the  $\chi^2$  ratio ( $\chi^2/df$ ), Incremental fit index (IFI), Tucker-Lewis index (TLI), Comparative fit index (CFI), and Root mean square error of approximation (RMSEA), were used. As the focus of SEM analysis was on improving the model, rather than determining or comparing competing models, these sets of goodness-of-fit indices were considered sufficient, and the reporting generally included only these indices. It is important to note that besides addressing the problem of sample size sensitivity, reporting these indices usually provides sufficient unique information to evaluate the model (Hair *et al* 2009).

Having specified the structural model and the input data selected, the AMOS software programme was used to estimate the parameters of the structural model. This software programme was used due to its suitability for all the stages of the data analysis (Byrne 2010; Kline 2016). Once the model parameters were estimated, the decision was either to retain or reject the hypothesised model. Thus, the goodness-of-fit of each part of this model was assessed for the overall structural design of the model.

Having provided a detailed discussion on the research design and methodology for this study, it is also important to briefly address the ethical framework within which this study has been undertaken. This will be the focus of the next section.

## 7.13 ETHICAL FRAMEWORK FOR THIS RESEARCH

According to Saunders *et al* (2019:252-253), in the context of research, “ethics refer to the standards of behaviour that guide the researcher’s conduct in relation to the rights of those who become the subject of the work, or are affected by it”. For Polit and Hungler (1995), ethics in research is a set of moral principles which refers to the quality of research procedures with regard to their adherence to professional, legal and social obligations to the research subject. Thus, the management of those ethical principles which describe acceptable and unacceptable behaviour in research is important (Babbie & Mouton 2001; Cooper & Schindler 2014). According to Cooper and Schindler (2014), this can be achieved through: (a) explaining the study benefits, (b) explaining the participants’ rights and protections, and (c) obtaining informed consent. The ethical guidelines and standards, as stipulated in the latest ethical policy document of the University of South Africa (UNISA), formed the basis for this study. As the procedures followed in this research adhered to all the ethical requirements that are necessary to ensure ethical responsibility, an ethical clearance certificate has been obtained from UNISA to undertake the study (see Appendix R).

The following ethical principles were adhered to:

- assuring anonymity where possible;
- assuring confidentiality if anonymity is not possible;
- assuring that no physical, emotional or social harm is done to participants;
- informing participants of further use of the data collected for publication purposes;
- informing participants that the results of the research would be made available to them upon request;
- not interfering with, manipulating or fabricating of any of the data to suit the researcher;
- obtaining the consent of authors or institutions regarding the use of their measuring instruments in the study;
- obtaining consent from the participants in the study;
- informing the participants of the protection of the data for a period of at least five years;
- referring to the sources used where necessary; and
- informing the applicants that they may withdraw from the study at any time without any harm to themselves.

## **7.14 CHAPTER SUMMARY**

The research methodology is an important building block in the execution of a research project. This chapter has outlined important components within this process by looking at the concept of research methodology itself, the research paradigm, research design, and the research strategy/approach followed. Other aspects considered within the chapter included: the data collection method, the measurement instrument, the population of the study, sampling framework, data collection procedure and the response rate. Also considered were the computerisation and coding of the data, and data analysis methods used in the study. Lastly, the ethical framework followed in this study was addressed.

In this chapter, an effort has been made to discuss the research strategy to be used in this study. This has been done to allow the readers to understand the research process and philosophy to be followed in the study. In the next two chapters, Chapter 8 and Chapter 9, the results obtained from the analysis of the data will be discussed.

## CHAPTER 8

### DISCUSSION OF THE DATA PART I: DESCRIPTIVE STATISTICS

#### 8.1 INTRODUCTION

This and the next chapter will report on the results obtained through an analysis of the data. In this chapter, the descriptive statistical analysis will be addressed, while in the next chapter the validity, reliability, construct development of the measuring instrument and inferential statistical analysis, including the structural equation modelling, will be looked at.

#### 8.2 DESCRIPTIVE STATISTICAL ANALYSIS

In this section, data on the demographic and personal information, as well as the item descriptives are reported on.

##### 8.2.1 Demographic and personal information

From the results and as indicated in Table 8.1, it is clear that the respondents are equally split between the private and government-owned banks where they work ensuring representativeness of the sample. The majority of the respondents (92.1%) work in the branches, while overall the workforce within the banks is male dominated. Almost all the respondents are full-time employees and are relatively young with more than 80% being younger than 40 years of age. It is also clear from the results that 75% of the respondents have worked in their banks for less than 10 years, while 22% have been employed for between 10 to 20 years. The respondents hold titles which are fairly evenly spread from the top-level management, middle-level management, lower-level management, and non-management employees. The majority of the respondents (80.2%) are graduates with qualifications in the area of business studies (including banking and financial management).

**TABLE 8.1.** Demographic and personal information of the respondents (n=405)

Variables	Frequencies	Percent	Valid Percent <sup>1</sup>	Cumulative Percent
<b>(1) Ownership of the banks</b>				
Government-owned	200	49.4	49.4	49.4
Privately-owned	205	50.6	50.6	100
<b>(2) Place or work</b>				
Head Office	32	7.9	7.9	7.9
Branch	373	92.1	92.1	100
<b>(3) Gender distribution</b>				
Male	284	70.1	70.1	70.1
Female	121	29.9	29.9	100
<b>(4) Type of position</b>				
Full-time employee	402	99.3	99.3	99.3
Part-time employee	2	0.5	0.5	99.8
Other	1	0.2	0.2	100
<b>(5) Age distribution</b>				
18-25 years	44	10.9	10.9	10.9
26-30 years	147	36.3	36.3	47.2
31-40 years	137	33.8	33.8	81
41-50 years	54	13.3	13.3	94.3
51-60 years	16	4	4	98.3
61 years and older	7	1.7	1.7	100
<b>(6) Length of service</b>				
Less than 10 years	305	75.3	75.3	75.3
Between 10 – 20 years	92	22.6	22.6	98
More than 20 years	8	1.8	1.8	100
<b>(7) Official title of the respondents</b>				
Top-level management	8	1.9	1.9	1.9
Middle-level management	17	4.2	4.2	6.1
Lower-level management	109	27	27	33.1
Non-management employees	271	66.9	66.9	100
<b>(8) Educational qualification</b>				
Post-high school diploma	1	0.2	0.2	0.2
First degree	271	66.9	66.9	67.2
Master's degree	133	32.8	32.8	100
<b>(9) Academic fields of study</b>				
Business Studies	325	80.2	80.2	80.2
Economics	56	13.8	13.8	94.1
Social or Behavioural Sciences	7	1.7	1.7	95.8
Humanities/Art/Languages	1	0.2	0.2	96
Law	4	1	1	97
Engineering	1	0.2	0.2	97.3
Natural Sciences	1	0.2	0.2	97.5
Others	10	2.5	2.5	100

## Interpretation

The respondents are representative of the public as well as the private sector banks which limits response bias. As is normally the case within the banking sector, the banks mainly serve their clients through their branches. The results support this view with 92% of the respondents being employed within the branches. It also appears that

<sup>1</sup> % values may not add up to 100% because of missing values.

the majority of the respondents are male while 29% of the respondents are female. The main reason for this can be culturally based as women have traditionally been required to be home bound. The years of service of the respondents are still relatively low which can be attributed to the fact that the private banks have only been allowed to operate in the country from 1994. Overall, the employees are relatively young, are employed full-time and are mostly in possession of a degree qualification within the business and economic areas making the workforce well qualified for their jobs which can lead to an improved efficiency and effectiveness for the banks.

## 8.2.2 Item descriptives

This section reports on the item descriptive statistics as they appear in Sections A – G in the questionnaire.

### 8.2.2.1 Section A: Building an organisation with a high level of trust

The descriptive information for each of the sub-sections of Section A are provided below.

#### 8.2.2.1.1 What is trust?

The descriptive information for the items in the sub-section “What is trust” are shown in Table 8.2. The descriptive information consists of means, standard deviations (SD), skewness and kurtosis for each item.

**TABLE 8.2.** Item descriptive statistics: Section A: Building an organisation with a high level of trust – What is trust?

Item	Mean	SD	Skewness	Kurtosis
<b>(1) Trust is multi-levelled in nature</b> (Trust is the result of interactions involving co-workers, teams, organisational and inter-organisational alliances.)	4.42	0.77	-2.19	7.04
<b>(2) Trust has its roots in the culture of an organisation</b> (Trust is closely related to the norms, values, and beliefs [culture] of the organisation.)	4.48	0.68	-1.61	4.11
<b>(3) Trust is gained through communication</b> (Trust results from communication characterised by accurate information, explanations for decisions made, and sincere and appropriate openness of expression.)	4.40	0.69	-1.39	3.28
<b>(4) Trust is dynamic in nature</b> (Trust is constantly changing, going through repeated phases of building, destabilisation and dissolving.)	3.97	0.99	-0.92	0.44
<b>(5) Trust is multidimensional in nature</b> (Trust encompasses multiple factors at the cognitive, emotional and behavioural levels, all of which affecting an individual's perception of trust.)	4.39	0.68	-1.25	2.89

Item 2 shows the highest mean value ( $M=4.48$ ;  $SD=.68$ ), indicating a tendency to strongly agree that trust is culturally rooted namely that it is closely related to the norms, values, and beliefs of the organisation. Item 4 shows the lowest mean value ( $M=3.97$ ;  $SD=.99$ ), indicating that the respondents only had a tendency to agree with this item namely that trust is dynamic, constantly changing, going through repeated phases of building, destabilisation and dissolving. The overall value of this section tends to indicate an agreement with the items of this section.

### 8.2.2.1.2 Challenges regarding trust

The descriptive information for the items in the sub-section “Challenges regarding trust” are shown in Table 8.3. The descriptive information consists of means, standard deviations, skewness and kurtosis for each item.

**TABLE 8.3.** Item descriptive statistics: Section A: Building an organisation with a high level of trust - Challenges regarding trust

Item	Mean	SD	Skewness	Kurtosis
Top management of my bank regularly (at least once a year) monitors				
(1) <b>the external environment</b> to identify changes in, for example, technology, threats posed by competitors, and other global changes that can have an impact on the effectiveness of the bank.	4.13	0.90	-1.24	1.48
(2) changes in the productivity levels within the bank.	3.99	0.91	-1.04	1.06
(3) the trust levels within the bank.	3.58	1.11	-0.54	-0.46
(4) the policies of the bank to ensure that any redundant policies are removed.	3.52	1.03	-0.36	-0.49
(5) the practices/procedures of the bank to ensure that any redundant practices/procedures are removed.	3.58	0.96	-0.44	-0.32
(6) the culture within the bank.	3.53	1.08	-0.45	-0.57
(7) the strategies of the bank.	4.06	0.93	-1.12	1.06
(8) the structure of the bank, such as				
(a) the reporting lines.	3.79	0.99	-0.75	-0.08
(b) the distribution of authority/ responsibility.	3.69	1.01	-0.66	-0.19
(c) the job content.	3.55	1.07	-0.50	-0.57
(9) the clients' perception of the bank.	3.65	1.03	-0.61	-0.16
(10) the complaints-and-grievance procedure of the bank.	3.54	1.02	-0.53	-0.33
(11) the turnover rate of staff in the bank.	3.46	1.20	-0.45	-0.79
(12) the competitive position of the bank.	3.91	0.96	-1.03	1.02
(13) the plan for improving communication within the bank.	3.65	1.05	-0.55	-0.43
(14) the plan for improving the trust levels within the bank.	3.51	1.09	-0.40	-0.62

Item 1 shows the highest mean value ( $M=4.13$ ;  $SD=.90$ ), indicating a tendency to a strong agreement by the respondents that the top management of their banks, regularly (at least once a year) monitor the bank environment and other global changes that can have an impact on the effectiveness of the bank. Item 11 shows the lowest mean value ( $M=3.46$ ;  $SD=1.20$ ), indicating a reduced tendency of the

respondents to agree that the top management of their bank regularly (at least once a year) monitors the turnover rate of the staff in the bank. The overall value for this section indicates a tendency by the respondents to agree with the items contained in the section.

### 8.2.2.1.3 Builders of trust

The descriptive information for the items in the sub-section “Builders of trust” are shown in Table 8.4. The descriptive information consists of means, standard deviations, skewness and kurtosis for each item.

**TABLE 8.4.** Item descriptive statistics: Section A: Building an organisation with a high level of trust - Builders of trust

Item	Mean	SD	Skewness	Kurtosis
<b>The majority of the employees in my bank</b>				
(1) think that there is an atmosphere of honest co-operation in the bank.	3.88	1.01	-0.90	0.31
(2) have clear expectations regarding the aims of the organisation.	3.79	0.98	-0.71	-0.05
(3) are willing to share their knowledge with others.	4.11	0.83	-1.01	1.25
(4) openly take responsibility for their mistakes.	3.45	1.08	-0.29	-0.77
(5) avoid gossiping about others.	3.19	1.08	0.01	-0.83
(6) avoid unfair criticism of others.	3.30	1.12	-0.11	-0.90
(7) are willing to take part in training.	4.12	0.84	-1.35	2.58
(8) meet management on periodic basis.	3.29	1.16	-0.37	-0.78
(9) have a sound grasp of their work responsibilities.	3.77	0.86	-0.77	0.63
(10) have a sound grasp of the promotion criteria for every position in the bank.	3.16	1.14	-0.16	-0.84
(11) think that evaluation is done in a fair manner.	3.02	1.17	-0.12	-0.92
(12) have a good relationship with their co-workers.	4.06	0.82	-1.24	2.49
(13) think that they are treated fairly.	3.19	1.13	-0.24	-0.84
(14) think that their interests are taken care of.	3.06	1.08	-0.13	-0.85
(15) think that teamwork is encouraged and preferred.	3.88	0.97	-0.97	0.60
(16) are encouraged to take part in decision-making.	3.15	1.10	-0.28	-0.79
(17) abide by the bank’s confidentiality code.	3.83	0.86	-0.64	0.37
(18) receive feedback in good faith.	3.50	0.99	-0.48	-0.41
(19) provide feedback in good faith.	3.54	0.96	-0.46	-0.31
(20) accept the authority that their peers may have.	3.72	0.86	-0.81	0.58
(21) behave in a consistent manner.	3.65	0.90	-0.68	0.26
(22) keep to agreements.	3.84	0.80	-0.87	1.18

Item 7 shows the highest mean value ( $M=4.12$ ;  $SD=.84$ ) indicating a tendency by the respondents to strongly agree that the majority of the employees are willing to take part in training. Item 11 shows the lowest mean value ( $M=3.02$ ;  $SD=1.17$ ) indicating a tendency by the respondents to have a neutral opinion as far as it relates to the aspect that the evaluation of the majority of the employees is fair. Overall, the values in the majority of cases (thirteen items) indicate a tendency to agree with the items in the

section, while in the case of nine items it appears that the respondents tend not to have an opinion and thus remain neutral.

#### 8.2.2.1.4 Drivers of trust

The descriptive information for the items in the sub-section “Drivers of trust” are shown in Table 8.5. The descriptive information consists of means, standard deviations, skewness and kurtosis for each item.

**TABLE 8.5.** Item descriptive statistics: Section A: Building an organisation with a high level of trust - Drivers of trust

Item	Mean	SD	Skewness	Kurtosis
The majority of the employees in my bank				
(1) get constructive feedback about their performance.	3.34	1.07	-0.34	-0.89
(2) have an opportunity to participate in the goal-setting process of the bank.	2.92	1.12	0.10	-0.95
(3) think that the performance evaluations are fair.	2.91	1.08	0.12	-0.91
(4) think that the performance evaluations are appropriate.	3.11	1.14	-0.12	-0.96
(5) receive praise for a job well done.	3.02	1.13	-0.12	-0.94
(6) are given recognition for a job well done.	3.02	1.12	-0.12	-0.96
(7) (a) think that teamwork is encouraged.	3.79	0.89	-1.00	0.97
(b) think that teamwork is practiced in the bank.	3.79	0.89	-0.87	0.62
(8) are given adequate opportunities for professional growth.	3.11	1.08	-0.20	-0.77
(9) are given challenging and stimulating work.	3.19	1.02	-0.17	-0.53
(10) see a clear connection between their work and the goals of the bank.	3.59	0.98	-0.66	-0.07
(11) are encouraged to take action when faced with a problem.	3.30	1.01	-0.47	-0.53
(12) are empowered to make their own choices that will enable them to achieve a healthy balance work-life.	3.06	1.04	-0.11	-0.85
(13) think the work that they do to be meaningful in nature.	3.52	0.94	-0.64	-0.01
(14) are enthusiastic about their work.	3.44	0.95	-0.51	-0.16
(15) are proud of the work that they do.	3.45	1.02	-0.39	-0.44
(16) have a good understanding of the informal structures within the bank.	3.39	0.94	-0.29	-0.53
(17) have a good understanding of the informal processes within the bank.	3.35	0.94	-0.26	-0.59
(18) are given enough information to make the correct decisions about their work.	3.49	0.97	-0.47	-0.51
(19) are given challenging but achievable goals.	3.56	0.94	-0.70	0.00
(20) are given a sense of ownership as far as the goals and mission of the bank are concerned.	3.50	1.02	-0.49	-0.49
(21) think that there is a culture of teamwork in the bank.	3.82	0.95	-0.83	0.41
(22) are encouraged to speak openly with others.	3.45	1.07	-0.45	-0.53
(23) are encouraged to engage in the giving/receiving of feedback.	3.36	1.04	-0.33	-0.61
(24) feel secure as far as their position is concerned.	3.40	1.07	-0.51	-0.45
(25) are encouraged to keep on learning.	3.53	1.07	-0.74	-0.15
(26) are treated fairly.	3.16	1.10	-0.28	-0.81
(27) are familiar with the strategic goals of the bank.	3.61	1.01	-0.83	0.20
(28) understand the strategic goals of the bank.	3.69	0.98	-0.92	0.51
(29) are regularly informed of the mission of the bank.	3.68	1.05	-0.81	0.00
(30) understand the direct connection between their work and the overall success of the bank.	3.73	0.96	-0.91	0.55
(31) think that their contributions are valued.	3.64	1.06	-0.65	-0.25

Item 21 shows the highest mean value ( $M=3.82$ ;  $SD=.95$ ), indicating that the respondents tend to agree that a culture of teamwork exists. Item 3 shows the lowest mean value ( $M=2.91$ ;  $SD=1.08$ ), indicating that the respondents tend to disagree with the item that the majority of employees' performance evaluations are fair. Overall, the values tend to indicate that in the case of the majority of the items (seventeen items), there is a tendency to remain neutral, indicating that the respondents do not have an opinion, while in the case of the other thirteen items the respondents appear to have a tendency to agree with the items.

### 8.2.2.1.5 Busters of trust

The descriptive information for the items in the sub-section "Busters of trust" are shown in Table 8.6. The descriptive information consists of means, standard deviations, skewness and kurtosis for each item.

**TABLE 8.6.** Item descriptive statistics: Section A: Building an organisation with a high level of trust - Busters of trust

Item	Mean	SD	Skewness	Kurtosis
(1) The majority of the bank's employees work under strictly controlled conditions.	3.45	1.11	-0.42	-0.88
(2) The operation of the bank is veiled in secrecy.	3.26	0.98	-0.15	-0.77
(3) There is a great deal of dishonesty among the majority of the bank's employees.	2.40	1.04	0.77	0.02
(4) The majority of the bank's employees tend to ignore the authority that their peers may have.	2.48	0.98	0.60	-0.19
(5) There is a lack of confidence among the majority of the bank's employees.	2.43	1.04	0.60	-0.43
(6) There is no proper flow of information between the different job levels in the bank.	2.77	1.16	0.32	-1.03
(7) The majority of the bank's employees take credit for the work of others.	3.03	1.09	-0.04	-0.86
(8) The majority of the bank's employees often fail to tell the truth, with the intention to deceive or confuse others.	2.46	1.05	0.52	-0.47
(9) The majority of the bank's employees seem to have a volatile personality.	2.66	1.00	0.39	-0.52
(10) The majority of the bank's employees seem to have a hidden agenda.	2.27	1.00	0.74	0.11
(11) The majority of the bank's employees struggle to fulfil their duties.	3.55	1.04	-0.72	-0.22
(12) The bank is unable to meet the expectations of its workers.	3.35	1.20	-0.21	-1.03
(13) There is a lack of proper communication within the bank.	2.88	1.15	0.19	-1.06
(14) The bank's policies are of an inconsistent nature.	2.75	1.13	0.49	-0.72
(15) The bank's practices are of an inconsistent nature.	2.81	1.13	0.27	-0.96
(16) The bank fails to deliver on its promises.	2.89	1.20	0.26	-0.95

Item 11 shows the highest mean value ( $M=3.55$ ;  $SD=1.04$ ), indicating that the respondents have a tendency to agree that the majority of the bank's employees struggle to fulfil their duties. Item 10 shows the lowest mean value ( $M=2.27$ ;  $SD=1.00$ ),

indicating that the respondents tend to disagree with the item that the majority of the bank's employees seem to have a hidden agenda. Overall, the values of this section tend to be very low indicating that the respondents have a tendency to disagree with the items in the section.

### 8.2.2.1.6 Performance of the bank

The descriptive information for the items in the sub-section "Performance of the bank" are shown in Table 8.7. The descriptive information consists of means, standard deviations, skewness and kurtosis for each item.

**TABLE 8.7.** Item descriptive statistics: Section A: Building an organisation with a high level of trust - Performance of the bank

Item	Mean	SD	Skewness	Kurtosis
Compared with its competitors, my bank (1) is more profitable.	4.21	1.00	-1.33	1.05
(2) has a larger market share.	4.20	1.01	-1.21	0.62
(3) is growing at a faster rate.	4.02	1.13	-0.90	-0.35
(4) is more innovative.	3.73	1.09	-0.52	-0.68
(5) is more successful.	4.06	1.00	-0.90	-0.13
(6) has lower costs.	3.34	1.15	-0.11	-0.98

Item 1 shows the highest mean value ( $M=4.21$ ;  $SD=1.00$ ), indicating that the respondents tend to strongly believe that their banks are more profitable compared to their competitors. Item 6 shows the lowest mean value ( $M=3.34$ ;  $SD=1.15$ ), indicating that the respondents have a tendency to stay neutral with respect to the aspect of lower costs compared to their competitors. Overall, the values for this section tend to indicate a strong agreement with the items amongst the respondents.

### Interpretation

In Section A, a number of important components in respect of building trust within an organisation have been addressed. The results indicate that overall as far as the characteristics of trust are concerned, the respondents have a tendency to agree/strongly agree that trust is multi-levelled, has its roots in the culture of the organisation, is dynamic, can be gained through communication, and is multidimensional. It is important that the concept of trust is properly understood by the employees within the organisation for it to become a reality. This view is also shared by several authors such as Challender *et al* (2019), Paine (2013) and Shockley-Zalabak & Ellis (2006).

The existence of trust within an organisation is however not without its challenges. The results indicate that as far as these challenges are concerned, such as for example, top management monitoring the external environment, changes in the productivity, trust levels, the culture, the turnover rate and the structure of the organisation, the respondents tend to agree that these aspects are addressed by their top management. It is clear that if these aspects are not monitored on a regular basis, they may impact negatively on the efforts by the organisation to build a culture of trust. These views are shared by authors such as Elewa and Banan (2019) and Shockley-Zalabak *et al* (2010).

An important aspect in the process of building trust within an organisation is the existence of builders of trust with the organisation. These aspects such as for example: having a culture that avoids gossiping about others, avoiding unfair criticism of others, have a good relationship with co-workers, feedback is given in good faith, are all important. If this climate does not exist, trust may not be realised. The results show that some problems exist in this regard. While there is a tendency amongst the respondents to agree with about thirteen items within the section, there is a tendency where the respondents are not prepared to express an opinion for about nine items, and thus, remained neutral. Thus, the aspect of trust builders appears to be somewhat weak within the banks. It should be clear that positive aspects need to exist within the general workplace if trust is to survive and grow within an organisation. If these positive aspects do not exist, then a climate of trust is difficult to create. This view is supported by authors such as Blanchard *et al* (2013) and Reina and Reina (2015).

If a climate of trust appears to exist, then there need to be trust drivers to support this environment. The results found here are somewhat disturbing. It would appear that the respondents have a tendency not to have an opinion in respect of the majority of the items in the section (seventeen items), while in the case of a minority of the items (thirteen items), the respondents appear to have a tendency to be in agreement. Overall, therefore, there appears to be a weakness in this area. Typical trust drivers which can be found include: employees receive praise for a job well done, employees are given challenging but achievable goals, employees feel secure as far as their positions are concerned, and all employees are treated fairly. It should be noted that these aspects are important within the trust process within an organisation. This view

is supported by Working Families and Jacobs (2013), Taylor (2013) as well as Zak (2017).

There always needs to be concern within an organisation of so-called trust busters. Typical examples in this area include: there is a lack of proper communication, the organisation policies and practices are inconsistent, the organisation fails to deliver on its promises, and the organisation is unable to meet the expectations of its workers, to mention but a few. Thus, these aspects could impact negatively on the organisation's efforts to establish a culture of trust. The results indicate overall that the respondents have a tendency to disagree with the items in this section which can be seen as a positive finding. Thus, the prevalence of trust busters appears to be very limited which can assist the process of trust building as the threats are very limited. This view is supported by authors such as Kutsyuruba and Walker (2017) and Reina and Reina (2015).

The respondents' views on the overall performance of their organisations, as compared to their competitors, have also been tested on the following aspects: profitability, market share, growth, innovation, success, and lower costs. The results indicate that overall, there is a strong agreement by the respondents on the items, except in the case of lower costs within their organisation, where the respondents have a tendency to remain neutral, and thus do not have an opinion. It could well be that the respondents did not have access to the appropriate data to have an informed opinion on this aspect. It is important to note that better performance on the part of the organisation contributes positively to the trust building efforts within the organisation. This view is also shared by Guinot and Chavi (2019) and Paliszkievicz (2012).

### **8.2.2.2 Section B: The process of trust**

The descriptive information for each of the sub-sections of Section B are provided as follows.

#### **8.2.2.2.1 Individual propensity to trust**

The descriptive information for the items in the sub-section "Individual propensity to trust" are shown in Table 8.8. The descriptive information consists of means, standard deviations, skewness and kurtosis for each item.

**TABLE 8.8.** Section B: Item descriptive statistics: The process of trust - Individual propensity to trust

Item	Mean	SD	Skewness	Kurtosis
(1) All people are out to get as much as they can for themselves.	3.18	0.93	-0.18	-0.52
(2) All people are unreliable.	2.20	0.93	0.86	0.69
(3) I have little faith in other people keeping their promises.	3.00	1.07	0.02	-1.06
(4) Contrary to what they say, all people are interested primarily in their own welfare.	3.46	0.96	-0.45	-0.57
(5) In these competitive times, I have to be alert, otherwise others will take advantage of me.	3.68	0.98	-0.57	-0.32
(6) All people who are friendly towards me, are disloyal behind my back.	2.49	0.98	0.57	-0.08
(7) All people lie in order to get ahead.	2.57	1.05	0.57	-0.28
(8) All people are concerned with their own well-being.	3.26	1.09	-0.40	-0.76
(9) All people let you down.	2.28	0.93	0.79	0.60
(10) All people can be relied upon to do what they say that they will do.	2.87	0.92	0.10	-0.62
(11) People in authority are likely to say what they really believe.	3.10	1.03	-0.18	-0.75
(12) All people are honest when answering public opinion polls.	2.85	1.04	0.24	-0.68
(13) Experts can be relied upon to tell what they know and what they do not know.	3.24	0.86	-0.25	-0.20
(14) All people always tell the truth.	2.29	0.96	0.88	0.81
(15) All people do what they say that they will do.	2.39	0.93	0.74	0.34
(16) All people live by the idea that honesty is the best policy.	2.86	1.18	0.24	-0.94

The first nine items (items 1 to 9) in Table 8.8 measure the “general willingness to trust others”. While the last seven items (items 10 to 16) measure “others reliability and integrity”.

For the first group (items 1 to 9), item 5 shows the highest mean value ( $M=3.68$ ;  $SD=.98$ ), indicating a tendency amongst the respondents to agree that in these competitive times, one has to be alert, otherwise others will take advantage of him/her. Item 2 shows the lowest mean value ( $M=2.20$ ;  $SD=.93$ ), indicating a tendency by the respondents to disagree with the item that all people are unreliable. The overall value indicates a tendency by the respondents to disagree with/have a neutral opinion, as far as this group of items is concerned.

In the second group (items 10 to 16), item 13 shows the highest mean value ( $M=3.24$ ;  $SD=.86$ ), indicating that the respondents tend to be neutral/have no opinion as far as it concerns relying on experts to tell what they know and do not know. Item 14 shows the lowest mean value ( $M=2.29$ ;  $SD=.96$ ), indicating that the respondents tend to

disagree with the item that all people always tell the truth. The overall value indicates a tendency by the respondents to disagree with the items in this section.

#### **8.2.2.2.2 Beliefs about the trustworthiness of co-workers/team members**

This sub-section consists of four sub-concepts relating to the respondents' co-workers/team members, namely: benevolence (belief that the other party wishes to do good), integrity (involves adherence to a set of principles acceptable to the other party), competence (refers to the other party having the necessary skills and knowledge), and predictability (relates to consistency and regularity of behaviours). The descriptive information consisting of means, standard deviations, skewness and kurtosis for each item in this sub-section are shown in Table 8.9.

With respect to benevolence, item 9 shows the highest mean value ( $M=3.81$ ;  $SD=.82$ ), indicating that the respondents have a tendency to agree that their co-workers/team members share important information. Item 8 shows the lowest mean value ( $M=3.20$ ;  $SD=.99$ ), indicating that the respondents have a tendency to have a neutral opinion as far as the item indicating that their co-workers/team members place the bank's interests above their own. The overall value indicates that the respondents have a tendency to be either neutral or to agree, as far as the items in this section are concerned.

With respect to integrity, item 6 shows the highest mean value ( $M=3.83$ ;  $SD=.79$ ), indicating a tendency by the respondents to agree that their co-workers/team members are honourable people. Item 9 has the lowest mean value ( $M=3.56$ ;  $SD=.89$ ), indicating a tendency by the respondents to agree that their co-workers/team members practice what they preach. Overall, the values indicate a tendency by the respondents to agree with the items in this section.

With respect to competence, item 2 shows the highest mean value ( $M=3.95$ ;  $SD=.71$ ), indicating that the respondents agree that their co-workers/team members are capable of doing their jobs. Item 1 shows the lowest mean value ( $M=3.49$ ;  $SD=.97$ ), indicating a tendency by the respondents to have no opinion/stay neutral, regarding whether their co-workers/team members are highly skilled. Overall, the values indicate a tendency by the respondents to agree with the items in this section.

**TABLE 8.9.** Item descriptive statistics: Section B: The process of trust - Beliefs about the trustworthiness of co-workers/team members

Item	Mean	SD	Skewness	Kurtosis
<b>Benevolence</b> ( <i>belief that the other party wishes to do good</i> )				
The majority of my current co-workers/team members				
(1) support me, even when times are tough.	3.75	0.80	-1.15	1.64
(2) have my best interests in mind.	3.71	0.77	-0.66	0.55
(3) wish to protect me.	3.77	1.22	-0.55	-0.37
(4) work to protect me.	3.47	0.84	-0.39	-0.27
(5) watch my back.	3.37	0.84	-0.26	-0.38
(6) watch out for me.	3.42	0.80	-0.36	-0.11
(7) are there for me when I need them.	3.76	0.76	-0.97	1.36
(8) place the bank's interests above their own.	3.20	0.99	-0.12	-0.66
(9) share important information with me.	3.81	0.82	-0.98	1.18
<b>Integrity</b> ( <i>involves adherence to a set of principles acceptable to the other party, encompassing honesty, fair treatment and avoidance of hypocrisy</i> )				
As far as the majority of my current co-workers/team members are concerned,				
(1) I believe that they are people of integrity.	3.82	0.77	-0.98	1.41
(2) I believe that they have strong ethics.	3.77	0.81	-0.74	0.42
(3) I believe that they can be depended on to be fair.	3.71	0.78	-0.64	0.47
(4) I feel confident that they are people of integrity.	3.72	0.86	-0.63	0.07
(5) I have faith in their integrity.	3.72	0.85	-0.69	0.41
(6) I believe that they are honourable people.	3.83	0.79	-0.76	0.91
(7) I believe that they keep their promises.	3.73	0.85	-0.58	0.32
(8) I believe that they tell the truth.	3.64	0.85	-0.53	0.27
(9) I believe that they practise what they preach.	3.56	0.89	-0.50	-0.01
(10) I believe that they express their true feelings about important issues.	3.66	0.93	-0.66	0.22
<b>Competence</b> ( <i>refers to the other party's having the necessary skills and knowledge to carry out his/her obligations</i> )				
In my opinion, the majority of my current co-workers/team members				
(1) are highly-skilled people.	3.49	0.97	-0.44	-0.59
(2) are capable of doing their job.	3.95	0.71	-1.32	3.44
(3) are competent people.	3.84	0.80	-0.91	1.26
(4) have the necessary ability.	3.92	0.74	-0.93	1.64
(5) know what they are doing.	3.90	0.78	-1.07	1.89
(6) are qualified to do their job.	3.94	0.82	-1.04	1.51
<b>Predictability</b> ( <i>relates specifically to consistency and regularity of behaviours</i> )				
As far as the majority of my current co-workers/team members are concerned,				
(1) I can guess what they are likely to do.	3.52	0.77	-0.69	0.05
(2) I cannot predict what they are likely to do.	2.89	0.98	0.28	-0.86
(3) I know what to expect from them.	3.75	0.70	-1.01	1.63
(4) I usually know how they will react.	3.64	0.74	-0.71	0.19
(5) in times of uncertainty, they stick to the plan.	3.38	0.82	-0.24	-0.29
(6) they behave in a consistent manner.	3.46	0.87	-0.56	-0.15

With respect to predictability, item 3 has the highest mean value ( $M=3.75$ ;  $SD=.70$ ), indicating that the respondents agree that they know what to expect from their co-workers/team members. Item 2 shows the lowest mean value ( $M=2.89$ ;  $SD=.98$ ), indicating a tendency by the respondents to disagree with the item that they cannot predict what their co-workers/team members are likely to do next. Overall, the values

tend to indicate a tendency by the respondents to have a neutral opinion on some items and a tendency to agree on other items.

### 8.2.2.2.3 Willingness to trust/take risks in respect of the co-workers/team members

The descriptive information for the items in this sub-section are shown in Table 8.10. The descriptive information consists of means, standard deviations, skewness and kurtosis for each item.

**TABLE 8.10.** Item descriptive statistics: Section B: The process of trust - Willingness to trust/take risks in respect of co-workers/team members

Item	Mean	SD	Skewness	Kurtosis
(1) <b>Rely</b> on their collective task related skills/abilities.	3.77	0.77	-0.96	1.68
(2) <b>Depend</b> on them to handle an important issue on your behalf.	3.52	0.96	-0.71	0.06
(3) <b>Rely</b> on them to give an accurate representation of your work to others.	3.64	0.92	-0.69	0.28
(4) <b>Depend</b> on them to back you up in difficult situations.	3.51	0.95	-0.55	-0.03
(5) <b>Rely</b> on their collective work-related judgements.	3.63	0.85	-0.62	0.41
(6) <b>Share</b> your personal feelings with them.	3.75	0.92	-0.72	0.35
(7) <b>Discuss</b> work-related problems or difficulties with them that could be used to your disadvantage.	3.59	1.36	0.98	1.38
(8) <b>Confide</b> in them about personal issues affecting your work.	3.41	1.00	-0.58	-0.13
(9) <b>Discuss</b> with them how you honestly feel about your work - even negative feelings and frustration.	3.68	0.88	-0.68	0.50
(10) <b>Share</b> your personal beliefs with them.	3.85	0.82	-0.94	1.34

Item 10 has the highest mean value ( $M=3.85$ ;  $SD=.82$ ), indicating a tendency by the respondents to agree that they are willing to share their personal beliefs with their co-workers/team members. Item 8 shows the lowest mean value ( $M=3.41$ ;  $SD=1.00$ ), indicating a tendency by the respondents to remain neutral/not have an opinion about whether they are prepared to confide in their co-workers/team members about personal issues affecting their work. The overall values indicate a tendency by the respondents to agree with the items in this section as far as their co-workers/team members are concerned.

### 8.2.2.2.4 Belief in the trustworthiness of the immediate supervisor

The descriptive information for the items in this sub-section are shown in Table 8.11. The descriptive information consists of means, standard deviations, skewness and kurtosis for each item.

Beliefs in the trustworthiness of the immediate supervisor indicated in Table 8.11 also consists of four sub-concepts, namely: benevolence, integrity, competence and predictability, in relation to respondents' current immediate supervisor.

**TABLE 8.11.** Item descriptive statistics: Section B: The process of trust - Beliefs in the trustworthiness of the immediate supervisor

Item	Mean	SD	Skewness	Kurtosis
<b>Benevolence</b> ( <i>belief that your supervisor wishes to do good</i> ).				
My current immediate supervisor				
(1) watches my back.	3.53	0.90	-0.61	0.13
(2) is genuinely concerned about my well-being.	3.58	0.91	-0.62	0.01
(3) is likely to protect me if necessary.	3.63	0.91	-0.87	0.78
(4) makes me feel valued.	3.60	0.94	-0.76	0.24
(5) is sincere as far as his/her motivations are concerned.	3.72	0.84	-0.78	0.70
(6) has my best interest in mind.	3.53	0.96	-0.45	-0.28
(7) does not retaliate when mistakes have been made.	3.35	0.98	-0.25	-0.45
(8) takes account of my needs.	3.45	0.92	-0.47	-0.25
(9) is willing to forgive me if I make a mistake.	3.46	0.94	-0.66	0.20
<b>Integrity</b> ( <i>involves adherence to a set of principles acceptable to the other party, encompassing honesty, fair treatment and avoidance of hypocrisy</i> )				
My current immediate supervisor				
(1) acts in a fair manner.	3.72	0.91	-0.82	0.47
(2) is an honest person.	3.80	0.86	-0.81	0.70
(3) can be depended on to be fair.	3.71	0.89	-0.72	0.24
(4) in risky situations, tells the truth.	3.63	0.94	-0.65	0.14
(5) is a person of poor ethics.	2.09	0.95	1.07	1.16
(6) will keep his/her word.	3.52	0.85	-0.73	0.54
(7) can be relied upon in times of uncertainty.	3.37	0.82	-0.44	0.27
(8) puts his/her words into action.	3.52	0.87	-0.49	-0.24
(9) gives me an honest explanation for decisions made.	3.61	0.94	-0.62	-0.09
<b>Competence</b> ( <i>refers to the other party's having the necessary skills and knowledge to carry out his/her obligations</i> )				
My current immediate supervisor				
(1) is good at his/her job.	3.93	0.85	-1.05	1.50
(2) has my confidence as far as his/her abilities are concerned.	3.80	0.87	-0.78	0.68
(3) is a highly skilled person.	3.72	0.95	-0.67	0.19
(4) performs, even in stressful situation.	3.69	0.95	-0.64	0.14
(5) knows what he/she is doing.	3.92	0.83	-1.03	1.64
(6) is a capable person as far as his/her job is concerned.	3.89	0.84	-0.83	0.90
(7) approaches his/her job with professionalism and dedication.	3.83	0.91	-0.78	0.44
<b>Predictability</b> ( <i>relates specifically to consistency and regularity of behaviour</i> )				
(1) I usually know how my current immediate supervisor will react.	3.68	0.81	-0.66	0.44
(2) I can anticipate my current immediate supervisor's actions before he/she does them.	3.56	0.83	-0.70	0.45
(3) I can anticipate what my current immediate supervisor will do.	3.58	0.81	-0.46	-0.01
(4) I know exactly what my current immediate supervisor will do in a difficult situation.	3.42	0.85	-0.15	-0.29
(5) I can rely on my current immediate supervisor to behave in a predictable manner.	3.51	0.85	-0.43	0.01
(6) My current immediate supervisor behaves in a very consistent manner.	3.49	0.89	-0.45	-0.25
(7) My current immediate supervisor follows through with what he/she says.	3.47	0.87	-0.49	0.11

With respect to benevolence, item 5 shows the highest mean value ( $M=3.72$ ;  $SD=.84$ ), indicating a tendency by the respondents to agree that their immediate supervisor is sincere as far as his/her motivations are concerned. Item 7 shows the lowest mean value ( $M=3.35$ ;  $SD=.98$ ), indicating a tendency by the respondents to remain neutral/have no opinion as far as it relates to their immediate supervisor in respect of, does not retaliate when mistakes have been made. The overall values of this section indicate a tendency by the respondents to agree with the items in this section.

With respect to integrity, item 2 has the highest mean value ( $M=3.80$ ;  $SD=.86$ ), indicating a tendency by the respondents to agree that their immediate supervisor is an honest person. Item 5 shows the lowest mean value ( $M=2.09$ ;  $SD=.95$ ), indicating a tendency by the respondents to disagree with the item that their immediate supervisor is a person with poor ethics. The overall values of this section indicate a tendency by the respondents to agree with the items in this section as they pertain to their immediate supervisor.

With respect to competence, item 1 shows the highest mean value ( $M=3.39$ ;  $SD=.85$ ), indicating a tendency by the respondents to agree that their immediate supervisor is good at his/her job. Item 4 shows the lowest mean value ( $M=3.69$ ;  $SD=.95$ ), indicating a tendency by the respondents to agree that their immediate supervisor performs even in a stressful situation. The overall value indicates a tendency by the respondents to agree with the items in this section as far as they relate to their immediate supervisor.

With respect to predictability, item 1 has the highest mean value ( $M=3.68$ ;  $SD=.81$ ), indicating a tendency by the respondents to agree that they usually know how their immediate supervisor will react. Item 4 shows the lowest mean value ( $M=3.42$ ;  $SD=.85$ ), indicating a tendency by the respondents to have a neutral opinion in respect of knowing what their immediate supervisor will do in a difficult situation. The overall values indicate a tendency by the respondents to agree with certain items in the section while there is also a tendency to remain neutral in respect of other items.

#### **8.2.2.2.5 Willingness to trust/take risks in respect of the immediate supervisor**

The descriptive information for the items in this sub-section are shown in Table 8.12. The descriptive information consists of means, standard deviations, skewness and kurtosis for each item.

**TABLE 8.12.** Item descriptive statistics: Section B: The process of trust - Willingness to trust/take risks in respect of the immediate supervisor

Item	Mean	SD	Skewness	Kurtosis
(1) <b>Rely</b> on his/her task related skills/abilities.	3.74	0.85	-0.77	0.42
(2) <b>Depend</b> on him/her to handle an important issue on your behalf.	3.58	0.94	-0.66	-0.09
(3) <b>Rely</b> on him/her to give an accurate representation of your work to others.	3.65	0.89	-0.65	0.16
(4) <b>Depend</b> on him/her to back you up in difficult situations.	3.46	0.91	-0.46	-0.23
(5) <b>Rely</b> on his/her work-related judgements.	3.68	0.87	-0.77	0.54
(6) <b>Share</b> your personal feelings with him/her.	3.49	1.00	-0.58	-0.22
(7) <b>Discuss</b> work-related problems or difficulties with him/her that could be used to your disadvantage.	3.58	0.96	-0.64	-0.02
(8) <b>Confide</b> in him/her about personal issues affecting your work.	3.42	1.00	-0.59	-0.07
(9) <b>Discuss</b> how you honestly feel about your work- even negative feelings and frustration.	3.52	0.98	-0.62	-0.09
(10) <b>Share</b> your personal beliefs with him/her.	3.54	0.99	-0.69	-0.03

Item 1 has the highest mean value ( $M=3.74$ ;  $SD=.85$ ), indicating a tendency by the respondents to agree that they can rely on their immediate supervisor's task related skills/abilities. Item 8 shows the lowest mean value ( $M=3.42$ ;  $SD=1.00$ ), indicating a tendency by the respondents to have no opinion/remain neutral about how prepared they are to confide in their immediate supervisor about personal issues affecting their work. The overall values indicate a tendency by the respondents to agree with the items in this section as far as their immediate supervisor is concerned.

#### 8.2.2.2.6 Belief in the trustworthiness of the top management/the organisation

The descriptive information for the items in this sub-section are shown in Table 8.13. The descriptive information consists of means, standard deviations, skewness and kurtosis for each item.

Belief in the trustworthiness of the top management/the organisation comprises six sub-concepts, namely: benevolence, integrity, competence, predictability, respect and justice, as indicated in Table 8.13.

With respect to benevolence, item 8 has the highest mean value ( $M=3.64$ ;  $SD=.97$ ), indicating a tendency by the respondents to agree that the top management/the organisation can be relied upon to do the best for the long-term survival of the bank. Item 11 shows the lowest mean value ( $M=3.07$ ;  $SD=1.13$ ), indicating a tendency by the respondents to have a neutral opinion in respect of the top management/the

organisation as far as it pertains to them listening to the concerns of the employees. The overall values indicate a tendency by the respondents to have no opinion on the items in this section.

**TABLE 8.13.** Item descriptive statistics: Section B: The process of trust - Belief in the trustworthiness of the top management/the organisation

Item	Mean	SD	Skewness	Kurtosis
<b>Benevolence</b> ( <i>belief that the other party wishes to do good</i> )				
Top management/the organisation				
(1) is very concerned about the welfare of the employees.	3.10	1.10	-0.34	-0.80
(2) attaches great importance to the needs and desires of the employees.	3.10	1.07	-0.29	-0.78
(3) would not knowingly do anything to harm the employees.	3.49	0.94	-0.58	-0.08
(4) really looks out for what is important for the employees.	3.16	1.00	-0.29	-0.60
(5) would go out of its way to help employees.	3.09	1.02	-0.23	-0.64
(6) generally has good intentions as far as the employees are concerned.	3.30	0.99	-0.49	-0.36
(7) is sincere in its attempts to see the employees' point of view regarding the job.	3.24	1.03	-0.28	-0.64
(8) can be relied upon to do what is best for the long-term survival of the bank.	3.64	0.97	-0.64	-0.06
(9) can be trusted to make good decisions as far as the employees are concerned.	3.35	1.05	-0.40	-0.42
(10) shares important information with the employees.	3.37	1.09	-0.51	-0.57
(11) listens to the concerns of the employees.	3.07	1.13	-0.24	-0.83
(12) is true to its word.	3.17	1.04	-0.30	-0.53
(13) is sincere in its efforts to communicate with the employees.	3.24	1.06	-0.32	-0.64
<b>Integrity</b> ( <i>involves adherence to a set of principles acceptable to the other party, encompassing honesty, fair treatment and avoidance of hypocrisy</i> )				
Top management/the organisation				
(1) has a strong sense of justice.	3.32	1.00	-0.23	-0.56
(2) will stick to its word.	3.29	0.96	-0.28	-0.39
(3) tries hard to be fair in dealings with others.	3.38	0.92	-0.50	-0.05
(4) is very consistent as far as its actions/behaviours are concerned.	3.34	0.94	-0.42	-0.43
(5) has good values.	3.62	0.88	-0.83	0.49
(6) seems to be guided by sound principles.	3.53	0.92	-0.49	-0.24
(7) has a high level of integrity.	3.52	0.92	-0.51	-0.15
(8) is honest when communicating about jobs.	3.59	0.88	-0.67	0.23
(9) will keep its word about rewards offered for the completion of a task.	3.26	0.99	-0.51	-0.32
(10) truthfully communicates the future plans of the bank.	3.69	0.89	-0.83	0.71
(11) will be consistent in applying the rules.	3.56	0.96	-0.54	-0.28
(12) acknowledges its own mistakes.	2.90	1.09	-0.04	-0.70
<b>Competence</b> ( <i>refers to the other party's having the necessary skills and knowledge for carrying out its obligations</i> )				
Top management/the organisation				
(1) is very capable of performing its job.	3.64	0.88	-0.62	0.12
(2) is known to be successful at the thing that it tries to do.	3.63	0.83	-0.47	0.22
(3) is sufficiently informed of the work that needs to be done.	3.69	0.86	-0.78	0.51
(4) is very skilful.	3.55	0.95	-0.47	-0.20
(5) has specialised capabilities that can enhance the performance of the bank.	3.57	0.91	-0.45	0.03
(6) is well qualified to perform its job.	3.65	0.90	-0.61	0.26
(7) can be trusted to make sensible decisions regarding the future of the bank.	3.61	0.92	-0.57	0.09
(8) gives direction and clarification before the bank takes action.	3.56	0.95	-0.61	0.00

**TABLE 8.13.** Item descriptive statistics: Section B: The process of trust - Belief in the trustworthiness of the top management/the organisation (*Contd.*)

Item	Mean	SD	Skewness	Kurtosis
<b>Predictability</b> ( <i>relates specifically to consistency and regularity of behaviours</i> )				
Top management/the organisation				
(1) treats employees in a consistent and predictable manner.	3.13	1.01	-0.30	-0.72
(2) can be relied upon to reward employees for their achievements.	3.10	1.00	-0.24	-0.67
(3) keeps its commitments to its employees.	3.16	1.03	-0.32	-0.64
(4) does not mislead people like me.	3.43	0.93	-0.48	0.10
(5) can be relied upon to keep its promises.	3.25	0.96	-0.35	-0.37
<b>Respect</b> ( <i>consideration for myself and others</i> )				
Top management/the organisation				
(1) is willing to help me when I need a special favour.	2.98	1.03	-0.02	-0.64
(2) shows a great deal of concern for me.	2.99	1.01	0.03	-0.63
(3) will never take advantage of me.	3.15	0.94	-0.12	-0.31
(4) really cares about my well-being.	3.11	1.02	-0.33	-0.56
(5) takes my goals and values very much into consideration.	3.10	1.02	-0.12	-0.63
(6) comes to my assistance when I have a problem.	3.13	1.03	-0.29	-0.57
(7) would forgive an honest mistake on my part.	3.07	1.04	-0.28	-0.56
<b>Justice</b> ( <i>just behaviour or treatment</i> )				
Top management/the organisation				
(1) treats me fairly.	3.31	0.97	-0.52	-0.33
(2) can be counted on to be fair.	3.32	0.93	-0.39	-0.37
(3) is fair in its treatment of me.	3.23	0.98	-0.53	-0.40
(4) (according to most people working here) often treat employees in an unfair manner.	2.93	1.01	0.31	-0.57
(5) usually do not do things in a fair manner.	2.93	1.02	0.44	-0.59

With respect to integrity, item 10 shows the highest mean value ( $M=3.69$ ;  $SD=.89$ ), indicating a tendency by the respondents to agree that the top management/the organisation truthfully communicates the future plans of the bank. Item 12 shows the lowest mean value ( $M=2.90$ ;  $SD=1.09$ ), indicating a tendency by the respondents to disagree with the item that the top management/the organisation acknowledges its own mistakes. The overall value indicates a tendency by the respondents to agree with some items in the section, while there is also a tendency to have a neutral opinion regarding others.

With respect to competence, item 3 shows the highest mean value ( $M=3.69$ ;  $SD=.86$ ), indicating a tendency by the respondents to agree that the top management/the organisation is sufficiently informed of the work that needs to be done. Item 4 shows the lowest mean value ( $M=3.55$ ;  $SD=.95$ ), indicating a tendency by the respondents to agree that the top management/the organisation is very skilful. Overall, the values indicate that there is a tendency by the respondents to agree with the items in this section as they relate to the top management/the organisation.

With respect to predictability, item 4 shows the highest mean value ( $M=3.43$ ;  $SD=.93$ ), indicating a tendency by the respondents to have a neutral opinion about the item that the top management/the organisation does not mislead people like them. Item 2 shows the lowest mean value ( $M=3.10$ ;  $SD=1.00$ ), indicating that the respondents have a tendency to have a neutral opinion about the item that the top management/the organisation can be relied upon to reward employees for their achievements. The overall values indicate a tendency by the respondents to have a neutral opinion regarding the items in this section as far as they pertain to the top management/the organisation.

In relation to respect, item 3 has the highest mean value ( $M=3.15$ ;  $SD=.94$ ), indicating a tendency by the respondents to have a neutral opinion as it relates to the statement that the top management/the organisation will never take advantage of them. Item 1 shows the lowest mean value ( $M=2.98$ ;  $SD=1.03$ ), indicating that the respondents have a tendency to disagree with the item that the top management/the organisation is willing to help them when they need a special favour. The overall value indicates that the respondents have a tendency to have a neutral opinion on the items in the section as far as they relate to the top management/the organisation.

With respect to justice, item 3 shows the highest mean value ( $M=3.23$ ;  $SD=.98$ ), indicating a tendency by the respondents to have a neutral opinion as far as it relates to the fair treatment of them by the top management/the organisation. Item 4 and item 5 both show the lowest mean value ( $M=2.93$ ;  $SD=1.01$ ,  $M=2.93$ ;  $SD=1.02$ , respectively), indicating a tendency by the respondents to disagree with the items that the top management/the organization often treat employees in an unfair manner, and that they usually do not do things in a fair manner. The overall value indicates a tendency by the respondents to have a neutral opinion on certain items in the section, while having a tendency to disagree with others.

#### **8.2.2.2.7 Willingness to trust/take risks in respect of the top management/the organisation**

The descriptive information for the items in this sub-section are shown in Table 8.14. The descriptive information consists of means, standard deviations, skewness and kurtosis for each item.

**TABLE 8.14.** Item descriptive statistics: Section B: The process of trust - Willingness to trust/take risks: Top management/the organisation

Item	Mean	SD	Skewness	Kurtosis
(1) <b>Rely</b> on its task related skills/abilities.	3.64	0.86	-1.02	1.23
(2) <b>Depend</b> on it to handle an important issue on your behalf.	3.46	0.96	-0.60	0.05
(3) <b>Rely</b> on it to give an accurate representation of your work to others.	3.50	0.92	-0.60	0.10
(4) <b>Depend</b> on it to back you up in difficult situations.	3.32	0.97	-0.30	-0.29
(5) <b>Rely</b> on its work-related judgements.	3.54	0.91	-0.67	0.21
(6) <b>Share</b> your personal feelings with it.	3.06	1.11	-0.12	-0.79
(7) <b>Discuss</b> work-related problems with it that could be used to your disadvantage.	3.16	1.02	-0.15	-0.57
(8) <b>Confide</b> in it about personal issues affecting your work.	3.13	1.03	-0.13	-0.58
(9) <b>Discuss</b> with it how you honestly feel about your work (even mentioning negative feelings and frustration).	3.15	1.07	-0.13	-0.70
(10) <b>Share</b> your personal beliefs with it.	3.09	1.09	-0.16	-0.79

Item 1 shows the highest mean value ( $M=3.64$ ;  $SD=.86$ ), indicating a tendency by the respondents to agree to rely on the task related skills/abilities of the top management/the organisation. Item 6 shows the lowest mean value ( $M=3.06$ ;  $SD=1.11$ ), indicating a tendency by the respondents to have a neutral opinion when it comes to them sharing their personal feelings with the top management/the organisation. The overall values indicate a tendency by the respondents, in the case of the majority of the items in the section, to have a neutral opinion as they relate to the top management/the organisation.

### Interpretation

In Section B, a number of important aspects, as they pertain to the individual employees' readiness and willingness to trust others have been addressed. The first nine items within the section, relate to the general willingness to trust others, while the last seven items in the section relate to others reliability and integrity. As far as the results for the first group of items are concerned, it would appear that the respondents have a tendency, as far as at least five of the nine items are concerned, to have a neutral opinion, thus not indicating any decision in this regard. This is a negative result. As far as the remaining four items are concerned, the respondents have a tendency to disagree with these items, indicating that they do not think that all people will let them down, that all people will not lie in order to get ahead, that all people that are friendly towards them will not be disloyal behind their backs, and that all people are not unreliable. Thus, overall for this component, it would appear to be a mixed bag and thus weak as the respondents mostly do not appear to have an opinion on a

number of items in respect of their willingness to trust others. This poses a specific challenge for the banks and requires at least a number of training interventions.

For the second group of items, those that relate to others reliability and integrity, the results indicate that in at least five of the seven items within this group, a general disagreement exists amongst the respondents indicating a negative view. Aspects here include: that the respondents feel that all people cannot be relied upon to do what they say that they will do, that all people are not honest when answering public opinion polls, that all people do not always tell the truth, that all people will not do what they say that they will do, that all people do not live by the idea that honesty is the best policy. While in the case of the remaining two items, the respondents have a neutral opinion. From the results of this component, it can be assumed that the respondents are not ready to take risks based on others reliability and integrity. Again, there appears to be a challenge which exists in this regard. This will also need a number of training interventions as is the case with the first component. It is important to note that a weak individual propensity to trust poses a serious risk for individuals and organisations. This view is also shared by authors such as Alarcon, Lyons, Christensen, Klosterman, Bowers, Ryan, Jessup & Wynne (2018), Chiu and Ng (2015) as well as Robbins (2016).

Besides the individual's propensity to trust, the employees, in the execution of their duties, interacts with co-workers and team members (Grossman & Feitosa 2018). A number of sub-components which impact on this relationship have been identified, namely: belief that the other party wishes to do good (benevolence), the adherence to a set of principles acceptable to the other party for example honesty in this regard (integrity) the other party having the necessary skills and knowledge (competence), and lastly, the consistency and regularity of the behaviour of the other party (predictability).

For the benevolence component, the results indicate that, regarding co-workers/team members, there appears to be a tendency by the respondents for agreement with five of the nine items in the section. Which is a positive result. For the remaining four items, there appears to be a neutral opinion which makes this result problematic as the respondents are not sure, have no opinion. This can impact negatively on the working relationship as the respondents appear to doubt the ability of their co-workers/team

members who wish to do good. Ultimately, this can also impact on the bottom line of the organisation. Interventions to address this aspect need to be implemented to improve this aspect of the working relationship. Overall, this component appears to be weak based on the results.

For the aspect of integrity, it would appear that in general there is agreement by the respondents on all the items in this section, indicating that the respondents tend to believe that the co-workers/team members will adhere to a set of principles and thus be honest in this regard. This is a positive result.

In respect of the competency of the co-workers/team members, the results indicate a tendency by the respondents to agree that their co-workers/team members have the necessary skills and knowledge to do their jobs. Again, this is a positive result.

In respect of the co-workers/team members' consistency and regularity of behaviours, the results indicate mixed views in this regard. For one of the six items in this section, the respondents disagree, in the case of two of the six items they have a neutral opinion, while for the remaining three items they tend to agree. This appears to be a problematic area, and a number of interventions will be needed to address this problem. It is important that positive views exist on the predictability of co-workers/team members to enable a harmonious working environment. Perceived behavioural predictability can provide the grounds for the development of knowledge-based trust as it includes knowing the co-workers/team members adequately so their behaviour will be anticipated to the advantage of all. This view is shared by several authors such as Gabay and Moore (2015), Grossman and Feitosa (2018) as well as Zheng, Song, Zhang and Gao (2017).

Against the above background, the question which needs to be asked is how willing will the employee be to trust/take risks with his/her co-workers/team members. The section consisted of ten items. The first five items relate to reliance-based trust, while the last five items measure disclosure-based trust. According to Gillespie (2003), as cited in Le and Lei (2018:523), reliance-based trust reflects "the willingness of a member to rely on the work-related skills, abilities and knowledge of another"; whereas disclosure-based trust reflects "a member's willingness to disclose work-related sensitive aspects or personal opinions and information to another". From the results, it can be noted that there appears to be a tendency towards agreement amongst the

respondents as far as reliance-based trust and disclosure-based trust are concerned. This is a positive result and indicates a reasonably healthy working relationship between the parties which is important for the effective and efficient functioning of the organisation. This view is shared by authors such as Lam, Loi and Leong (2013) and Le and Lei (2018).

Besides working with co-workers/team members, the employee also needs to interact with his/her immediate supervisor. To understand this relationship the following components are included in the section, namely: benevolence, integrity, competence and predictability.

As far as the benevolence aspect is concerned, nine items are included in the section. It appears that for six of the nine items there is a tendency by the respondents to agree, while in the case of the remaining three items, it appears that there is a tendency by the respondents to have a neutral opinion as far as their immediate supervisor is concerned. It would thus appear that for these items trust is somewhat weakened, which can have a negative impact on the relationship between the employee and his/her immediate supervisor as aspects such as does not retaliate when mistakes have been made, takes account of my needs and is willing to forgive me if I make a mistake, are problematic. Thus, some form of intervention to address these issues will need to be undertaken to rectify this problem.

For the aspect of integrity, it would appear that for seven of the nine items, there is agreement between the respondents on these items which is a positive result and which can contribute to a better trust relationship between the parties. Only in the case of one item namely, can be relied upon in times of uncertainty, do the respondents have a neutral opinion, while in only one further item namely, is a person of poor ethics, do the respondents disagree, which are both positive results. Overall, the integrity aspect appears acceptable for the respondents.

In respect of the competence of the immediate supervisor, the results indicate a tendency by the respondents to agree that their immediate supervisor has the necessary skills and knowledge to do his/her job. Again, this is a positive result which will strengthen the relationship between the parties.

In respect of the immediate supervisor's consistency and regularity of behaviours, the results indicate a mixed bag of views. For four of the seven items the results indicate

that the respondents agree, while for the remaining three items, it would appear that the respondents have a neutral opinion. This appears to be a problematic area regarding the trust relationship between the parties. It is clear that some form of intervention will be required to address the problems which exist in this area. This view is shared by authors such as Zheng *et al* (2017) and Prateepausanont and Rurkkhum (2018).

Against the above background, the question which needs to be asked is how willing will the employee be to trust/take risks with his/her immediate supervisor. As mentioned earlier, the first five items relate to reliance-based trust, while the last five items measure disclosure-based trust (Gillespie 2003, as cited in Le & Lei 2018). From the results, it can be noted that there appears to be a tendency for agreement on four of the five items for the first group while in the case of one item the respondents appear to have a neutral opinion. The item involved pertains to the aspect of depending on him/her to back you up in difficult situations. This is an important aspect and can weaken the relationship in this regard. As far as the disclosure-based trust is concerned (the last five items), three items appear to have the agreement of the respondents with two items namely, share your personal feelings with him/her, and confide in him/her about personal issues affecting your work, have a tendency to have a neutral opinion. Again this can weaken the relationship between the parties and impact negatively on the overall organisational functioning. It is vital that timely interventions are needed to rectify this situation.

The belief of the employees in the trustworthiness of the top management/the organisation plays a crucial role in the development of a healthy trust relationship amongst all the parties in the organisation. To understand this relationship, the traditional four components used in the discussions earlier, namely: benevolence, integrity, competence and predictability, are used again. However, two additional components are added to this group, namely: respect and justice.

As far as the benevolence aspect is concerned, thirteen items are included in the section. The results indicate that in the case of twelve of the thirteen items, there appears to be a tendency amongst the respondents to have a neutral opinion. One item appears to have the support of the respondents, namely: can be relied upon to do what is best for the long-term survival of the bank. This result overall appears to be extremely negative and will impact seriously on the relationship between the parties.

Interventions to address this aspect will be needed if a more acceptable environment is to be created (Zheng *et al* 2017).

For the aspect of integrity, it would appear that the results indicate that for six of the twelve items there is a tendency amongst the respondents to be in agreement. For five of the remaining items the results indicate that the respondents have a neutral opinion and for the one remaining item, the respondents appear to be in disagreement. It is clear that this component is also seriously weakened which will influence the relationship between the parties negatively. Interventions to address these weaknesses will have to be put in place to avoid the deterioration in the relationship between the parties (Zheng *et al* 2017).

In respect of the competency of the top management/the organisation, the results indicate a tendency by the respondents to agree that the top management/the organisation has the necessary skills and knowledge. This is a positive result which will strengthen the relationship between the parties.

In respect of the top management/the organisation's consistency and regularity of behaviours, the results indicate a tendency by the respondents to have a neutral opinion. This is a very serious result as it indicates that the respondents do not have a clear perception regarding the consistency of actions from the top management/the organisation. It is important to note here that the inability to precisely predict the behaviour of the top management/the organisation negatively affects the trust that employees need to build with these parties (see Chapter 6, Section 6.5.5.4).

The factor of respect relates to the consideration of self and others (McLeary & Cruise 2015). The results for this section indicate a mix bag with two items being disagreed with by the respondents, namely: is willing to help me when I need a special favour, and shows a great deal of concern for me. These are important aspects which need to be addressed as they can impact on the general motivation of the employees in the workplace and also damage the trust relationship between the parties (Bilginoglu, Yozgat & Artan 2019). In the case of the remaining five items, the results indicate a tendency by the respondents to have a neutral opinion. It is thus clear that this component is extremely weak and needs a number of interventions to address the problems which exist.

The final component within this group relates to justice – just behaviour or treatment. Again, the findings indicate a mixed bag of results. The respondents appear to disagree with two of the five items, namely: often treat employees in an unfair manner, and usually do not do things in a fair manner. Although there is disagreement with these two items, it is a positive result. For the remaining three items, the results indicate a tendency by the respondents to have a neutral opinion. Aspects involved here include: treats me fairly can be counted on to be fair, and is fair in its treatment of me. These are important aspects especially when building a healthy trust relationship between the parties (McLeary & Cruise 2015). It is clear from the results that this component is also weak and that some intervention will be needed to rectify the problems in this regard.

Against the above background, the question which needs to be asked is how willing will the employee be to trust/take risks with the top management/the organisation. As mentioned earlier, the first five items relate to the reliance-based trust, while the last five items measure disclosure-based trust (Gillespie 2003, as cited in Le & Lei 2018). From the results, it can be noted that there appears to be a tendency of agreement amongst the respondents as far as three of the five items for the reliance-based trust is concerned, while for the remaining two items the respondents appear to have a neutral opinion. Thus, overall this sub-section is weaker and the problems which exist here need to be addressed through a number of interventions. For the disclosure-based trust group of items (the last five items), the results indicate an overall tendency by the respondents of remaining neutral, thus not having an opinion at all. Thus, this is a very negative result for this sub-section. It is clear that overall problems exist in relation to the willingness of employees to trust/take risks with the top management/the organisation. This can have a serious impact on the trust relationship between the parties and a number of interventions will need to be undertaken to correct these barriers which exist. This view is also shared by Le and Lei (2018).

### **8.2.2.3 Section C: Trust repair**

The descriptive information for the items in Section C are shown in Table 8.15. The descriptive information consists of means, standard deviations, skewness and kurtosis for each item.

Item 8 shows the highest mean value ( $M=3.83$ ;  $SD=.78$ ), indicating a tendency by the respondents to agree that when their trust is broken one of the steps needed in the restoration process is to take responsibility for this situation. Item 3 shows the lowest mean value ( $M=3.47$ ;  $SD=.87$ ), indicating a tendency by the respondents to have a neutral opinion as far as it relates to the aspect of determining whether the betrayal is of a major intentional/unintentional, or a minor intentional/unintentional nature in the restoration process when their trust has been broken. The overall value indicates a tendency by the respondents to agree with the items within this section as they relate to the restoration of trust once it has been broken.

**TABLE 8.15.** Item descriptive statistics: Section C: Trust repair

Item	Mean	SD	Skewness	Kurtosis
<i>If your trust has been broken, to what extent do you agree with the items below regarding the restoration of broken trust?</i>				
(1) Acknowledge that there has been a violation of trust (awareness of the problem).	3.54	0.82	-0.64	0.16
(2) Determine the nature of the violation (cause of the event).	3.64	0.74	-0.68	0.58
(3) Determine if the betrayal is of a major intentional (e.g. sabotaging the data system) or unintentional (e.g. delegating without giving authority), or a minor intentional (e.g. gossiping) or unintentional (e.g. not keeping agreements) nature.	3.47	0.87	-0.43	-0.08
(4) Admit that the event destroyed the trust that existed.	3.51	0.83	-0.44	-0.25
(5) Allow your feelings to surface (give yourself time alone, say "no" to quitting).	3.53	0.88	-0.44	-0.21
(6) Get support from a trusted advisor, friend, colleague (share your feelings).	3.81	0.77	-0.79	0.92
(7) Put the experience in a larger context (e.g.: Why did it happen? What extenuating circumstances are there? What options are available? What lessons can be learnt?)	3.80	0.81	-0.62	0.24
(8) Take responsibility (e.g.: What could have been done differently? How can this be avoided in the future?)	3.83	0.78	-0.70	0.78
(9) Offer to make reparations.	3.59	0.79	-0.46	0.46
(10) Forgive yourself and others.	3.79	0.82	-0.68	0.55
(11) Let it go and move on.	3.62	0.87	-0.61	0.04

### Interpretation

As is the case with any type of relationship, trust can also be broken. Thus, broken trust needs to be repaired as fast as possible to avoid any negative impact on the organisation and its workforce. A number of steps to achieve this goal can be found in the literature (Bachmann, Gillespie & Priem 2015; Reina & Reina 2015). These items can be classified as self-discovering and awareness (the first four items in the section) and externalisation and forgiveness (the last seven items in the section) (Reina & Reina 2015). The results indicate a general tendency by the respondents to agree with these items which is positive. It would appear that the respondents know how to go about the restoration of a broken trust situation within their banks.

### 8.2.2.4 Section D: Maintaining trust

The descriptive information for the items in Section D are shown in Table 8.16. The descriptive information consists of means, standard deviations, skewness and kurtosis for each item.

**TABLE 8.16.** Item descriptive statistics: Section D: Maintaining trust

Item	Mean	SD	Skewness	Kurtosis
<i>The trustor and the trustee need to:</i>				
(1) inspire trust between them.	4.21	0.60	-0.39	0.92
(2) show integrity in their actions.	4.27	0.57	-0.25	0.39
(3) have the necessary technical competence to do their job.	4.21	0.63	-0.45	0.46
(4) be committed to the relationship.	4.27	0.63	-0.47	0.20
(5) be committed to their job.	4.32	0.61	-0.50	0.47
(6) communicate the fact that trust matters.	4.27	0.64	-0.48	0.17
(7) behave in a proper manner, such as keeping commitments.	4.30	0.68	-0.79	0.78
(8) be accountable for their actions.	4.31	0.64	-0.84	1.63
(9) improve their relationship.	4.30	0.66	-0.72	0.76
(10) show loyalty towards each other.	4.33	0.62	-0.49	0.00
(11) correct wrongs existing between them.	4.27	0.65	-0.51	0.04
(12) create transparency between them.	4.33	0.65	-0.73	0.64
(13) demonstrate respect for each other.	4.37	0.66	-0.88	0.98
(14) be straight with each other.	4.20	0.72	-0.69	0.44
(15) have a strong sense of shared purpose.	4.27	0.66	-0.52	0.02
(16) get their employees to work together.	4.30	0.68	-0.85	1.25
(17) create a culture in which tolerance and co-operation are highly valued.	4.32	0.72	-0.92	1.02
(18) get everybody to participate in discussions.	4.15	0.82	-1.02	1.15
(19) empower their employees to make their own decisions.	4.17	0.81	-1.08	1.57
(20) communicate with each other in an authentic manner.	4.21	0.73	-0.96	1.80
(21) teach everyone in the organisation how things work.	4.20	0.77	-1.01	1.34
(22) make sure that the reward systems are aligned with the values/goals of the organisation.	4.20	0.82	-1.26	2.25
(23) encourage innovation within the organisation.	4.18	0.85	-1.12	1.44
(24) invest in their people by acknowledging their abilities.	4.28	0.77	-1.21	1.99

Item 13 shows the highest mean value ( $M=4.37$ ;  $SD=.66$ ), indicating a tendency by the respondents that they strongly agree that in the process of maintaining a healthy trust in their organisations, demonstrating respect for others is important. Item 18 shows the lowest mean value ( $M=4.15$ ;  $SD=.82$ ), indicating a tendency by the respondents that they strongly agree that in the process of maintaining a healthy trust in their organisations getting everybody to participate in discussions is important. Overall, the value indicates a tendency by the respondents to strongly agree with the items in this section as far as they relate to the maintenance of trust within their organisations.

## Interpretation

A number of activities need to take place within an organisation to maintain a healthy trust relationship. It appears that these activities can be classified into three groups. The first group consisting of the first seven items in the section can be identified as keeping commitments, the second set consisting of the next eight items, can be identified as demonstrating good behaviour, and the third set consisting of the last nine items can be identified as consideration and participation of employees. The results indicate a tendency by the respondents to strongly agree with the items within these groups, indicating a clear understanding of what is required to maintain a healthy trust relationship within their banks. This view is also supported by Reina and Reina (2015) and Sisk and Baker (2019).

### 8.2.2.5 Section E: Training in trust awareness

The descriptive information for the items in Section E are shown in Table 8.17. The descriptive information consists of means, standard deviations, skewness and kurtosis for each item.

**TABLE 8.17.** Item descriptive statistics: Section E: Training in trust awareness

Item	Mean	SD	Skewness	Kurtosis
<i>To what extent do you agree that the bank should provide the following training interventions relating to trust?</i>				
<b>Training in</b>				
(1) <b>the exploration of the whole concept of trust</b> - what it is, how it works, how it can break and how to rebuild and restore it.	4.01	0.78	-0.91	1.52
(2) <b>how to build trust across a range of relationships</b> and interactions - for example, involving co-workers, the immediate supervisor and top management/the organisation.	4.09	0.76	-0.87	1.18
(3) <b>understanding how and why you make the decisions that you make each day</b> and why you feel the way that you feel and how it impacts on your perspective of trust.	4.04	0.76	-0.78	0.98
(4)				
(a) conflict-management skills.	4.13	0.79	-0.84	0.71
(b) decision-making skills.	4.19	0.75	-0.91	1.21
(c) stress-management skills.	4.08	0.83	-0.89	0.83
(d) communication skills.	4.26	0.74	-1.05	1.64
(e) problem-solving skills.	4.23	0.76	-1.06	1.46
(f) interrelationship skills.	4.25	0.78	-1.02	1.06
(g) time-management skills.	4.19	0.77	-0.98	1.23
(h) anger-management skills.	4.10	0.83	-0.84	0.52
(i) ethics-management skills.	4.25	0.74	-1.05	1.61
(5) <b>practical skills and techniques for building and restoring trust.</b>	4.14	0.80	-1.04	1.39
(6) <b>self-trust, trust in co-workers, supervisors and top management/the organisation.</b>	4.15	0.80	-1.19	2.05

Item 4d shows the highest mean value ( $M=4.26$ ;  $SD=.74$ ), indicating a tendency by the respondents to strongly agree that training in communication skills relating to trust is important. Item 1 shows the lowest mean value ( $M=4.01$ ;  $SD=.78$ ), indicating a tendency by the respondents that they strongly agree that training in the exploration of the whole concept of trust is important by their organisations. The overall mean value indicates a tendency by the respondents to strongly agree with all the items in the section as they relate to the training interventions in respect of trust in their organisations.

### Interpretation

It is clear that to keep a healthy trust environment within an organisation, training in trust awareness on a continuing basis is necessary. The results indicate a tendency amongst the respondents of a strong agreement regarding which type of trust related skills are needed to receive attention within their organisations. These skills are all of major importance for the organisations. This view is supported by Weinstein (2019).

#### 8.2.2.6 Section F: Outcomes of trust

The descriptive information for the items in Section F are shown in Table 8.18. The descriptive information consists of means, standard deviations, skewness and kurtosis for each item.

**TABLE 8.18.** Item descriptive statistics: Section F: Outcomes of trust

Item	Mean	SD	Skewness	Kurtosis
<i>The existence of healthy trust relationships within organisations can lead to a number of positive outcomes for the organisation. To what extent do you agree with the following list of items in this regard?</i>				
(1) Meeting company goals.	4.40	0.62	-0.78	0.82
(2) Retaining talented employees.	4.26	0.77	-1.14	1.79
(3) Higher productivity.	4.42	0.66	-1.06	1.46
(4) Less conflict.	4.32	0.70	-0.83	0.63
(5) Better relationships with clients.	4.43	0.63	-0.89	0.86
(6) A more committed workforce.	4.37	0.68	-1.00	1.60
(7) Greater job satisfaction.	4.30	0.79	-1.34	2.37
(8) A more positive attitude among the staff.	4.39	0.66	-0.94	1.07
(9) Improved co-operation/co-ordination among the staff.	4.42	0.66	-1.07	1.47

Item 5 shows the highest mean value ( $M=4.43$ ;  $SD=.63$ ), indicating a tendency by the respondents to strongly agree that one of the outcomes of healthy trust within their organisations relates to better relationships with clients. Item 2 shows the lowest mean value ( $M=4.26$ ;  $SD=.77$ ), indicating a tendency by the respondents to strongly agree

that one of the outcomes of healthy trust within their organisations relates to retaining talented employees. The overall value of this section indicates a tendency by the respondents to strongly agree with all the items within this section as they relate to the outcomes of having healthy trust relationships within their organisations.

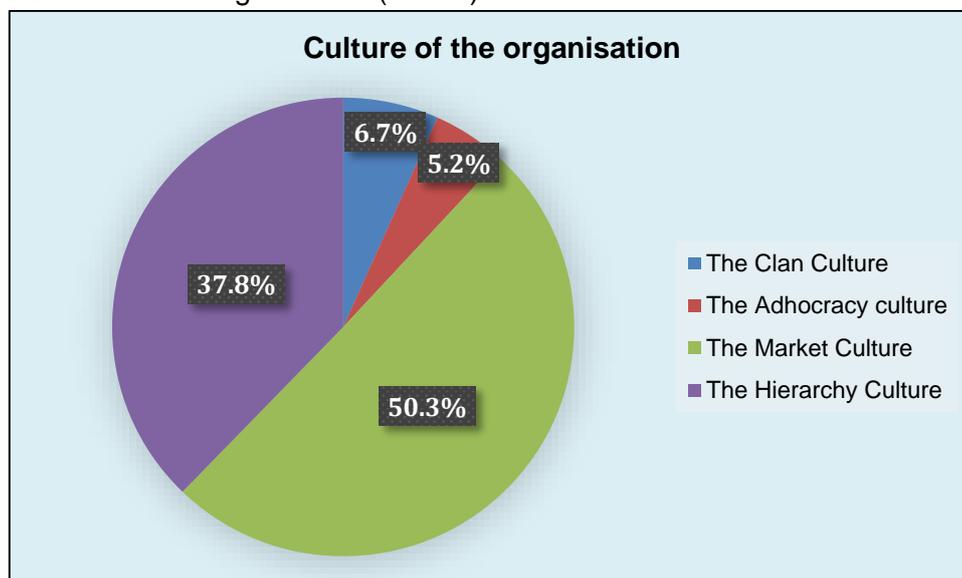
### Interpretation

A critical aspect within the trust process is the trust outcomes. The results indicate that there is a very strong tendency of agreement amongst the respondents regarding a number of positive outcomes. Thus, the results indicate that the existence of a healthy trust relationship can lead to a number of positive outcomes for organisations like the banks. These views are supported by Rahayuningsih (2019) and Zak (2017).

#### 8.2.2.7 Section G: Culture of the organisation

In this section, the respondents indicated the type of culture which exists within the banks where they work. The results are indicated in Figure 8.1 in terms of percentages.

FIGURE 8.1. Culture of the organisation (n=405)



The market culture shows the highest percentage value (50.3%), indicating that it is the most prevalent culture within the banks. The adhocracy culture has the lowest percentage value (5.2%), indicating that it is the least prevalent culture within the banks. The overall values indicate that all four types of culture exist within the banks to varying extent.

## **Interpretation**

The glue which binds all the activities within an organisation together is its culture. This also impacts on the presence of trust within the organisation (Bilginoglu *et al* 2019). The results indicate the presence of a number of cultures within the banks. The most prominent being the market culture (where the banks focus on external positioning with a need for stability and control) which makes sense due to the competitive nature of the banking industry. This culture is followed by a lesser culture known as a hierarchy culture then the clan and adhocracy culture. The theory states that it is more common to find one or more culture types dominating an organisation. It is also important to note that the theory indicates that in the case of mature and highly effective organisations, each of the four culture types can be found in sub-units or segments of the organisation. This view is supported by authors such as Heinz (2019).

## **8.3 CHAPTER SUMMARY**

In this chapter, an effort has been made to provide information on the demographic and personal variables relating to the participants. This has been done to establish the profile of the respondents participating in this study. Descriptive statistical analysis of the items in terms of their means, standard deviations, skewness and kurtosis has also been undertaken to help the readers understand the features of the data set by giving short interpretations about the measured data. It is essential however that a much deeper analysis of the data be made to understand the results better. To address this aspect, the next chapter, Chapter 9, will proceed with the aspect of construct development and structural equation modelling (SEM).

## CHAPTER 9

### DISCUSSION OF THE DATA – PART II: CONSTRUCT DEVELOPMENT AND STRUCTURAL EQUATION MODELLING

#### 9.1 INTRODUCTION

In the previous chapter, a discussion relating to the descriptive statistics of the data gathered, was provided. In this chapter the statistical process is deepened to understand the results better, and to validate the components of the proposed trust management model within the banking sector in Ethiopia. The following process will be followed: testing for the construct validity and reliability and construct development, applying inferential statistics and undertaking structural equation modelling (SEM).

#### 9.2 CONSTRUCT VALIDITY AND RELIABILITY

In this section, the construct validity and reliability of the measuring instrument is reported on. The construct validity was tested using exploratory factor analysis (EFA), while testing for internal consistency (reliability) of the measuring instrument, use was made of the Cronbach's Alpha values.

##### 9.2.1 Exploratory Factor Analysis

Sections A to F of the questionnaire were designed to determine the profile of the banking sector in Ethiopia as far as it relates to the aspect of trust. These sections also served as the building blocks of the proposed model (see Figure 6.1). Each of the sections however need to be submitted to an exploratory factor analysis to determine the number of underlying factors for the items within each section.

To achieve this goal, it was necessary to firstly determine whether the data were suitable for factor analysis. This was done through using the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy (Tabachnick & Fidell 2014). In order to provide further support that the data is suitable for factor analysis, Bartlett's Test of Sphericity was considered (Pallant 2016). Consequently, the data on each of the

sections in the questionnaire were subject to an exploratory factor analysis (EFA) to identify the distinctive underlying factors reflected by the individual items for each of the sections. Principal axis factoring was used as the extraction method and proximal as the rotation method. It is important to note that for an item to be considered, it needed to have a factor loading of 0.3 or more (Field 2009; Pallant 2016; Tabachnick & Fidell 2007).

- **Treatment of double loadings**

In the process of conducting the EFA, items with double loadings for Sections A to F were treated by using the following guidelines:

- 1) If the loadings were close to each other (i.e. within 0.05), it was considered not a good discriminatory item and could be deleted from further analysis.
- 2) If one value (loading) was substantially larger than the other, it indicated that the item made more sense than the other and belonged to the factor with the higher loading. However, if the item theoretically made more sense to load with the other factor, it was considered as part of that factor.

- **Motivation for using two factor items**

According to Eisinga, te Grotenhuis and Pelzer (2013), it is common for researchers facing poor quality items to have these items removed from a limited item pool, resulting in scales with a small number of items, occasionally two. Thus, although not desirable, it is admissible to have two item factors, especially if they exhibit strong correlation. Furthermore, what is equally stringent for a two-item scale is the classical test theory assumption that the items are locally independent. The principle of local independence means that there should not be any correlation between the items after the effect of the underlying construct is partialled out, i.e. the correlation between the residuals should be zero. In other words, the items should only be correlated through the construct the scale is measuring. According to Eisinga *et al* (2013), for a pair of two items, one single factor completely accounts for the inter-item covariance. The most appropriate reliability coefficient for a two-item scale is the Spearman-Brown statistic that together with standardised coefficient alpha, its equivalent for two-item measures. However, if research design or off-design circumstances dictate that the scale has only two most likely congeneric items, then

it is best to report the Spearman-Brown reliability estimate (Eisinga *et al* 2013). Kline (2011) suggests that if a standard confirmatory factor analysis (CFA) model with two or more factors has two or more indicators per factor, the model is identified.

With regard to the optimal ratio of number of indicators per factor (p/f), it appears that there is agreement that at least three indicators per factor are desirable, under some circumstances however two may be sufficient. It is also suggested that the consideration of large number of indicators or estimated parameters should be avoided unless the number of participants are extremely large. This means that the number of indicators per factor should be limited when the sample is small (Marsh, Hau, Balla & Grayson 1998).

Having undertaken a factor analysis for Sections A to F of the questionnaire, 55 factors were identified. The factors identified for each of the sections in the questionnaire are indicated next.

#### **9.2.1.1 Section A: Building an organisation with a high level of trust**

Exploratory factor analysis of the six sub-sections within Section A are done as follows:

##### **9.2.1.1.1 What is trust?**

In this sub-section the respondents had to indicate their understanding of the characteristics of the concept of trust. The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (0.754) which was above the recommended threshold of 0.6 (Tabachnick & Fidell 2014) and the Bartlett's Test of Sphericity which was significant ( $p < 0.000$ ), both indicate that a factor analysis was appropriate for this sub-section. The analysis identified one factor (F-1) based on the Kaiser's eigenvalue criterion of eigenvalues greater than one, which explained 45.7% of the variance. The Cronbach alpha value for the factor was above 0.6 thereby indicating satisfactory internal consistency (reliability) for exploratory research (see Table 9.1).

##### **9.2.1.1.2 Challenges regarding trust**

In this sub-section the respondents needed to indicate how their organisation especially top management monitors a number of challenges facing the bank. The

Kaiser-Meyer-Olkin Measure of Sampling Adequacy (0.891) which was above the recommended threshold of 0.6 (Tabachnick & Fidell 2014) and the Bartlett's Test of Sphericity which was significant ( $p < 0.000$ ), both indicate that a factor analysis was appropriate for this sub-section. The analysis identified four factors (F-2 to F-5) based on the Kaiser's eigenvalue criterion of eigenvalues greater than one, which explained 65.5% of the variance. The percentage variation explained was 42.4%, 8.4%, 7.6% and 7.1% for the four factors, respectively. The Cronbach alpha values for the four factors were above 0.6, indicating satisfactory internal consistency (reliability) for exploratory research (see Table 9.1).

#### **9.2.1.1.3 Builders of trust**

In this sub-section the respondents needed to indicate the presence of trust builders within their banks. The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (0.929) which was above the recommended threshold of 0.6 (Tabachnick & Fidell 2014) and the Bartlett's Test of Sphericity which was significant ( $p < 0.000$ ), both indicate that a factor analysis was appropriate for this sub-section. The analysis identified four factors (F-6 to F-9) based on the Kaiser's eigenvalue criterion of eigenvalues greater than one, which explained 58.5% of the variance. The percentage variation explained was 39.8%, 6.8%, 6.2% and 5.7% for the four factors, respectively. The Cronbach alpha values for the four factors were above 0.6, indicating satisfactory internal consistency (reliability) for exploratory research (see Table 9.1).

#### **9.2.1.1.4 Drivers of trust**

In this sub-section the respondents needed to indicate the presence of trust drivers within their banks. The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (0.937) which was above the recommended threshold of 0.6 (Tabachnick & Fidell 2014) and the Bartlett's Test of Sphericity which was significant ( $p < 0.000$ ), both indicate that a factor analysis was appropriate for this sub-section. The analysis identified six factors (F-10 to F-15) based on the Kaiser's eigenvalue criterion of eigenvalues greater than one, which explained 63.6% of the variance. The percentage variation explained was 40.3%, 6%, 5.4%, 4.5%, 3.7% and 3.7% for the six factors, respectively. The Cronbach alpha values for the six factors were above 0.6,

indicating satisfactory internal consistency (reliability) for exploratory research (see Table 9.1).

#### **9.2.1.1.5 Destroyers (busters) of trust**

In this sub-section the respondents needed to indicate the presence of trust busters within their banks. The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (0.884) which was above the recommended threshold of 0.6 (Tabachnick & Fidell 2014) and the Bartlett's Test of Sphericity which was significant ( $p < 0.000$ ), both indicate that a factor analysis was appropriate for this sub-section. The analysis identified three factors (F-16 to F-18) based on the Kaiser's eigenvalue criterion of eigenvalues greater than one, which explained 56.8% of the variance. The percentage variation explained was 37.7%, 10.1%, and 9% for the three factors, respectively. The Cronbach alpha values for two of the three factors were above 0.6, indicating satisfactory internal consistency (reliability) for exploratory research (see Table 9.1). One factor (F-18) measured Cronbach alpha value of 0.561 which was below the level of 0.6. As this factor represented a specific important component within the bundle of trust in the workplace data, and as there are some scientific sources that still consider alpha values of 0.5 as acceptable (Field 2009; Pallant 2016), it was decided to retain this factor for the study.

#### **9.2.1.1.6 Performance of the bank**

In this sub-section the respondents needed to indicate how their banks performance compared with competitors. The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (0.84) which was above the recommended threshold of 0.6 (Tabachnick & Fidell 2014) and the Bartlett's Test of Sphericity which was significant ( $p < 0.000$ ), both indicate that a factor analysis was appropriate for this sub-section. The analysis identified one factor (F-19) based on the Kaiser's eigenvalue criterion of eigenvalues greater than one, which explained 58% of the variance. The Cronbach alpha value for the factor was above 0.6, indicating satisfactory internal consistency (reliability) for exploratory research (see Table 9.1).

The factor loadings for all the sub-sections of Section A are indicated in Table 9.1.

**TABLE 9.1:** Summary of exploratory factor analysis for Section A - Building an organisation with a high level of trust (F-1 to F-19)

Sub-section	Factor	Construct	Item	Item Description	KMO & Bartlett's test	Variance explained	Factor Loadings					Cronbach Alpha		
							F-1	F-2	F-3	F-4	F-5			
What is trust?	F-1	Trust characteristics	Q1	Trust is multi-levelled in nature.	.754 p<.000	45.7 %	.619					.687		
			Q2	Trust has its roots in the culture of an organisation.			.591							
			Q3	Trust is gained through communication.			.597							
			Q4	Trust is dynamic in nature.			.467							
			Q5	Trust is multidimensional in nature.			.556							
Challenges regarding trust	F-2	Company operational activities	Q7	Top management of my bank regularly (at least once a year): monitors the strategies of the bank.	.891 p<.000	65.5 %		.383				.859		
			Q8a	Top management of my bank regularly (at least once a year): monitors the structure of the bank, such as the reporting lines.				.762						
			Q8b	Top management of my bank regularly (at least once a year): monitors the structure of the bank, such as the distribution of authority/ responsibility.				.998						
			Q8c	Top management of my bank regularly (at least once a year): monitors the structure of the bank, such as the job content.				.857						
	F-3	Company internal and external threats	Q1	Top management of my bank regularly (at least once a year): monitors the external environment to identify changes in, for example, technology, threats posed by competitors, and other global changes that can have an impact on the effectiveness of the bank.							.346			.794
			Q2	Top management of my bank regularly (at least once a year): monitors changes in the productivity levels within the bank.						.423				
			Q3	Top management of my bank regularly (at least once a year): monitors the trust levels within the bank.						.933				
			Q6	Top management of my bank regularly (at least once a year): monitors the culture within the bank.					.778					
			Q14	Top management of my bank regularly (at least once a year): monitors the plan for improving the trust levels within the bank.					.566					
	F-4	Company challenges	Q9	Top management of my bank regularly (at least once a year): monitors the clients' perception of the bank.								.449		.804
			Q10	Top management of my bank regularly (at least once a year): monitors the complaints-and-grievance procedure of the bank.							.471			
			Q11	Top management of my bank regularly (at least once a year): monitors the turnover rate of staff in the bank.						.719				
			Q12	Top management of my bank regularly (at least once a year): monitors the competitive position of the bank.					.854					
			Q13	Top management of my bank regularly (at least once a year): monitors the plan for improving communication within the bank.					.569					
	F-5	Company policies/ practices/ procedures	Q4	Top management of my bank regularly (at least once a year): monitors the policies of the bank to ensure that any redundant policies are removed.								.727		.837
			Q5	Top management of my bank regularly (at least once a year): monitors the practices/procedures of the bank to ensure that any redundant practices/procedures are removed.							.895			

**TABLE 9.1:** Summary of exploratory factor analysis for Section A – Building an organisation with a high level of trust (F-1 to F-19) (Contd.)

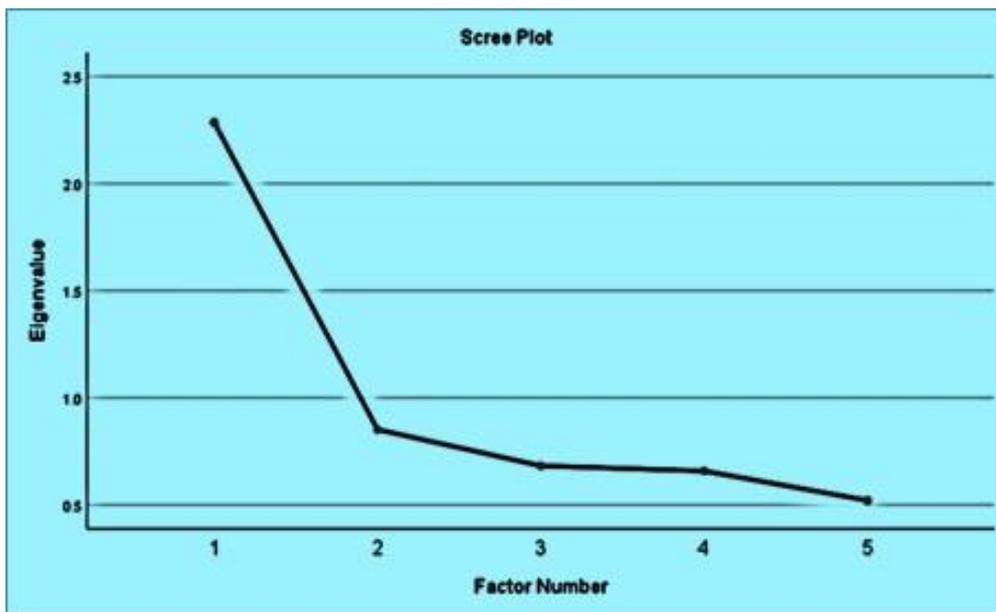
Sub-section	Factor	Construct	Item	Item Description	KMO & Bartlett's test	Variance explained	Factor loadings						Cronbach Alpha		
							F-6	F-7	F-8	F-9	F-10	F-11			
Builders of trust	F-6	Employee understanding	Q8	The majority of the employees in my bank meet management on periodic basis.	.929 p< .000	58.5%	.383						.861		
			Q10	The majority of the employees in my bank have a sound grasp of the promotion criteria for every position in the bank.			.548								
			Q11	The majority of the employees in my bank think that evaluation is done in a fair manner.			.635								
			Q13	The majority of the employees in my bank think that they are treated fairly.			.809								
			Q14	The majority of the employees in my bank think that their interests are taken care of.			.804								
			Q16	The majority of the employees in my bank are encouraged to take part in decision-making.			.562								
	F-7	Employee receptivity	Q18	The majority of the employees in my bank receive feedback in good faith.						.807					.856
			Q19	The majority of the employees in my bank provide feedback in good faith.						.786					
			Q20	The majority of the employees in my bank accept the authority that their peers may have.						.661					
			Q21	The majority of the employees in my bank behave in a consistent manner.						.503					
			Q22	The majority of the employees in my bank keep to agreements.						.575					
	F-8	Employee participation	Q1	The majority of the employees in my bank think that there is an atmosphere of honest co-operation in the bank.								.561			.801
			Q2	The majority of the employees in my bank have clear expectations regarding the aims of the organisation.							.583				
			Q3	The majority of the employees in my bank are willing to share their knowledge with others.							.623				
			Q7	The majority of the employees in my bank are willing to take part in training.							.330				
			Q9	The majority of the employees in my bank have a sound grasp of their work responsibilities.							.435				
			Q12	The majority of the employees in my bank have a good relationship with their co-workers.							.437				
			Q15	The majority of the employees in my bank think that teamwork is encouraged and preferred.							.497				
	F-9	Employee culture	Q4	The majority of the employees in my bank openly take responsibility for their mistakes.								.635			.831
Q5			The majority of the employees in my bank avoid gossiping about others.					.776							
Q6			The majority of the employees in my bank avoid unfair criticism of others.					.690							
Drivers of trust	F-10	Employee recognition	Q1	The majority of the employees in my bank get constructive feedback about their performance.	.937 p< .000	63.6%					.515		.882		
			Q2	The majority of the employees in my bank have an opportunity to participate in the goal-setting process of the bank.							.468				
			Q3	The majority of the employees in my bank think that the performance evaluations are fair.							.680				
			Q4	The majority of the employees in my bank think that the performance evaluations are appropriate.							.587				
			Q5	The majority of the employees in my bank receive praise for a job well done.							.870				
			Q6	The majority of the employees in my bank are given recognition for a job well done.							.924				
			Q8	The majority of the employees in my bank are given adequate opportunities for professional growth.							.579				
			Q9	The majority of the employees in my bank are given challenging and stimulating work.							.500				
			F-11	Employee empowerment			Q11	The majority of the employees in my bank are encouraged to take action when faced with a problem.							
	Q12	The majority of the employees in my bank are empowered to make their own choices that will enable them to achieve a healthy balance work-life.											.381		
	Q18	The majority of the employees in my bank are given enough information to make the correct decisions about their work.											.525		
	Q20	The majority of the employees in my bank are given a sense of ownership as far as the goals and mission of the bank are concerned.											.479		
	Q22	The majority of the employees in my bank are encouraged to speak openly with others.											.747		
	Q23	The majority of the employees in my bank are encouraged to engage in the giving/receiving of feedback.											.618		
	Q24	The majority of the employees in my bank feel secure as far as their position is concerned.									.606				
Q25	The majority of the employees in my bank are encouraged to keep on learning.							.797							
Q26	The majority of the employees in my bank are treated fairly.							.728							

**TABLE 9.1:** Summary of exploratory factor analysis for Section A - Building an organisation with a high level of trust (F-1 to F-19) (Contd.)

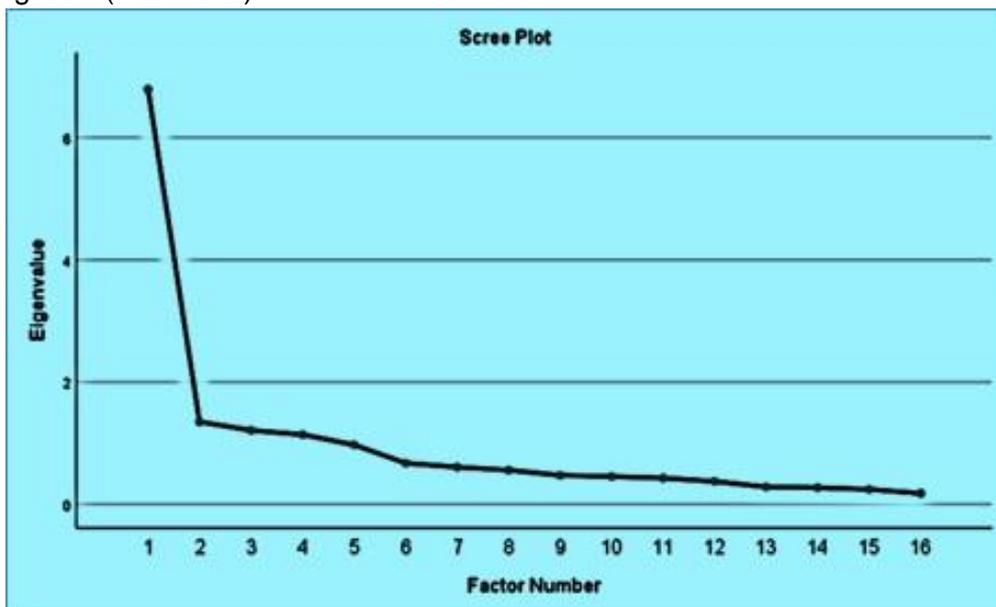
Sub-section	Factor	Construct	Item	Item Description	KMO & Bartlett's test	Variance explained	Factor loadings							Cronbach Alpha				
							F-12	F-13	F-14	F-15	F-16	F-17	F-18		F-19			
Drivers of trust	F-12	Strategic employee orientation	Q27	The majority of the employees in my bank are familiar with the strategic goals of the bank.	.937 <i>p</i> < .000	63.6%	.828								.876			
			Q28	The majority of the employees in my bank understand the strategic goals of the bank.			1.003											
			Q29	The majority of the employees in my bank are regularly informed of the mission of the bank.			.770											
			Q30	The majority of the employees in my bank understand the directly connection between their work and the overall success of the bank.			.596											
	F-13	Employee meaningfulness	Q10	The majority of the employees in my bank see a clear connection between their work and the goals of the bank.						.332							.802	
			Q13	The majority of the employees in my bank think the work that they do to be meaningful in nature.						.709								
			Q14	The majority of the employees in my bank are enthusiastic about their work.						.858								
			Q15	The majority of the employees in my bank are proud of the work that they do.						.816								
	F-14	Employee team cohesion	Q7a	The majority of the employees in my bank think that teamwork is encouraged.								.787					.840	
			Q7b	The majority of the employees in my bank think that teamwork is practiced in the bank.							.924							
			Q21	The majority of the employees in my bank think that there is a culture of teamwork in the bank.							.449							
	F-15	Informal employee cohesion	Q16	The majority of the employees in my bank have a good understanding of the informal structures within the bank.								.858					.874	
			Q17	The majority of the employees in my bank have a good understanding of the informal processes within the bank.							.919							
	Destroyers (Busters) of trust	F-16	Inconsistent company policies and practices	Q6			There is no proper flow of information between the different job levels in the bank.	.884 <i>p</i> < .000	56.8%						.496			.867
				Q12			The bank is unable to meet the expectations of its workers.							.699				
Q13				There is a lack of proper communication within the bank.							.779							
Q14				The bank's policies are of an inconsistent nature.							.768							
Q15				The bank's practices are of an inconsistent nature.							.814							
Q16				The bank fails to deliver on its promises.							.826							
F-17		Employee disloyalty	Q3	There is a great deal of dishonesty among the majority of the bank's employees.									.736				.848	
			Q4	The majority of the bank's employees tend to ignore the authority that their peers may have.									.723					
			Q5	There is a lack of confidence among the majority of the bank's employees.									.544					
			Q8	The majority of the bank's employees often fail to tell the truth, with the intention to deceive or confuse others.									.769					
			Q9	The majority of the bank's employees seem to have a volatile personality.									.565					
			Q10	The majority of the bank's employees seem to have a hidden agenda.									.723					
F-18		Employee dysfunctionality	Q1	The majority of the bank's employees work under strictly-controlled conditions.										.588			.561	
			Q2	The operation of the bank is veiled in secrecy.										.682				
			Q7	The majority of the bank's employees take credit for the work of others.										.331				
	Q11		The majority of the bank's employees struggle to fulfil their duties.								.317							
Performance of the bank	F-19	Company competitiveness	Q1	Compared with its competitors, my bank is more profitable.	.840 <i>p</i> < .000	58%								.814	.874			
			Q2	Compared with its competitors, my bank has a larger market share.									.827					
			Q3	Compared with its competitors, my bank is growing at a faster rate.									.877					
			Q4	Compared with its competitors, my bank is more innovative.									.494					
			Q5	Compared with its competitors, my bank is more successful.									.831					

By graphing the eigenvalues, the relative importance of each of the 19 factors (F-1 to F-19) became apparent (Field 2018). According to Cattell (1977), the cut-off point for selecting factors should be at the point of inflexion of the curve. Thus, inspection of Cattell's scree test revealed that the graph levelled off (reached the point of inflexion) at the first factor (see Figures 9.1a & 9.1f), third factor (see Figure 9.1e), fourth factor (see Figures 9.1b & 9.1c), and sixth factor (see Figure 9.1d).

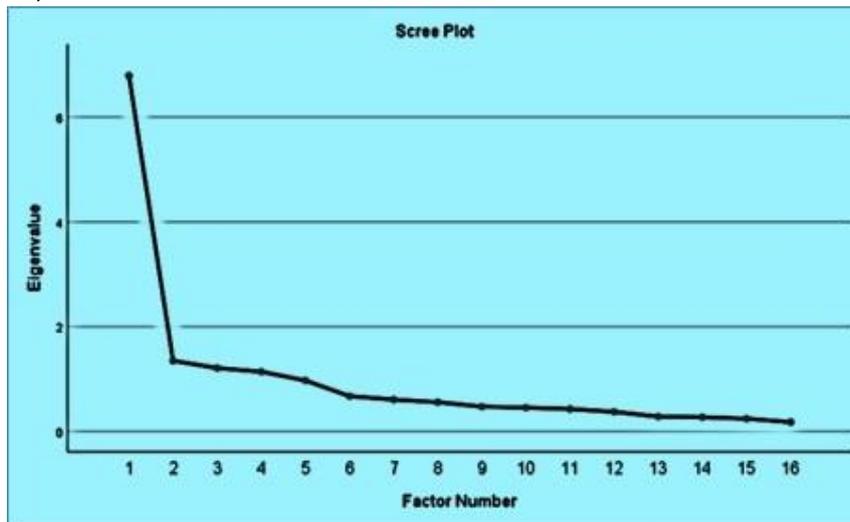
**FIGURE 9.1a:** Scree plot for building an organisation with a high level of trust – What is trust? (F-1)



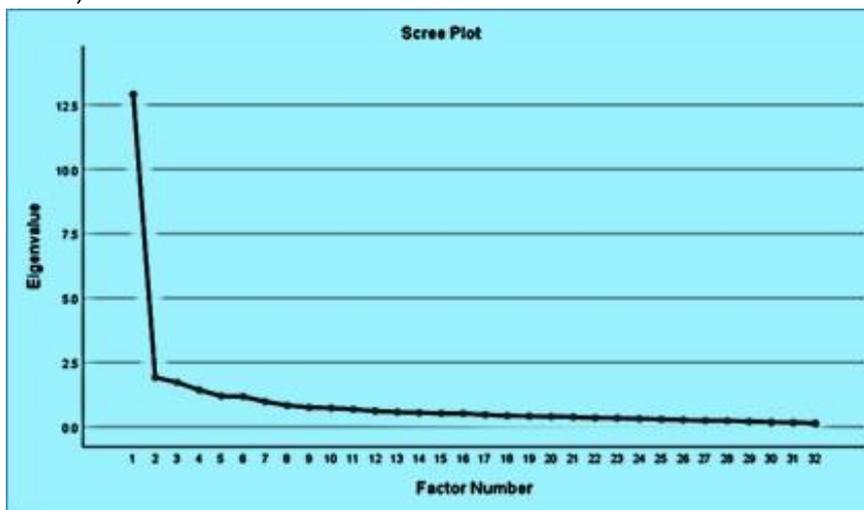
**FIGURE 9.1b:** Scree plot for building an organisation with a high level of trust – Challenges regarding trust (F-2 to F-5)



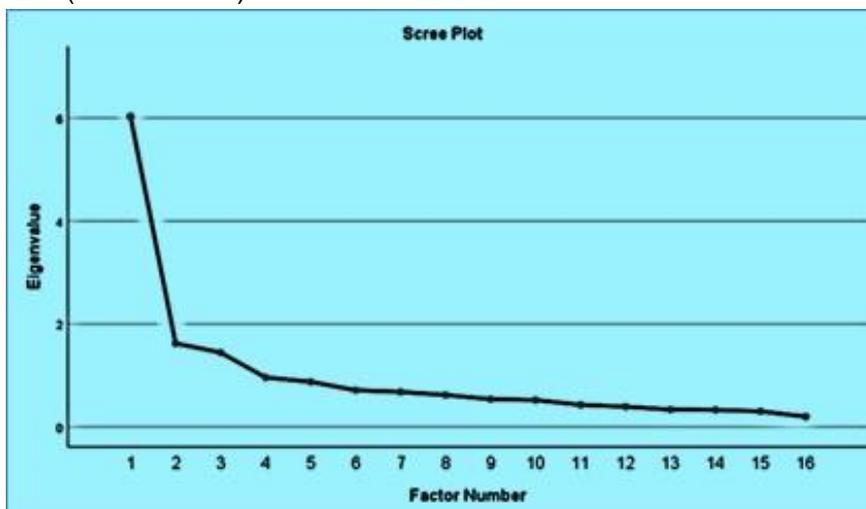
**FIGURE 9.1c:** Scree plot for building an organisation with a high level of trust – Builders of trust (F-6 to F-9)



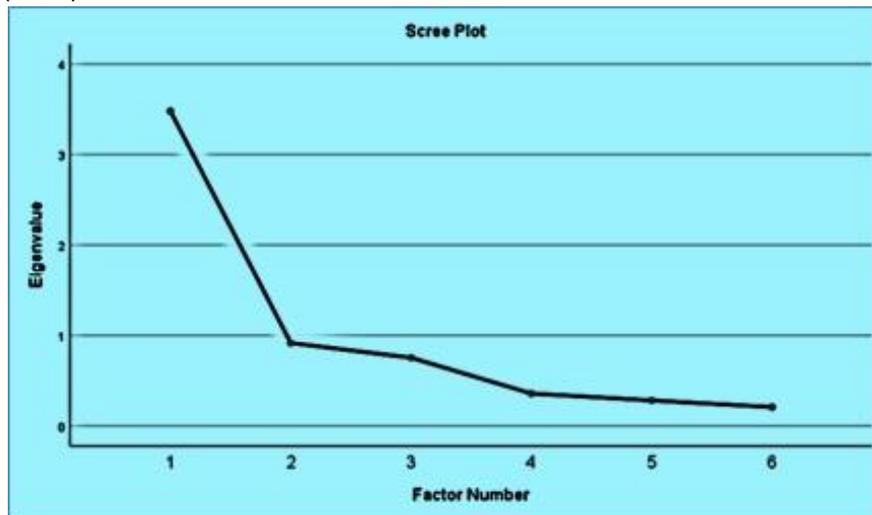
**FIGURE 9.1d:** Scree plot for building an organisation with a high level of trust – Drivers of trust (F-10 to F-15)



**FIGURE 9.1e:** Scree plot for building an organisation with a high level of trust – Destroyers (busters) of trust (F-16 to F-18)



**FIGURE 9.1f:** Scree plot for building an organisation with a high level of trust – Performance of the bank (F-19)



A brief discussion of the 19 identified factors for the sub-sections within Section A follows:

- **Factor 1 - “Trust characteristics”** representing items 1, 2, 3, 4 and 5 of the original set of items under “What is trust?” This factor focuses on the first and most important aspect of the trust concept. Typical characteristics identified within this factor include: multi-levelled, culturally-rooted, communication-based, dynamic, and the multidimensional nature of trust.
- **Factor 2 - “Company operational activities”** representing items 7, 8a, 8b and 8c of the original set of items under “Challenges regarding trust”. This factor focuses on strategies and structures that keep an organisation running efficiently. Typical aspects identified under this factor include: strategies, reporting lines, distribution of authority and responsibility, and job content.
- **Factor 3 - “Company internal and external threats”** representing items 1, 2, 3, 6 and 14 of the original set of items under “Challenges regarding trust”. This factor specifically focuses on the analysis of situations regarding internal and external threats in a company that can negatively affect organisations. Typical areas identified under this factor include: changes in the external environment such as technology and competitors, and in the internal environment such as changes in productivity levels, trust levels, and the culture within an organisation. Item 14 had double loadings on factors 2 and 3. Looking at the strength of the loadings, and the theoretical fit to the factors, it was decided to retain item 14 with factor 2.

- **Factor 4 - “Company challenges”** representing items 9, 10, 11, 12 and 13 of the original set of items under “Challenges regarding trust”. Typical areas involved in this factor included: clients’ perception, complaints-and-grievance procedure, staff turnover, competitive position, and communication within the organisation.
- **Factor 5 - “Company policies/practices/procedures”** representing items 4 and 5 of the original set of items under “Challenges regarding trust”. This factor covers areas such as the guidelines and approaches that organisations need to adopt relating to the various aspects of management. Typical areas identified here include: organisational policies, practices and procedures.
- **Factor 6 - “Employee understanding”** representing items 8, 10, 11, 13, 14 and 16 of the original set of items under “Builders of trust”. This factor focuses on how employees understand the way that management carries out various activities within the organisation and the opportunities given to employees to participate in this regard. Typical areas involved under this factor include: promotional criteria, employee evaluation, employee treatment, and participation in decision-making.
- **Factor 7 - “Employee receptivity”** representing items 18, 19, 20, 21 and 22 under the original set of items “Builders of trust”. This factor involves the degree to which employees are willing to consider other’s ideas and listen to an individual’s opinions. Typical areas involved under this factor include: providing and receiving feedback, accepting others’ authority, behaving in a consistent manner, and keeping agreements.
- **Factor 8 - “Employee participation”** representing items 1, 2, 3, 7, 9, 12, 15 and 17 of the original set of items under “Builders of trust”. This factor focuses on the extent to which employees are given the opportunity to take part in activities and events within an organisation. Typical areas under this factor include: honest cooperation, expectations regarding organisational aims, willingness to share knowledge, willingness to take part in training, having a sound grasp of work responsibilities, teamwork, and relationships with co-workers. Item 3 had double loadings on factors 1 and 3. After examining the strength of the loadings, and the theoretical fit to the factors, it was decided to retain item 3 with factor 3.
- **Factor 9 - “Employee culture”** representing items 4, 5 and 6 of the original set of items under “Builders of trust”. This factor highlights the attitudes and beliefs that are shared by employees as far as other people within an organisation are

concerned. Typical areas identified under this factor included: taking responsibility, gossiping about others, and unfair criticism of others.

- **Factor 10 - “Employee recognition”** representing items 1, 2, 3, 4, 5, 6, 8 and 9 of the original set of items under “Drivers of trust”. This factor focuses on the extent to which employees receive attention within the organisation and how their contributions to the organisation are acknowledged (Armstrong 2011). Typical areas under this factor include: employee feedback, employee participation in goal-setting, performance evaluation, professional growth, and recognition for a job well done. Item 2 had double loadings on factors 1 and 4. After examining the strength of the loadings, and the theoretical fit to the factors, it was decided to retain item 2 with factor 1.
- **Factor 11 - “Employee empowerment”** representing items 11, 12, 18, 20, 22, 23, 24, 25 and 26 of the original set of items under “Drivers of trust”. This factor involves the extent to which employees are allowed to have more control over their jobs, and encouraging them to make decisions. Typical areas under this factor include: problem solving, information provision, ownership of goals and missions, giving and receiving feedback, job security, employee learning, and fair treatment.
- **Factor 12 - “Strategic employee orientation”** representing items 27, 28, 29 and 30 of the original set of items under “Drivers of trust”. This factor involves strategic issues by means of which an organisation appears to give more attention to its employees. Typical areas under this factor include: familiarity and understanding of strategic goals, informing employees about mission statements, and understanding the connection between work and overall organisational success.
- **Factor 13 - “Employee meaningfulness”** representing items 10, 13, 14 and 15 of the original set of items under “Drivers of trust”. This factor focuses on various aspects of work and the extent to which these aspects make sense to employees. Typical areas identified within this factor include: employee understanding of the connection between their work and organisational goals, meaningfulness of the work employees do, employee enthusiasm about their work, and whether employees are proud of the work they do.

- **Factor 14 - “Employee team cohesion”** representing items 7a, 7b and 21 of the original set of items under “Drivers of trust”. This factor focuses on the teamwork and the cohesion between the team members within an organisation. Typical areas within this factor include: encouragement and practise of teamwork and the existence of a culture of teamwork in an organisation.
- **Factor 15 - “Informal employee cohesion”** representing items 16 and 17 of the original set of items under “Drivers of trust”. For the individual employee, value and meaning in work are found in the social groups and the informal cohesion that develops on its own (Marshal 2000). A typical area identified within this factor is: employees’ understanding of the informal structures and processes.
- **Factor 16 - “Inconsistent company policies”** representing items 6, 12, 13, 14, 15 and 16 of the original set of items under “Destroyers (busters) of trust”. Typical areas involved within this factor include: absence of proper flow of information between the job levels, inability to meet the expectations of workers, lack of proper communication, existence of inconsistent policies and practices, and failure to deliver on promises.
- **Factor 17- “Employee disloyalty”** representing items 3, 4, 5, 8, 9 and 10 of the original set of items under “Destroyers (busters) of trust”. This factor focuses on employee disloyalty in various aspects with different parties within an organisation, such as co-workers/team members, supervisor and top management. Typical areas involved within this factor include: dishonesty amongst the majority of employees, ignoring the authority of others, lack of confidence amongst the majority of employees, failure to tell the truth, having a volatile personality, and having a hidden agenda.
- **Factor 18 - “Employee dysfunctionality”** representing items 1, 2, 7 and 11 of the original set of items under “Destroyers (busters) of trust”. Employees can be dysfunctional due to various reasons and may face difficulties to get along well with others. Typical areas within this factor include: working under strictly-controlled conditions, veil of secrecy, taking credit for the work of others, and struggling to fulfil duties.
- **Factor 19 - “Company competitiveness”** representing the items 1, 2, 3, 4 and 5 of the original set of items under “Performance of the bank”. Item 6 of the original set of items indicated a factor loading of less than 0.3, and thus, it was not

considered in further analysis. This factor focuses on the competitiveness of a company in terms of various organisational performance aspects. Typical areas identified within this factor include: profitability, market share, growth, innovation, and success.

## **Interpretation**

From the results of the EFA, it appears that Section A of the questionnaire consisted of both multidimensional and unidimensional scales. The results showed that two sub-sections, namely: “What is trust?” and “Performance of the bank” have a one-factor structure indicating unidimensionality of the scales. Thus, two underlying factors were identified. From the results, a four-factor structure for “Challenges regarding trust” and “Builders of trust”, a six-factor structure for “Drivers of trust”, and a three-factor structure for “Destroyers (busters) of trust” were also evident, indicating the multidimensionality of the scales used. Thus, the 19 underlying factors (F1 to F19) identified in this process will be used in the further analysis of the statistical process.

### **9.2.1.2 Section B: The process of trust**

Exploratory factor analysis of the sub-sections within Section B are done as follows:

#### **9.2.1.2.1 Individual propensity to trust**

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (0.863) which was above the recommended threshold of 0.6 (Tabachnick & Fidell 2014) and the Bartlett's Test of Sphericity which was significant ( $p < 0.000$ ), both indicate that a factor analysis was appropriate for this sub-section. The analysis identified four factors, based on the Kaiser's eigenvalue criterion of eigenvalues greater than one. However, due to the treatment of double loading items, the fourth factor ended up with no items. Thus, the three factors (F-20 to F-22) remained, which explained 54.9% of the variance. The percentage variation explained was 31.9%, 15.1% and 7.9% for the three factors, respectively. The Cronbach alpha values for the three factors were above 0.6, indicating satisfactory internal consistency (reliability) for exploratory research (see Table 9.2).

### 9.2.1.2.2 Beliefs about the trustworthiness of co-workers/team members

This sub-section consisted of four components (benevolence, integrity, competence and predictability) to test the respondent's perceptions of the trustworthiness of their co-workers/team members. The exploratory factor analysis of these components was done as follows:

#### *(a) Benevolence (belief that the other party wishes to do good)*

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (0.877) which was above the recommended threshold of 0.6 (Tabachnick & Fidell 2014) and the Bartlett's Test of Sphericity which was significant ( $p < 0.000$ ), both indicate that a factor analysis was appropriate for this component. The analysis identified two factors (F-23 and F-24) based on the Kaiser's eigenvalue criterion of eigenvalues greater than one, which explained 60.8% of the variance. The percentage variation explained was 49% and 11.8% for the two factors, respectively. The Cronbach alpha values for the two factors were above 0.6, indicating satisfactory internal consistency (reliability) for exploratory research (see Table 9.2).

#### *(b) Integrity (involves adherence to a set of principles acceptable to the other party)*

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (0.939) which was above the recommended threshold of 0.6 (Tabachnick & Fidell 2014) and the Bartlett's Test of Sphericity which was significant ( $p < 0.000$ ), both indicate that a factor analysis was appropriate for this component. The analysis identified one factor (F-25) based on the Kaiser's eigenvalue criterion of eigenvalues greater than one, which explained 65.9% of the variance. The Cronbach alpha value for the one factor was above 0.6, indicating satisfactory internal consistency (reliability) for exploratory research (see Table 9.2).

#### *(c) Competence (referring to the other party having the necessary skills/knowledge)*

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (0.910) which was above the recommended threshold of 0.6 (Tabachnick & Fidell 2014) and the Bartlett's Test of Sphericity which was significant ( $p < 0.000$ ), both indicate that a factor analysis was appropriate for this component. The analysis identified one factor (F-26), based on

the Kaiser's eigenvalue criterion of eigenvalues greater than one, which explained 71.9% of the variance. The Cronbach alpha value for the one factor was above 0.6, indicating satisfactory internal consistency (reliability) for exploratory research (see Table 9.2).

*(d) Predictability (relates to consistency and regularity of behaviour)*

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (0.735) which was above the recommended threshold of 0.6 (Tabachnick & Fidell 2014) and the Bartlett's Test of Sphericity which was significant ( $p < 0.000$ ), both indicate that a factor analysis was appropriate for this component. The analysis identified two factors (F-27 and F-28), based on the Kaiser's eigenvalue criterion of eigenvalues greater than one, which explained 62.9% of the variance. The percentage variation explained was 43.9% and 19% for the two factors, respectively. The Cronbach alpha value for only one factor (F27) was above 0.6, indicating satisfactory internal consistency (reliability) for exploratory research (see Table 9.2). The value for F28 was 0.459 thus below the acceptable level as such this factor will not be used in subsequent analysis.

**9.2.1.2.3 Willingness to trust/take risks: Co-workers/team members**

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (0.822) which was above the recommended threshold of 0.6 (Tabachnick & Fidell 2014) and the Bartlett's Test of Sphericity which was significant ( $p < 0.000$ ), both indicate that a factor analysis was appropriate for this sub-section. The analysis identified two factors (F-29 and F-30), based on the Kaiser's eigenvalue criterion of eigenvalues greater than one, which explained 53.9% of the variance. The percentage variation explained was 37.6% and 16.3% for the two factors, respectively. The Cronbach alpha values for the two factors were above 0.6, indicating satisfactory internal consistency (reliability) for exploratory research (see Table 9.2).

**9.2.1.2.4 Belief in the trustworthiness of the immediate supervisor**

This sub-section comprised four components (benevolence, integrity, competence and predictability) to test the respondent's perceptions of the trustworthiness of their immediate supervisor. The exploratory factor analysis of these components was done as follows:

*(a) Benevolence*

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (0.924) which was above the recommended threshold of 0.6 (Tabachnick & Fidell 2014) and the Bartlett's Test of Sphericity which was significant ( $p < 0.000$ ), both indicate that a factor analysis was appropriate for this component. The analysis identified one factor (F-31), based on the Kaiser's eigenvalue criterion of eigenvalues greater than one, which explained 58.5% of the variance. The Cronbach alpha value for the one factor was above 0.6, indicating satisfactory internal consistency (reliability) for exploratory research (see Table 9.2).

*(b) Integrity*

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (0.876) which was above the recommended threshold of 0.6 (Tabachnick & Fidell 2014) and the Bartlett's Test of Sphericity which was significant ( $p < 0.000$ ), both indicate that a factor analysis was appropriate for this component. The analysis identified two factors (F-32 and F-33), based on the Kaiser's eigenvalue criterion of eigenvalues greater than one, which explained 65.7% of the variance. The percentage variation explained was 51.2% and 14.5% for the two factors, respectively. The Cronbach alpha values for the two factors were above 0.6, indicating satisfactory internal consistency (reliability) for exploratory research (see Table 9.2).

*(c) Competence*

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (0.940) which was above the recommended threshold of 0.6 (Tabachnick & Fidell 2014) and the Bartlett's Test of Sphericity which was significant ( $p < 0.000$ ), both indicate that a factor analysis was appropriate for this component. The analysis identified one factor (F-34), based on the Kaiser's eigenvalue criterion of eigenvalues greater than one, which explained 76% of the variance. The Cronbach alpha value for the factor was above 0.6, indicating satisfactory internal consistency (reliability) for exploratory research (see Table 9.2).

#### *(d) Predictability*

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (0.859) which was above the recommended threshold of 0.6 (Tabachnick & Fidell 2014) and the Bartlett's Test of Sphericity which was significant ( $p < 0.000$ ), both indicate that a factor analysis was appropriate for this component. The analysis identified two factors (F-35 and F-36), based on the Kaiser's eigenvalue criterion of eigenvalues greater than one, which explained 73.9% of the variance. The percentage variation explained was 59.1% and 14.8% for the two factors, respectively. The Cronbach alpha values for the two factors were above 0.6, indicating satisfactory internal consistency (reliability) for exploratory research (see Table 9.2).

#### **9.2.1.2.5 Willingness to trust/take risks: Immediate supervisor**

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (0.871) which was above the recommended threshold of 0.6 (Tabachnick & Fidell 2014) and the Bartlett's Test of Sphericity which was significant ( $p < 0.000$ ), both indicate that a factor analysis was appropriate for this sub-section. The analysis identified two factors (F-37 and F-38), based on the Kaiser's eigenvalue criterion of eigenvalues greater than one, which explained 64.4% of the variance. The percentage variation explained was 51.3% and 12.9% for the two factors, respectively. The Cronbach alpha values for the two factors were above 0.6, indicating satisfactory internal consistency (reliability) for exploratory research (see Table 9.2).

#### **9.2.1.2.6 Belief in the trustworthiness of top management/the organisation**

This sub-section comprised six components, namely: benevolence, integrity, competence, predictability, respect (consideration of myself and others) and justice (just behaviour or treatment) to test the respondent's perceptions of the trustworthiness of the top management/the organisation. The exploratory factor analysis of these components was done as follows:

#### *(a) Benevolence*

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (0.952) which was above the recommended threshold of 0.6 (Tabachnick & Fidell 2014) and the Bartlett's Test

of Sphericity which was significant ( $p < 0.000$ ), both indicate that a factor analysis was appropriate for this component. The analysis identified one factor (F-39), based on the Kaiser's eigenvalue criterion of eigenvalues greater than one, which explained 65.8% of the variance. The Cronbach alpha value for the one factor was above 0.6, indicating satisfactory internal consistency (reliability) for exploratory research (see Table 9.2).

*(b) Integrity*

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (0.929) which was above the recommended threshold of 0.6 (Tabachnick & Fidell 2014) and the Bartlett's Test of Sphericity which was significant ( $p < 0.000$ ), both indicate that a factor analysis was appropriate for this component. The analysis identified two factors (F-40 and F-41), based on the Kaiser's eigenvalue criterion of eigenvalues greater than one, which explained 66.8% of the variance. The percentage variation explained was 58% and 8.8% for the two factors, respectively. The Cronbach alpha values for the two factors were above 0.6, indicating satisfactory internal consistency (reliability) for exploratory research (see Table 9.2).

*(c) Competence*

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (0.944) which was above the recommended threshold of 0.6 (Tabachnick & Fidell 2014) and the Bartlett's Test of Sphericity which was significant ( $p < 0.000$ ), both indicate that a factor analysis was appropriate for this component. The analysis identified one factor (F-42), based on the Kaiser's eigenvalue criterion of eigenvalues greater than one, which explained 71.9% of the variance. The Cronbach alpha value for the one factor was above 0.6, indicating satisfactory internal consistency (reliability) for exploratory research (see Table 9.2).

*(d) Predictability*

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (0.872) which was above the recommended threshold of 0.6 (Tabachnick & Fidell 2014) and the Bartlett's Test of Sphericity which was significant ( $p < 0.000$ ), both indicate that a factor analysis was appropriate for this component. The analysis identified one factor (F-43), based on

the Kaiser's eigenvalue criterion of eigenvalues greater than one, which explained 73.2% of the variance. The Cronbach alpha value for the one factor was above 0.6, indicating satisfactory internal consistency (reliability) for exploratory research (see Table 9.2).

*(e) Respect*

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (0.924) which was above the recommended threshold of 0.6 (Tabachnick & Fidell 2014) and the Bartlett's Test of Sphericity which was significant ( $p < 0.000$ ), both indicate that a factor analysis was appropriate for this component. The analysis identified one factor (F-44), based on the Kaiser's eigenvalue criterion of eigenvalues greater than one, which explained 72.5% of the variance. The Cronbach alpha value for the one factor was above 0.6, indicating satisfactory internal consistency (reliability) for exploratory research (see Table 9.2).

*(f) Justice*

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (0.773) which was above the recommended threshold of 0.6 (Tabachnick & Fidell 2014) and the Bartlett's Test of Sphericity which was significant ( $p < 0.000$ ), both indicate that a factor analysis was appropriate for this component. The analysis identified one factor (F-45), based on the Kaiser's eigenvalue criterion of eigenvalues greater than one, which explained 64.6% of the variance. The Cronbach alpha value for the one factor was above 0.6, indicating satisfactory internal consistency (reliability) for exploratory research (see Table 9.2).

**9.2.1.2.7 Willingness to trust/take risks: Top management/the organisation**

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (0.919) which was above the recommended threshold of 0.6 (Tabachnick & Fidell 2014) and the Bartlett's Test of Sphericity which was significant ( $p < 0.000$ ), both indicate that a factor analysis was appropriate for this sub-section. The analysis identified two factors (F-46 and F-47), based on the Kaiser's eigenvalue criterion of eigenvalues greater than one, which explained 72.2% of the variance. The percentage variation explained was 60.4% and 11.8% for the two factors, respectively. The Cronbach alpha values for the two

factors were above 0.6, indicating satisfactory internal consistency (reliability) for exploratory research (see Table 9.2).

The factor loadings for all the sub-sections and sub-concepts of Section B are indicated in Table 9.2.

**TABLE 9.2:** Summary of exploratory factor analysis for Section B - The trust process (F-20 to F-47)

Sub-section	Factor	Construct	Item	Item Description	KMO & Bartlett's test	Variance explained	Factor Loadings					Cronbach Alpha		
							F-20	F-21	F-22	F-23	F-24			
Individual propensity to trust	F-20	General employee trust on others	Q10	All people can be relied upon to do what they say that they will do.	.863 $p < .000$	54.9 %	.594					.835		
			Q11	People in authority are likely to say what they really believe.			.619							
			Q12	All people are honest when answering public opinion polls.			.701							
			Q13	Experts can be relied upon to tell what they know and what they do not know.			.472							
			Q14	All people always tell the truth.			.682							
			Q15	All people do what they say that they will do.			.805							
			Q16	All people live by the idea that honesty is the best policy.			.735							
	F-21	Employee distrust in others	Q2	All people are unreliable.						.735				.832
			Q6	All people who are friendly towards me, are disloyal behind my back.						.781				
			Q7	All people lie in order to get ahead.						.804				
			Q8	All people are concerned with their own well-being.						.323				
			Q9	All people let you down.						.808				
	F-22	Employee opportunism	Q1	All people are out to get as much as they can for themselves.								.354		.610
			Q3	I have little faith in other people keeping their promises.							.429			
			Q4	Contrary to what they say, all people are interested primarily in their own welfare.							.943			
Co-workers/Team Members Trustworthiness Beliefs - sub-concept "Benevolence"	F-23	Employee trust in co-workers/team members	Q4	The majority of my current co-workers/team members work to protect me.	.877 $p < .000$	60.8 %				.709		.825		
			Q5	The majority of my current co-workers/team members watch my back.						.813				
			Q6	The majority of my current co-workers/team members watch out for me.						.815				
			Q8	The majority of my current co-workers/team members place the bank's interests above their own.						.549				
			Q9	The majority of my current co-workers/team members share important information with me.						.396				
	F-24	Co-workers/team members sacrifice	Q1	The majority of my current co-workers/team members support me, even when times are tough.								.752		.656
			Q2	The majority of my current co-workers/team members have my best interests in mind.								.843		
			Q3	The majority of my current co-workers/team members wish to protect me.								.452		

**TABLE 9.2:** Summary of exploratory factor analysis for Section B - The trust process (F-20 to F-47) (Contd.)

Sub-section	Factor	Construct	Item	Item Description	KMO & Bartlett's test	Variance explained	Factor Loadings				Cronbach Alpha			
							F-25	F-26	F-27	F-28				
Co-workers/Team Members Trustworthiness Beliefs – sub-concept "Integrity"	F-25	Co-workers/ team members integrity	Q1	As far as the majority of my current co-workers/team members are concerned, I believe that they are people of integrity.	.939 $p < .000$	65.9 %	.755				.942			
			Q2	As far as the majority of my current co-workers/team members are concerned, I believe that they have strong ethics.			.789							
			Q3	As far as the majority of my current co-workers/team members are concerned, I believe that they can be depended on to be fair.			.765							
			Q4	As far as the majority of my current co-workers/team members are concerned, I feel confident that they are people of integrity.			.846							
			Q5	As far as the majority of my current co-workers/team members are concerned, I have faith in their integrity.			.831							
			Q6	As far as the majority of my current co-workers/team members are concerned, I believe that they are honourable people.			.837							
			Q7	As far as the majority of my current co-workers/team members are concerned, I believe that they keep their promises.			.803							
			Q8	As far as the majority of my current co-workers/team members are concerned, I believe that they tell the truth.			.794							
			Q9	As far as the majority of my current co-workers/team members are concerned, I believe that they practise what they preach.			.740							
			Q10	As far as the majority of my current co-workers/team members are concerned, I believe that they express their true feelings about important issues.			.715							
Co-workers/Team Members Trustworthiness Beliefs – sub-concept "Competence"	F-26	Co-workers/ team members competency	Q1	In my opinion, the majority of my current co-workers/team members are highly-skilled people.	.910 $p < .000$	71.9 %		.677			.916			
			Q2	In my opinion, the majority of my current co-workers/team members are capable of doing their job.			.852							
			Q3	In my opinion, the majority of my current co-workers/team members are competent people.			.846							
			Q4	In my opinion, the majority of my current co-workers/team members have the necessary ability.			.827							
			Q5	In my opinion, the majority of my current co-workers/team members know what they are doing.			.838							
			Q6	In my opinion, the majority of my current co-workers/team members are qualified to do their job.			.838							
Co-workers/Team Members Trustworthiness Beliefs – sub-concept "Predictability"	F-27	Co-workers/ team members consistency	Q3	As far as the majority of my current co-workers/team members are concerned, I know what to expect from them.	.735 $p < .000$	62.9 %			.671		.736			
			Q4	As far as the majority of my current co-workers/team members are concerned, I usually know how they will react.					.579					
			Q5	As far as the majority of my current co-workers/team members are concerned, in times of uncertainty, they stick to the plan.					.748					
			Q6	As far as the majority of my current co-workers/team members are concerned, they behave in a consistent manner.					.674					
	F-28 <sup>1</sup>	Co-workers/ team members predictability	Q1	As far as the majority of my current co-workers/team members are concerned, I can guess what they are likely to do.								.577		.459
			Q2	As far as the majority of my current co-workers/team members are concerned, I cannot predict what they are likely to do.								.596		

<sup>1</sup> F-28 was not used in subsequent analysis as a factor due to unacceptable Cronbach alpha value (<.5).

**TABLE 9.2:** Summary of exploratory factor analysis for Section B - The trust process (F-20 to F-47) (Contd.)

Sub-section	Factor	Construct	Item	Item Description	KMO & Bartlett's test	Variance explained	Factor Loadings					Cronbach Alpha	
							F-29	F-30	F-31	F-32	F-33		
Willingness to trust/take risks: Co-workers/Team members	F-29	Co-workers/ team members dependability	Q1	Rely on their collective task related skills/abilities.	.822 <i>p</i> < .000	53.9 %	.615					.819	
			Q2	Depend on them to handle an important issue on your behalf.			.708						
			Q3	Rely on them to give an accurate representation of your work to others.			.775						
			Q4	Depend on them to back you up in difficult situations.			.690						
			Q5	Rely on their collective work-related judgements.			.644						
	F-30	Co-workers/ team members confidentiality	Q6	Share your personal feelings with them.					.610				.711
			Q7	Discuss work-related problems or difficulties with them that could be used to your disadvantage.					.403				
			Q8	Confide in them about personal issues affecting your work.					.494				
			Q9	Discuss with them how you honestly feel about your work - even negative feelings and frustration.					.742				
			Q10	Share your personal beliefs with them.					.717				
Immediate supervisor's trustworthiness beliefs – sub-concept "Benevolence"	F-31	Employee trust in supervisor	Q1	My current immediate supervisor watches my back.	.924 <i>p</i> < .000	58.5 %			.490		.907		
			Q2	My current immediate supervisor is genuinely concerned about my well-being.					.811				
			Q3	My current immediate supervisor is likely to protect me if necessary.					.799				
			Q4	My current immediate supervisor makes me feel valued.					.821				
			Q5	My current immediate supervisor is sincere as far as his/her motivations are concerned.					.787				
			Q6	My current immediate supervisor has my best interest in mind.					.822				
			Q7	My current immediate supervisor does not retaliate when mistakes have been made.					.547				
			Q8	My current immediate supervisor takes account of my needs.					.762				
			Q9	My current immediate supervisor is willing to forgive me if I make a mistake.					.680				
Immediate supervisor's trustworthiness beliefs – sub-concept "Integrity"	F-32	Supervisor's integrity	Q1	My current immediate supervisor acts in a fair manner.	.876 <i>p</i> < .000	65.7 %				.828	.641		
			Q2	My current immediate supervisor is an honest person.					.872				
			Q3	My current immediate supervisor can be depended on to be fair.					.907				
			Q4	My current immediate supervisor in risky situations, tells the truth.					.682				
			Q5	My current immediate supervisor is a person of poor ethics.					.378				
	F-33	Supervisor's honesty	Q6	My current immediate supervisor will keep his/her word.								.682	.828
			Q7	My current immediate supervisor can be relied upon in times of uncertainty.							.755		
			Q8	My current immediate supervisor puts his/her words into action.							.799		
			Q9	My current immediate supervisor gives me an honest explanation for decisions made.							.630		

**TABLE 9.2:** Summary of exploratory factor analysis for Section B - The trust process (F-20 to F-47) (Contd.)

Sub-section	Factor	Construct	Item	Item Description	KMO & Bartlett's test	Variance explained	Factor Loadings					Cronbach Alpha		
							F-34	F-35	F-36	F-37	F-38			
Immediate supervisor's trustworthiness beliefs – sub-concept "Competence"	F-34	Supervisor's competency	Q1	My current immediate supervisor is good at his/her job.	.940 <i>p</i> < .000	76%	.853					.946		
			Q2	My current immediate supervisor has my confidence as far as his/her abilities are concerned.			.811							
			Q3	My current immediate supervisor is a highly-skilled person.			.860							
			Q4	My current immediate supervisor performs, even in stressful situation.			.800							
			Q5	My current immediate supervisor knows what he/she is doing.			.863							
			Q6	My current immediate supervisor is a capable person as far as his/her job is concerned.			.905							
			Q7	My current immediate supervisor approaches his/her job with professionalism and dedication.			.847							
Immediate supervisor's trustworthiness beliefs – sub-concept "Predictability"	F-35	Supervisor's consistency	Q1	I usually know how my current immediate supervisor will react.	.859 <i>p</i> < .000	73.9 %		.773			.870			
			Q2	I can anticipate my current immediate supervisor's actions before he/she does them.			.834							
			Q3	I can anticipate what my current immediate supervisor will do.			.852							
			Q4	I know exactly what my current immediate supervisor will do in a difficult situation.			.674							
	F-36	Supervisor's predictability	Q5	I can rely on my current immediate supervisor to behave in a predictable manner.						.614			.839	
			Q6	My current immediate supervisor behaves in a very consistent manner.						.856				
			Q7	My current immediate supervisor follows through with what he/she says.						.830				
Willingness to trust/take risks: Immediate Supervisor)	F-37	Supervisor's confidentiality	Q6	Share your personal feelings with him/her.	.871 <i>p</i> < .000	64.4 %				.818	.850			
			Q7	Discuss work-related problems or difficulties with him/her that could be used to your disadvantage.						.565				
			Q8	Confide in him/her about personal issues affecting your work.						.688				
			Q9	Discuss how you honestly feel about your work- even negative feelings and frustration.						.796				
			Q10	Share your personal beliefs with him/her.						.720				
	F-38	Supervisor's dependability	Q1	Rely on his/her task related skills/abilities.									.732	.867
			Q2	Depend on him/her to handle an important issue on your behalf.									.889	
			Q3	Rely on him/her to give an accurate representation of your work to others.									.803	
			Q4	Depend on him/her to back you up in difficult situations.									.574	
			Q5	Rely on his/her work-related judgements.									.596	

**TABLE 9.2:** Summary of exploratory factor analysis for Section B - The trust process (F-20 to F-47) (Contd.)

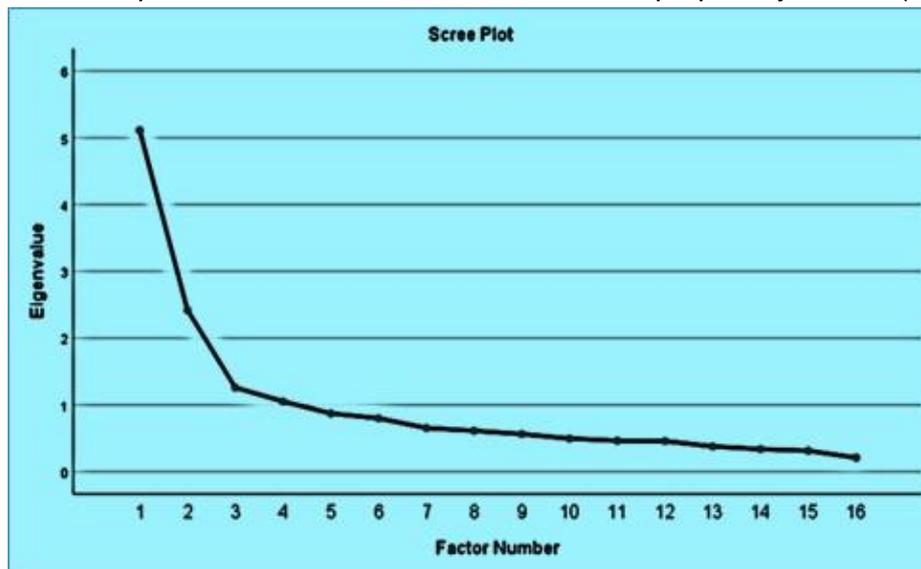
Sub-section	Factor	Construct	Item	Item Description	KMO & Bartlett's test	Variance explained	Factor Loadings				Cronbach Alpha	
							F-39	F-40	F-41	F-42		
Top management / the organisation trustworthiness beliefs – sub-concept "Benevolence"	F-39	Employee trust in top management/ the organisation	Q1	Top management/the organisation is very concerned about the welfare of the employees.	.952 $p < .000$	65.8 %	.831				.956	
			Q2	Top management/the organisation attaches great importance to the needs and desires of the employees.			.843					
			Q3	Top management/the organisation would not knowingly do anything to harm the employees.			.473					
			Q4	Top management/the organisation really looks out for what is important for the employees.			.852					
			Q5	Top management/the organisation would go out of its way to help employees.			.805					
			Q6	Top management/the organisation generally has good intentions as far as the employees are concerned.			.837					
			Q7	Top management/the organisation is sincere in its attempts to see the employees' point of view regarding the job.			.810					
			Q8	Top management/the organisation can be relied upon to do what is best for the long-term survival of the bank.			.654					
			Q9	Top management/the organisation can be trusted to make good decisions as far as the employees are concerned.			.854					
			Q10	Top management/the organisation shares important information with the employees.			.792					
			Q11	Top management/the organisation listens to the concerns of the employees.			.847					
			Q12	Top management/the organisation is true to its word.			.823					
			Q13	Top management/the organisation is sincere in its efforts to communicate with the employees.			.825					
Top management / the organisation's trustworthiness beliefs – sub-concept "Integrity"	F-40	Top management / the organisation's integrity	Q4	Top management/the organisation is very consistent as far as its actions/behaviours are concerned.	.929 $p < .000$	66.8 %	.786			.916		
			Q5	Top management/the organisation has good values.			.908					
			Q6	Top management/the organisation seems to be guided by sound principles.			.784					
			Q7	Top management/the organisation has a high level of integrity.			.726					
			Q8	Top management/the organisation is honest when communicating about jobs.			.773					
			Q9	Top management/the organisation will keep its word about rewards offered for the completion of a task.			.472					
			Q10	Top management/the organisation truthfully communicate the future plans of the bank.			.601					
			Q11	Top management/the organisation will be consistent in applying the rules.			.695					
	Q12	Top management/the organisation acknowledges its own mistakes.	.405									
	F-41	Top management/ the organisation's fairness	Q1	Top management/the organisation has a strong sense of justice.					.824			.898
			Q2	Top management/the organisation will stick to its word.					.964			
			Q3	Top management/the organisation tries hard to be fair in dealings with others.					.733			
Top management / the organisation's trustworthiness beliefs – sub-concept "Competence"	F-42	Top management/ the organisation's competency	Q1	Top management/the organisation is very capable of performing its job.	.944 $p < .000$	71.9 %			.808	.944		
			Q2	Top management/the organisation is known to be successful at the thing that it tries to do.					.820			
			Q3	Top management/the organisation are sufficiently informed of the work that needs to be done.					.817			
			Q4	Top management/the organisation is very skilful.					.861			
			Q5	Top management/the organisation has specialised capabilities that can enhance the performance of the bank.					.854			
			Q6	Top management/the organisation is well qualified to perform its job.					.867			
			Q7	Top management/the organisation can be trusted to make sensible decisions regarding the future of the bank.					.809			
			Q8	Top management/the organisation gives direction and clarification before the bank takes action.					.755			

**TABLE 9.2:** Summary of exploratory factor analysis for Section B - The trust process (F-20 to F-47) (Contd.)

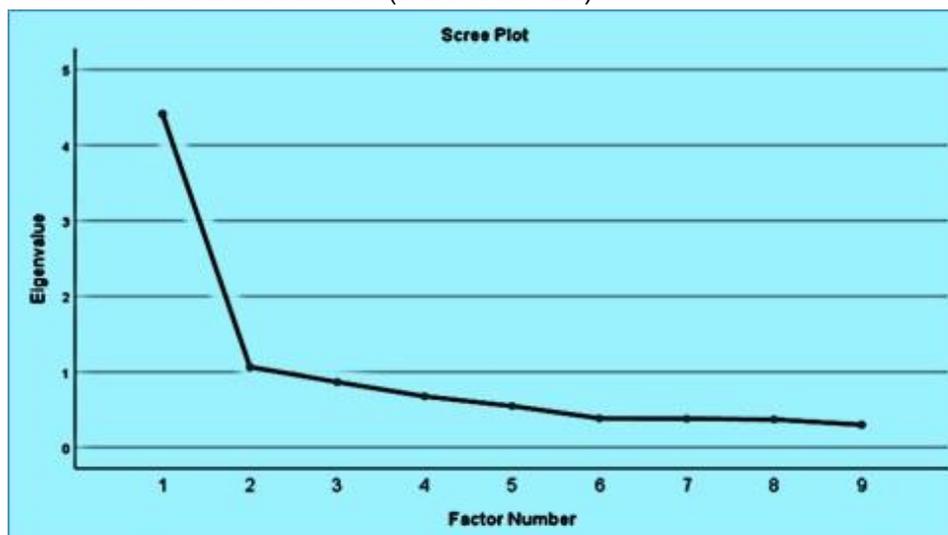
Sub-section	Factor	Construct	Item	Item Description	KMO & Bartlett's test	Variance explained	Factor Loadings					Cronbach Alpha	
							F-43	F-44	F-45	F-46	F-47		
Top management / the organisation's trustworthiness beliefs – sub-concept "Predictability"	F-43	Top management/ the organisation's consistency	Q1	Top management/the organisation treats employees in a consistent and predictable manner.	.872 $p < .000$	73.2%	.816					.908	
			Q2	Top management/the organisation can be relied upon to reward employees for their achievements.			.796						
			Q3	Top management/the organisation keeps its commitments to its employees.			.874						
			Q4	Top management/the organisation does not mislead people like me.			.716						
			Q5	Top management/the organisation can be relied upon to keep its promises.			.875						
Top management / the organisation's trustworthiness beliefs – sub-concept "Respect"	F-44	Top management/ the organisation's consideration	Q1	Top management/the organisation is willing to help me when I need a special favour.	.924 $p < .000$	72.5%		.819			.936		
			Q2	Top management/the organisation shows a great deal of concern for me.			.905						
			Q3	Top management/the organisation will never take advantage of me.			.696						
			Q4	Top management/the organisation really cares about my well-being.			.868						
			Q5	Top management/the organisation takes my goals and values very much into consideration.			.855						
			Q6	Top management/the organisation comes to my assistance when I have a problem.			.832						
			Q7	Top management/the organisation would forgive an honest mistake on my part.			.786						
Top management / the organisation's trustworthiness beliefs – sub-concept "Justice"	F-45	Top management/ the organisation's justice	Q1	Top management/the organisation treats me fairly.	.773 $p < .000$	64.6%			.880		.859		
			Q2	Top management/the organisation can be counted on to be fair.			.866						
			Q3	Top management/the organisation is fair in its treatment of me.			.811						
			Q4	Top management/the organisation (according to most people working here) often treat employees in an unfair manner.			.588						
			Q5	Top management/the organisation usually do not do things in a fair manner.			.573						
Willingness to trust/take risks (Top management/the organisation)	F-46	Top management/ the organisation's confidentiality	Q6	Share your personal feelings with it.	.919 $p < .000$	72.2%				.724	.907		
			Q7	Discuss work-related problems with it that could be used to your disadvantage.					.718				
			Q8	Confide in it about personal issues affecting your work.					.833				
			Q9	Discuss with it how you honestly feel about your work (even mentioning negative feelings and frustration).					.865				
			Q10	Share your personal beliefs with it.					.852				
	F-47	Top management/ the organisation's dependability	Q1	Rely on its task related skills/abilities.									.826
			Q2	Depend on it to handle an important issue on your behalf.								.856	
			Q3	Rely on it to give an accurate representation of your work to others.								.835	
			Q4	Depend on it to back you up in difficult situations.								.549	
			Q5	Rely on its work-related judgements.								.658	

By graphing the eigenvalues, the relative importance of each of the 28 factors (F-20 to F-47) became apparent (Field 2018). According to Cattell (1977), the cut-off point for selecting factors should be at the point of inflexion of the curve. Thus, inspection of Cattell's scree test revealed that the graph levelled off (reached the point of inflexion) at the first factor (see Figures 9.2c, 9.2d, 9.2g, 9.2i, 9.2l, 9.2n, 9.2o, 9.2p and 9.2q), second factor (see Figures 9.2b, 9.2e, 9.2f, 9.2h, 9.2j, 9.2k, 9.2m and 9.2r), and third factor (see Figure 9.2a).

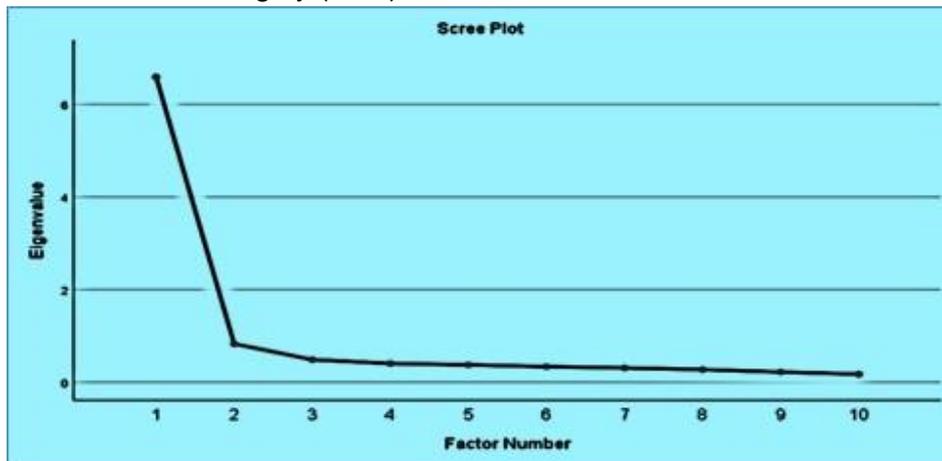
**FIGURE 9.2a:** Scree plot for the Process of trust – Individual propensity to trust (F-20 to F-22)



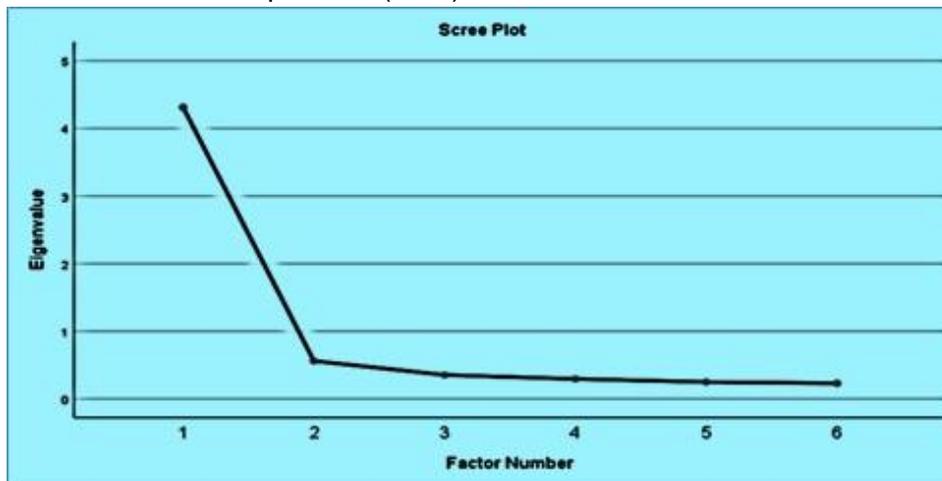
**FIGURE 9.2b:** Scree plot for the Process of trust – Beliefs about the trustworthiness of co-workers/team members: Benevolence (F-23 and F-24)



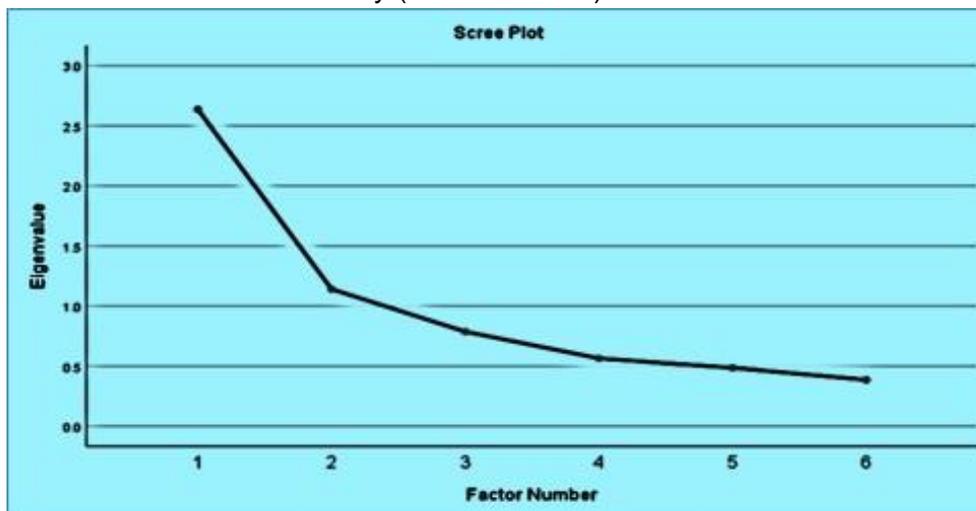
**FIGURE 9.2c:** Scree plot for the Process of trust – Beliefs about the trustworthiness of co-workers/team members: Integrity (F-25)



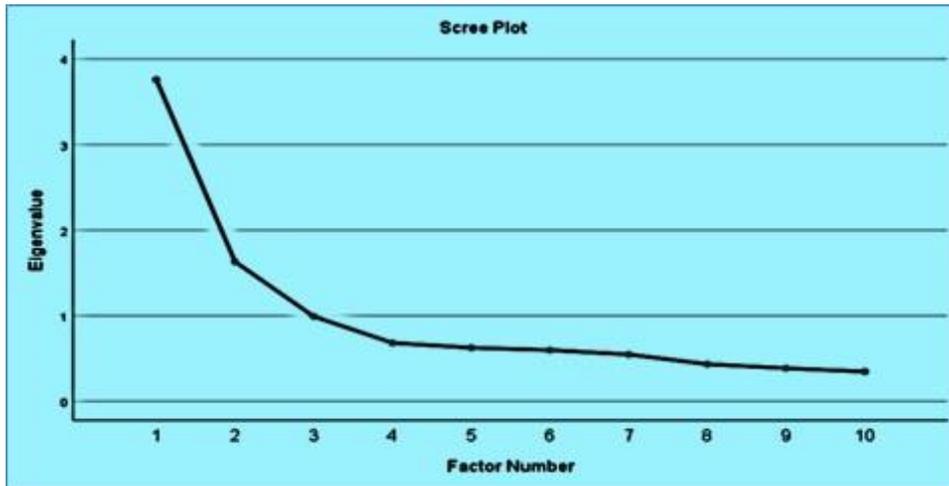
**FIGURE 9.2d:** Scree plot for the Process of trust – Beliefs about the trustworthiness of co-workers/team members: Competence (F-26)



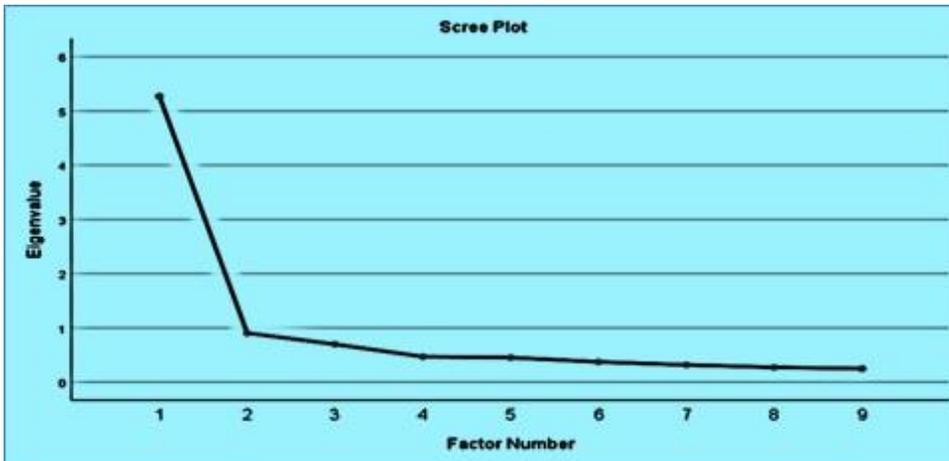
**FIGURE 9.2e:** Scree plot for the Process of trust – Beliefs about the trustworthiness of co-workers/team members: Predictability (F-27 and F-28)



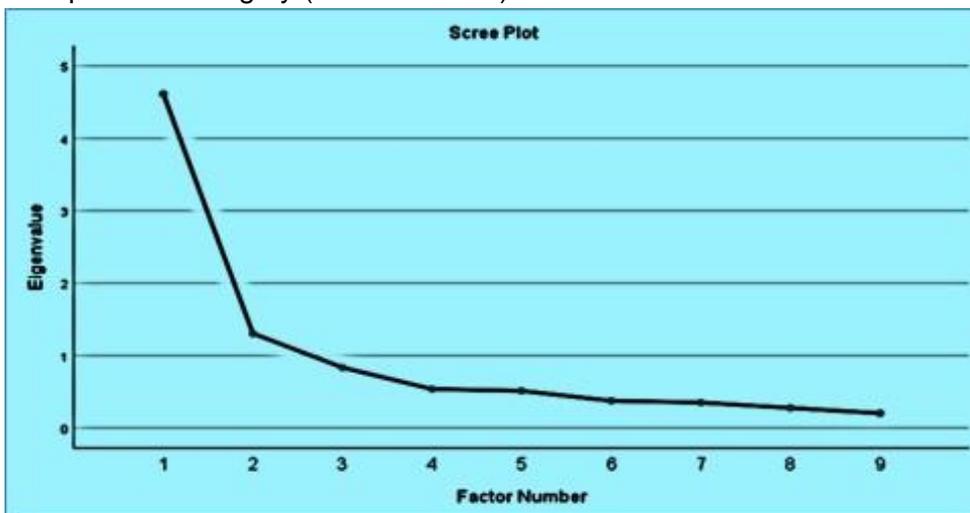
**FIGURE 9.2f:** Scree plot for the Process of trust – Willingness to trust/take risks: Co-workers/team members (F-29 and F-30)



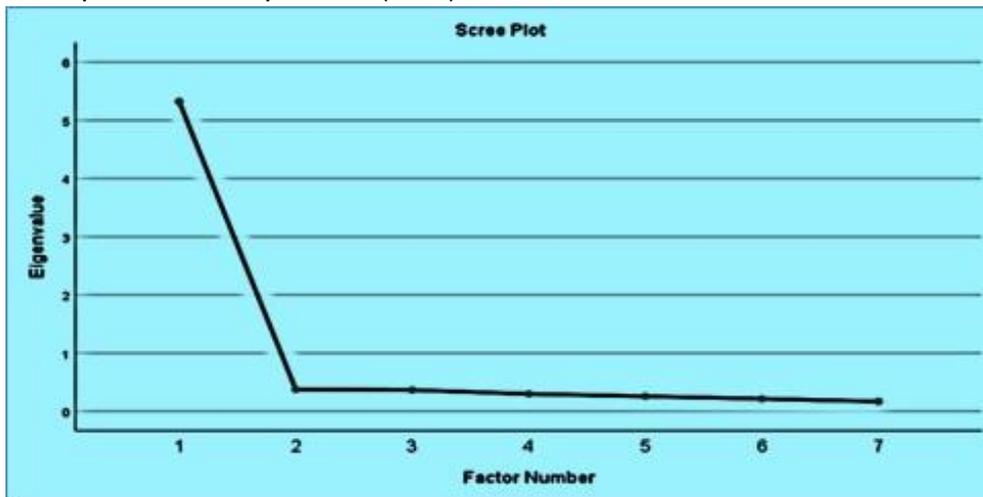
**FIGURE 9.2g:** Scree plot for the Process of trust – Belief in the trustworthiness of the immediate supervisor: Benevolence (F-31)



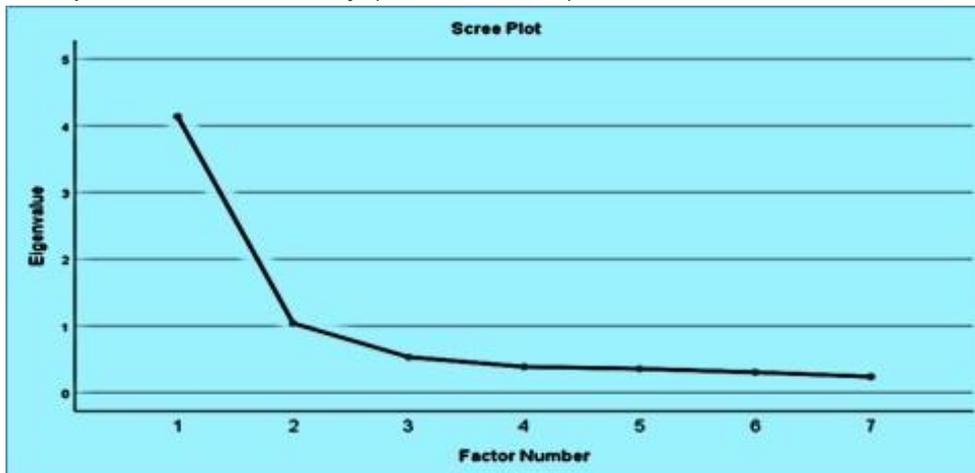
**FIGURE 9.2h:** Scree plot for the Process of trust – Belief in the trustworthiness of the immediate supervisor: Integrity (F-32 and F-33)



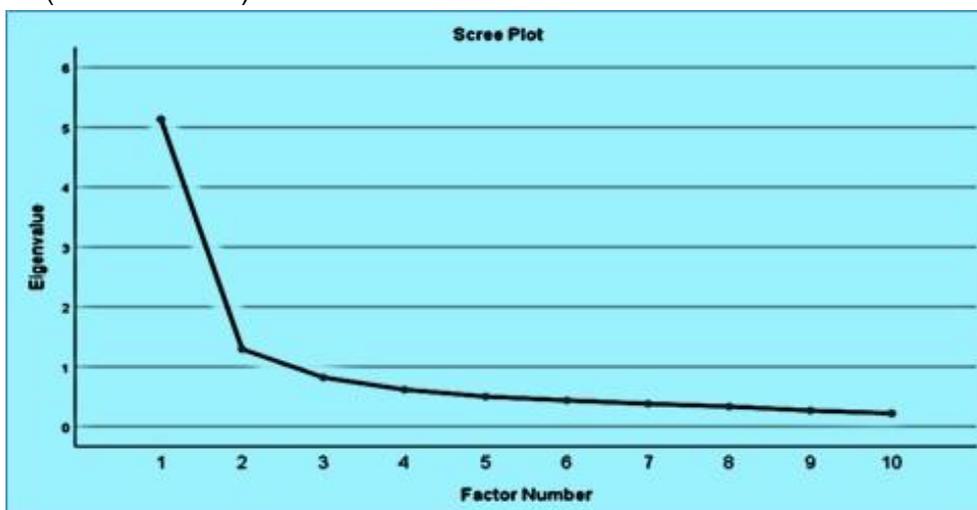
**FIGURE 9.2i:** Scree plot for the Process of trust – Belief in the trustworthiness of the immediate supervisor: Competence (F-34)



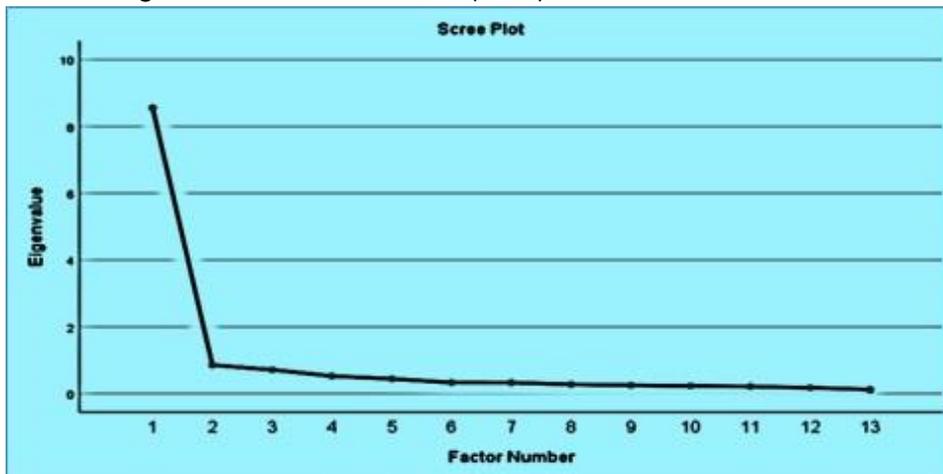
**FIGURE 9.2j:** Scree plot for the Process of trust – Belief in the trustworthiness of the immediate supervisor: Predictability (F-35 and F-36)



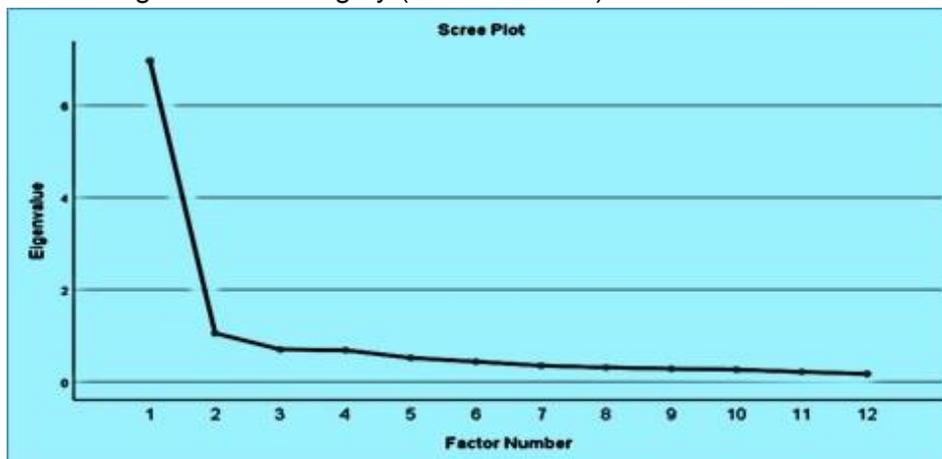
**FIGURE 9.2k:** Scree plot for the Process of trust – Willingness to trust/take risks: Immediate supervisor (F-37 and F-38)



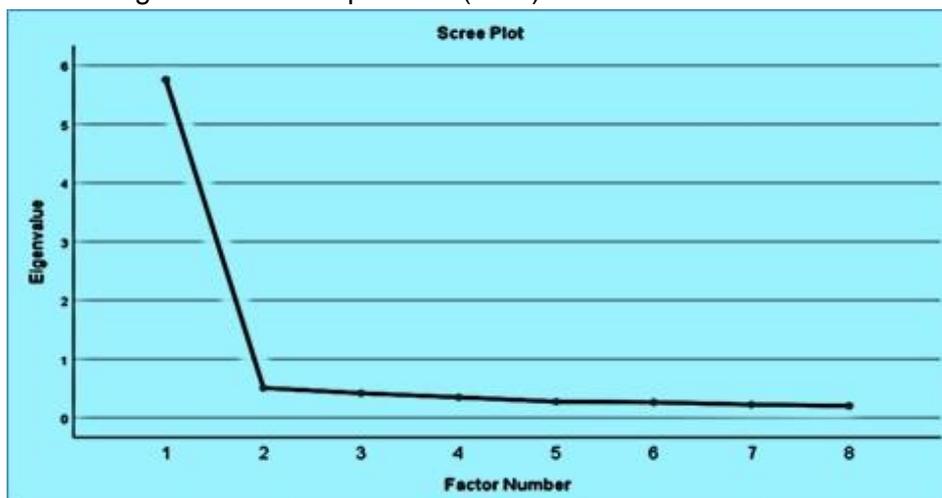
**FIGURE 9.2l:** Scree plot for the Process of trust – Belief in the trustworthiness of top management/the organisation: Benevolence (F-39)



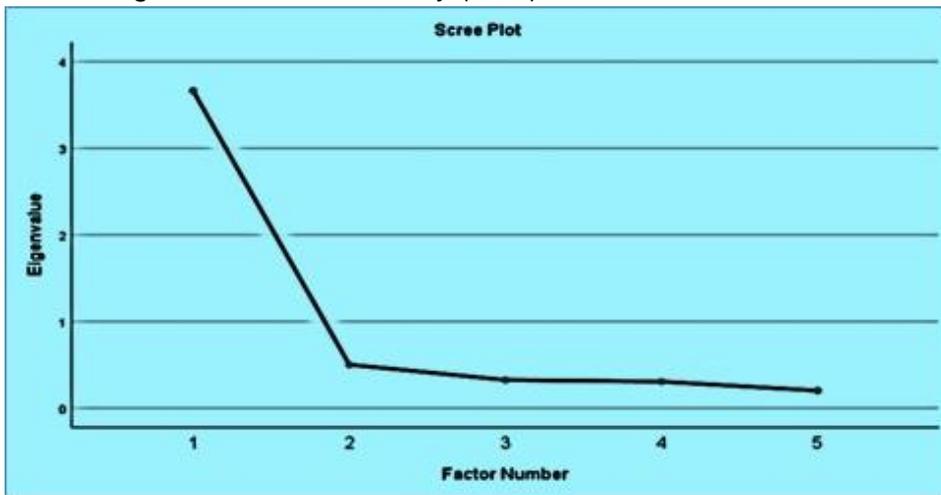
**FIGURE 9.2m:** Scree plot for the Process of trust – Belief in the trustworthiness of top management/the organisation: Integrity (F-40 and F-41)



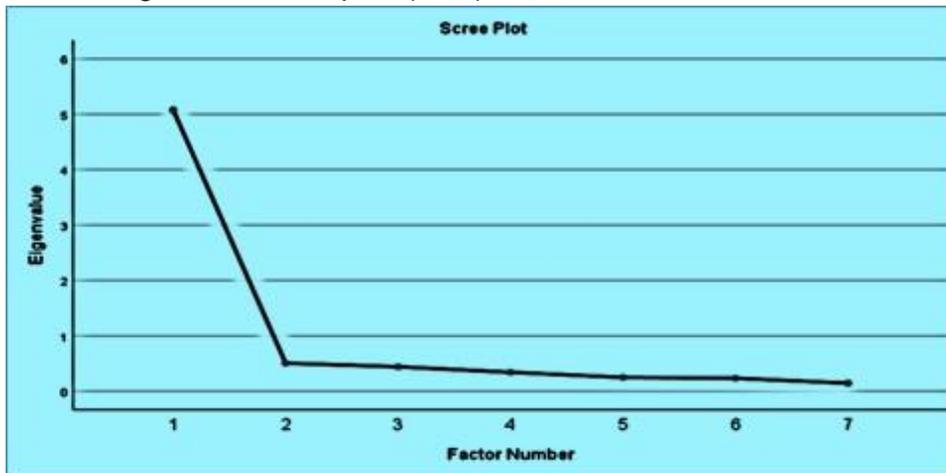
**FIGURE 9.2n:** Scree plot for the Process of trust – Belief in the trustworthiness of top management/the organisation: Competence (F-42)



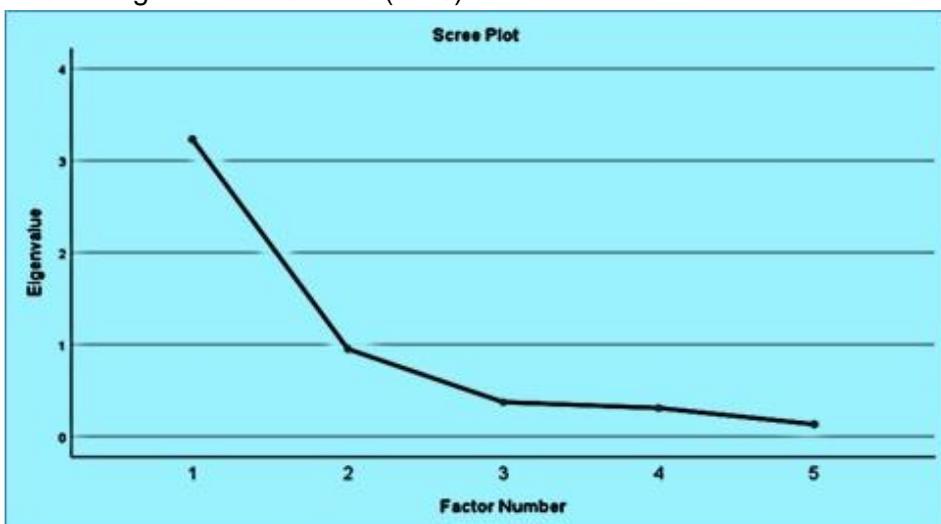
**FIGURE 9.2o:** Scree plot for the Process of trust – Belief in the trustworthiness of top management/the organisation: Predictability (F-43)



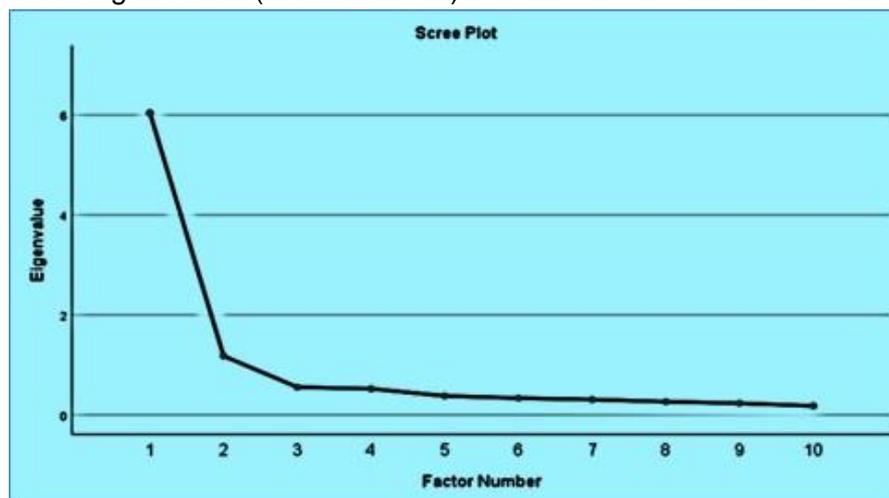
**FIGURE 9.2p:** Scree plot for the Process of trust – Belief in the trustworthiness of top management/the organisation: Respect (F-44)



**FIGURE 9.2q:** Scree plot for the Process of trust – Belief in the trustworthiness of top management/the organisation: Justice (F-45)



**FIGURE 9.2r:** Scree plot for the Process of trust – Willingness to trust/take risks: Top management/the organisation (F-46 and F-47)



A brief discussion of the 28 identified factors for the sub-sections within Section B follows:

- **Factor 20 - “General employee trust on others”** representing items 10, 11, 12, 13, 14, 15 and 16 of the original set of items under “The Trust Process” (Individual Propensity to Trust). This factor entails an aspect of an employee’s propensity to trust others which, along with the perceived factors of trustworthiness, influences his/her willingness to engage in a risk-taking behaviour. Typical areas involved within this factor include: all people can be relied upon, people in authority are likely to say what they really believe, all people are honest, experts can be relied upon, all people always tell the truth, and all people do what they say that they will do. Item 10 had double loadings on factors 1 and 4. After examining the strength of the loadings, and the theoretical fit to the factors, it was decided to retain item 10 with factor 1.
- **Factor 21 - “Employee distrust in others”** representing items 2, 6, 7, 8 and 9 of the original set of items under “The Trust Process” (Individual Propensity to Trust). This factor involves an aspect of an employee’s inclination to distrust other people in general. Typical areas identified within this factor include: all people are unreliable, all people lie in order to get ahead, and all people let you down. Item 8 had double loadings on factors 2 and 4. Although the item loaded strongly on factor 4, theoretically it made more sense to consider it as part of factor 2. It was thus decided to retain item 8 with factor 2.

- **Factor 22 - “Employee opportunism”** representing items 1, 3, 4 and 5 of the original set of items under “The Trust Process” (Individual Propensity to Trust). This factor entails an aspect of employee propensity to believe that other people take advantage of every opportunity, often with little regard for principles, to gain unfair advantages. Typical areas involved within this factor include: all people are out to get as much as they can for themselves, and all people are interested primarily in their own welfare. Item 5 had double loadings on factors 3 and 4. These factor loadings are very close to each other (i.e., within 0.05), indicating that it was not a good discriminatory item. It was thus decided to delete the item from further analysis.
  
- **Factor 23 - “Employee trust in co-workers/team members”** representing items 4, 5, 6, 7, 8 and 9 of the original set of items under “Co-workers/Team Members Trustworthiness Beliefs - sub-concept “Benevolence”. This factor entails the trust that employees are willing to confer on their co-workers/team members based on the belief that they wish to do good. Typical areas identified within this factor include: that the majority of current co-workers/team members work to protect the employee, watch the employee’s back, watch out for the employee, are there for the employee when he/she needs them, place organisational interest above their own, and share important information with the employee. Items 7 and 9 had double loadings on factors 1 and 2. The factor loadings for item 7 were very close to each other (i.e. within 0.05), indicating that it was not a good discriminatory item. It was thus decided to delete this item from further analysis. After examining the strength of the loadings, and the theoretical fit to the factors, it was decided to retain item 9 with factor 1.
  
- **Factor 24 - “Co-workers/team members sacrifice”** representing items 1, 2 and 3 of the original set of items under “Co-workers/Team Members Trustworthiness Beliefs – sub-concept “Benevolence”. This factor focuses on the sacrifice that the co-workers/team members are willing to make in order to preserve a healthy relationship in the workplace. Typical areas identified within this factor include: the majority of my co-workers’/team members’ support me, even when times are tough, and the majority of my co-workers/team members have my best interests in mind.

- **Factor 25 - “Co-workers/team members’ integrity”** representing items 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 of the original set of items under “Co-workers/Team Members Trustworthiness Beliefs – sub-concept “Integrity”. This factor focuses on the adherence of co-workers/team members to a set of principles acceptable to other employees. Typical areas involved in this factor include: the belief that the majority of the co-workers/team members: are people of integrity, have strong ethics, can be depended on to be fair, are honourable people, keep their promises, tell the truth, practise what they preach, and express their true feelings about important issues.
- **Factor 26 - “Co-workers/team members’ competency”** representing items 1, 2, 3, 4, 5 and 6 of the original set of items under “Co-workers/Team Members Trustworthiness Beliefs – sub-concept “Competence”. This factor refers to co-workers/team members having the necessary skills and knowledge to carry out their obligations. Typical areas identified under this factor include: that the majority of the co-workers/team members: are highly-skilled, are competent people, have the necessary ability, know what they are doing, and are qualified to do their jobs.
- **Factor 27 - “Co-workers/team members’ consistency”** representing items 3, 4, 5 and 6 of the original set of items under “Co-workers/Team Members Trustworthiness Beliefs – sub-concept “Predictability”. This factor focuses on the consistent behaviour that co-workers/team members are expected to exhibit in the workplace. Typical areas involved under this factor include: as far as the majority of current co-workers/team members are concerned, I know what to expect from them; I usually know how they will react; in times of uncertainty, they stick to the plan; and they behave in a consistent manner.
- **Factor 28 - “Co-workers/team members’ predictability”** representing items 1 and 2 of the original set of items under “Co-workers/Team Members Trustworthiness Beliefs – sub-concept “Predictability”. Please note that as mentioned earlier, this factor will not be used in any further analysis to be undertaken, due to its low loading.
- **Factor 29 - “Co-workers/team members’ dependability”** representing items 1, 2, 3, 4 and 5 of the original set of items under “Trusting intentions/behaviours of

the trustor (willingness to trust/take risks)". This factor entails the degree to which employees are willing to rely on their co-workers/team members. Typical areas involved under this factor include: rely on their collective task-related skills/abilities, depend on them to handle an important issue on your behalf, rely on them to give an accurate representation of your work to others, depend on them to back you up in difficult situations, and rely on their collective work-related judgements.

- **Factor 30 - "Co-workers'/team members' confidentiality"** representing items 6, 7, 8, 9 and 10 of the original set of items under "Trusting intentions/behaviours of the trustor (willingness to trust/take risks)". This factor involves co-workers/team members' tendency to maintain confidentiality of sensitive or private information. Typical areas involved under this factor include: sharing personal feelings, discussing work-related problems, and discussing positive and negative feelings about work.
- **Factor 31 - "Employee trust in supervisor"** representing items 1, 2, 3, 4, 5, 6, 7, 8 and 9 of the original set of items under "Immediate supervisor's trustworthiness beliefs – sub-concept "Benevolence". This factor focuses on the trust an employee is able to invest in a supervisor based on the belief that the supervisor wishes to do good. Typical areas involved under this factor include: that the current immediate supervisor watches the employee's back, concerned about the employee's well-being, protect the employee if necessary, makes the employee feel valued, and has the employee's interest in mind.
- **Factor 32 - "Supervisor's integrity"** representing items 1, 2, 3, 4 and 5 of the original set of items under "Immediate supervisor's trustworthiness beliefs – sub-concept "Integrity". This factor entails the supervisor's adherence to a set of principles acceptable to employees. Typical areas identified under this factor include: that the current immediate supervisor acts in a fair manner, is an honest person, can be depended on to be fair, and tells the truth in risky situations.
- **Factor 33 - "Supervisor's honesty"** representing items 6, 7, 8 and 9 of the original set of items under "Immediate supervisor's trustworthiness beliefs – sub-concept "Integrity". This factor focuses on how supervisors sincerely and appropriately communicate information to their employees. Typical areas

identified under this factor include: that the current immediate supervisor will keep his/her word, can be relied upon in times of uncertainty, puts his/her words into action, and gives employees an honest explanation for decisions made.

- **Factor 34 - “Supervisor’s competency”** representing items 1, 2, 3, 4, 5, 6 and 7 of the original set of items under “Immediate supervisor’s trustworthiness beliefs – sub-concept “Competence”. This factor involves the supervisor having the necessary skills and knowledge to carry out their obligations. Typical areas identified under this factor include: that the immediate supervisor is good at his/her job, has my confidence as far as his/her abilities are concerned, is a high-skilled person, knows what he/she is doing, is a capable person as far as his/her job is concerned, and approaches his/her job with professionalism and dedication.
- **Factor 35 - “Supervisor’s consistency”** representing items 1, 2, 3 and 4 of the original set of items under “Immediate supervisor’s trustworthiness beliefs – sub-concept “Predictability”. This factor focuses on the consistent behaviour that a supervisor is expected to exhibit in the workplace. Typical area involved under this factor is: anticipating supervisor’s actions and reactions.
- **Factor 36 - “Supervisor’s predictability”** representing items 5, 6 and 7 of the original set of items under “Immediate supervisor’s trustworthiness beliefs – sub-concept “Predictability”. This factor focuses on predictability of the supervisor’s behaviour. Typical areas involved under this factor include: behaving in a predictable and consistent manner and following through on what is said.
- **Factor 37 - “Supervisor’s confidentiality”** representing items 6, 7, 8, 9 and 10 of the original set of items under “Trusting intentions/behaviours of the trustor (willingness to trust/take risks)”. Supervisors need to understand and respect the need for confidentiality, and the responsibility to maintain it. This factor thus involves the supervisor behaviours in this regard. Typical areas identified under this factor include: sharing personal feelings, discussing work-related problems, confiding about personal issues affecting work, discussing honest feelings about work, and sharing personal feelings.

- **Factor 38 - “Supervisor’s dependability”** representing items 1, 2, 3, 4 and 5 of the original set of items under “Trusting intentions/behaviours of the trustor (willingness to trust/take risks)”. This factor focuses on the extent to which an employee is willing to rely on his/her supervisor. Typical areas involved under this factor include: reliance on task related skills/abilities, dependence to handle an important issue on the employees’ behalf, reliance to give an accurate representation of the employees’ work to others, dependence to back up employees in difficult situations, and reliance on work-related judgements.
- **Factor 39 - “Employee trust in top management/the organisation”** representing items 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12 and 13 of the original set of items representing under “Top management/the organisation trustworthiness beliefs – sub-concept “Benevolence””. This factor focuses on the trust that an employee is willing to have in the top management/the organisation based on the belief that the top management/the organisation wishes to do good to its employees. Typical areas involved under this factor include: welfare of employees, employees’ needs and desires, helping employees, good intentions, making good decisions, sharing important information, listening to employees’ concerns, and sincere communication with employees.
- **Factor 40 - “Top management/the organisation’s integrity”** representing items 4, 5, 6, 7, 8, 9, 10, 11 and 12 of the original set of items under “Top management/the organisation trustworthiness beliefs – sub-concept “Integrity””. This factor entails top management/the organisation’s adherence to a set of principles acceptable to employees. Typical areas involved under this factor include: having good values, being guided by sound principles, having a high level of integrity, honest communication about jobs, truthfully communicate the plans, consistently applying rules, and acknowledgement of own mistakes.
- **Factor 41 - “Top management/the organisation’s fairness”** representing items 1, 2 and 3 of the original set of items under “Top management/the organisation’s trustworthiness beliefs – sub-concept “Integrity””. This factor focuses on the top management/the organisation’s quality of being fair in its policies and practices. Typical areas involved under this factor include: sense of justice, sticking to words, and fairness in dealing with others.

- **Factor 42 - “Top management/the organisation’s competency”** representing items 1, 2, 3, 4, 5, 6, 7 and 8 of the original set of items under “Top management/the organisation’s trustworthiness beliefs – sub-concept “Competence”. This factor refers to the top management/the organisation having the necessary skills and knowledge for carrying out its obligations. Typical areas identified under this factor include: capability to perform jobs, being successful at the thing it tries to do, being very skilful, having specialised capabilities, being well qualified to perform jobs, making sensible decisions, and giving direction and clarification.
- **Factor 43 - “Top management/the organisation’s consistency”** representing items 1, 2, 3, 4 and 5 of the original set of items under “Top management/the organisation’s trustworthiness beliefs – sub-concept “Predictability”. This factor focuses on the consistent behaviour that top management/the organisation is expected to exhibit in the workplace. Typical areas involved under this factor include: employees’ treatment, rewards, commitments and keeping promises.
- **Factor 44 - “Top management/the organisation’s consideration”** representing items 1, 2, 3, 4, 5, 6 and 7 of the original set of items under “Top management/the organisation’s trustworthiness beliefs – sub-concept “Respect”. This factor entails the consideration that the top management/the organisation shows for its employees. Typical areas identified under this factor include: willingness to help, showing care and concern, consideration of goals and values, and assistance and forgiveness.
- **Factor 45 - “Top management/the organisation’s justice”** representing items 1, 2, 3, 4 and 5 of the original set of items under “Top management/the organisation’s trustworthiness beliefs – sub-concept “Justice”. This factor entails just behaviour or treatment by the top management/the organisation, and the consequent fairness employees will perceive in the workplace. One typical area identified under this factor is fair treatment of employees.
- **Factor 46 - “Top management/the organisation’s confidentiality”** representing items 6, 7, 8, 9 and 10 of the original set of items under “Trusting intentions / behaviours of the trustor (willingness to trust/take risks)”. Top management / the organisation needs to understand and respect the need for confidentiality, and

the responsibility to maintain it. This factor thus involves top management/the organisation's behaviour in this regard. Typical areas involved under this factor include: sharing personal feelings, discussing work-related problems, confiding personal issues affecting work, discussing honestly about positive and negative feelings about work, and sharing personal beliefs.

- **Factor 47 - "Top management/the organisation's dependability"** representing items 1, 2, 3, 4 and 5 of the original set of items under "Trusting intentions/behaviours of the trustor (willingness to trust/take risks)". This factor focuses on the extent to which an employee can count on, or rely on the top management/the organisation in their employee-employer relationship. Typical areas involved under this factor include: reliance on task related skills and abilities, dependence on handling an important issue on one's behalf, reliance on accurate representation of one's work to others, dependence on back up in difficult situations, and reliance on work-related judgements.

### **Interpretation**

From the EFA results, it appears that Section B of the questionnaire comprised both unidimensional and multidimensional scales. The results indicate that nine sub-concepts within the three sub-sections, namely: Co-workers/team members trustworthiness beliefs – sub-concepts Integrity and Competence; Immediate supervisor's trustworthiness beliefs – sub-concepts Benevolence and Competence; Top management/the organisation's trustworthiness beliefs – sub-concepts Benevolence, Competence, Predictability, Respect and Justice showed a one-factor structure, indicating unidimensionality of the scales used. Thus, nine underlying factors were identified. The results also indicate that four sub-sections, namely: Trust process and Trusting intentions/behaviours of the trustor (willingness to trust/take risks) relating to Co-workers/team members, the Supervisor and Top management/the organisation; and five sub-concepts within the sub-sections, namely: Co-workers/team members trustworthiness beliefs – sub-concepts Benevolence and Predictability, Immediate supervisor's trustworthiness beliefs – sub-concepts Integrity and Predictability, and Top management/the organisation's trustworthiness beliefs – sub-concept Integrity, have two to three factor structures indicating multidimensionality of the scales used in the study. Thus, the 28

underlying factors (Factors 20 to 47) identified in this process, except Factor 28, will be used for further analysis.

### 9.2.1.3 Section C: Trust repair

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (0.859) which was above the recommended threshold of 0.6 (Tabachnick & Fidell 2014) and the Bartlett's Test of Sphericity which was significant ( $p < 0.000$ ), both indicate that a factor analysis was appropriate for this section. The analysis identified two factors (F-48 and F-49), based on the Kaiser's eigenvalue criterion of eigenvalues greater than one, which explained 58.6% of the variance. The percentage variation explained was 43.9% and 14.7% for the two factors, respectively. The Cronbach alpha values for the two factors were above 0.6, thereby indicating satisfactory internal consistency (reliability) for exploratory research (see Table 9.3).

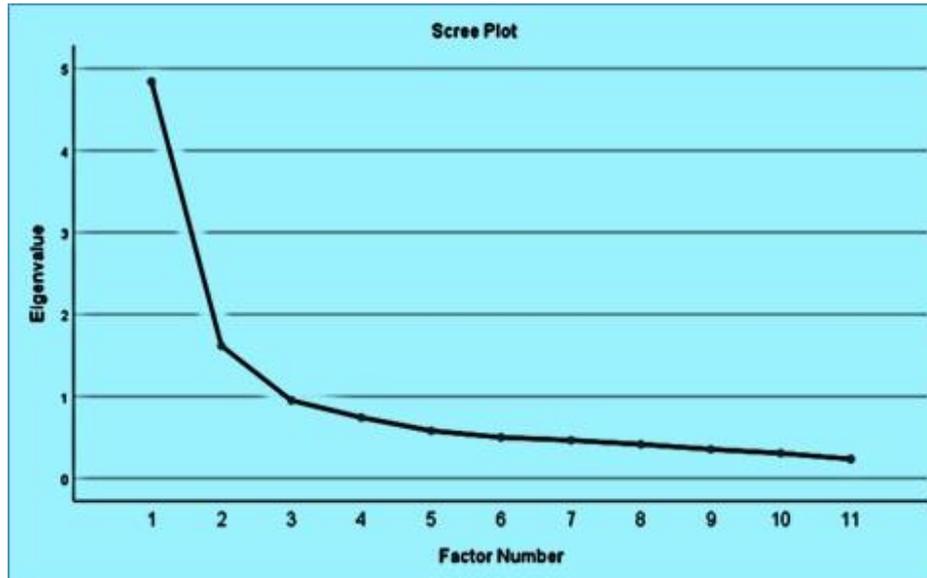
The factor loadings are indicated in Table 9.3.

**TABLE 9.3:** Summary of exploratory factor analysis for Section C -Trust repair (F-48 and F-49)

Section	Factor	Construct	Item	Item Description	KMO & Bartlett's test	Variance explained	Factor Loadings		Cronbach Alpha		
							F-48	F-49			
Trust Repair	F-48	Employee trust accommodation	Q5	Allow your feelings to surface (give yourself time alone, say "no" to quitting).	.859 $p < .000$	58.6%	.386		.850		
			Q6	Get support from a trusted advisor, friend, colleague (share your feelings).			.654				
			Q7	Put the experience in a larger context (e.g.: Why did it happen? What extenuating circumstances are there? What options are available? What lessons can be learnt?)			.726				
			Q8	Take responsibility (e.g.: What could have been done differently? How can this be avoided in the future?)			.716				
			Q9	Offer to make reparations.			.690				
			Q10	Forgive yourself and others.			.801				
			Q11	Let it go and move on.			.612				
	F-49	Employee trust violation acknowledgement	Q1	Acknowledge that there has been a violation of trust (awareness of the problem).				.773			.829
			Q2	Determine the nature of the violation (cause of the event).				.763			
			Q3	Determine if the betrayal is of a major intentional (e.g. sabotaging the data system) or unintentional (e.g. delegating without giving authority), or a minor intentional (e.g. gossiping) or unintentional (e.g. not keeping agreements) nature.				.721			
			Q4	Admit that the event destroyed the trust that existed.				.721			

By graphing the eigenvalues, the relative importance of each of the two factors (F-48 to F-49) became apparent (Field 2018). According to Cattell (1977), the cut-off point for selecting factors should be at the point of inflexion of the curve. Thus, inspection of Cattell's scree test revealed that the graph levelled off (reached the point of inflexion) at the second factor (see Figure 9.3).

**FIGURE 9.3:** Scree plot for Trust repair (F-48 and F-49)



Thus, the two individual factors identified are the following:

- **Factor 48 - “Employee trust accommodation”** representing items 5, 6, 7, 8, 9, 10 and 11 of the original set of items under “Trust Repair”. When a trust breakdown occurs, the trustor and the trustee need to work towards the healing process. This factor entails making a convenient arrangement in this regard. Typical areas under this factor include: allow feelings to surface, get support from trusted others, taking responsibility, offer to make reparations, and forgiving oneself and others.
- **Factor 49 - “Employee trust violation acknowledgement”** representing items 1, 2, 3 and 4 of the original set of items under “Trust Repair”. This factor focuses on the employees’ acknowledgment of the existence of a trust violating situation. Typical areas involved under this factor include: awareness of the problem, cause of the event, determine the nature of the betrayal, and admit that the event destroyed the trust that existed previously.

### **Interpretation**

From the results of the EFA, it appears that Section C of the questionnaire is a multidimensional scale. The application of the EFA to this scale resulted in the extraction of two underlying factors (Factors 48 to 49). These factors will also be used for further analysis.

### 9.2.1.4 Section D: Maintaining trust

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (0.958) which was above the recommended threshold of 0.6 (Tabachnick & Fidell 2014) and the Bartlett's Test of Sphericity which was significant ( $p < 0.000$ ), both indicate that a factor analysis was appropriate for this section. The analysis identified three factors (F-50 to F-52), based on the Kaiser's eigenvalue criterion of eigenvalues greater than one, which explained 64.4% of the variance. The percentage variation explained was 51.2%, 8.4% and 4.8% for the three factors, respectively. The Cronbach alpha values for the three factors were above 0.6, thereby indicating satisfactory internal consistency (reliability) for exploratory research (see Table 9.4).

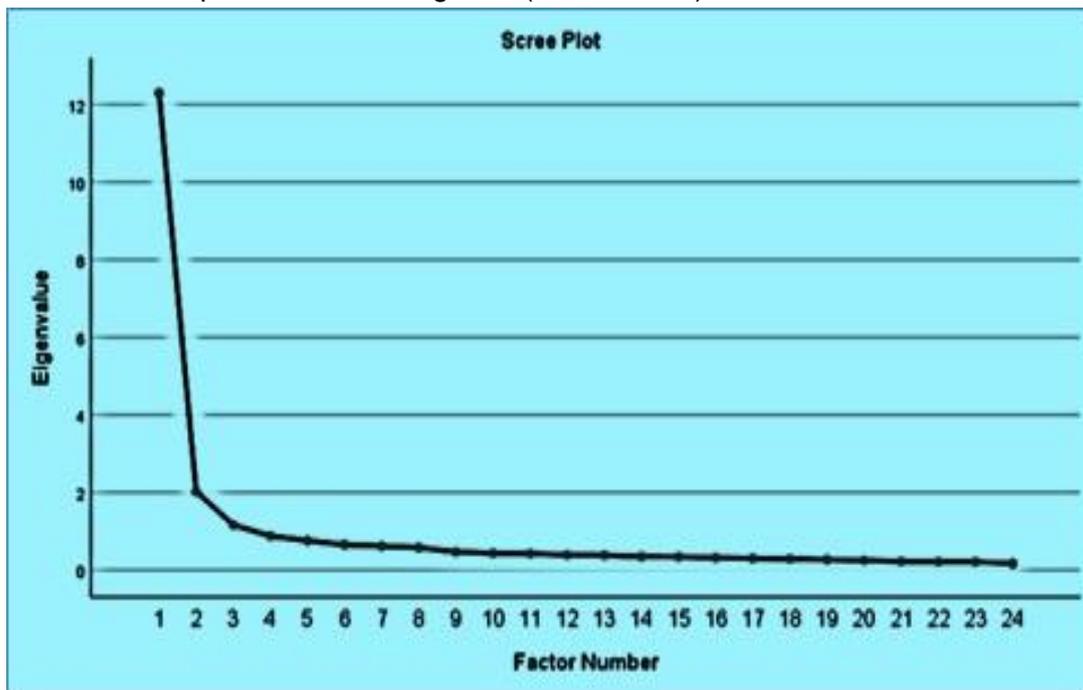
The factor loadings are indicated in Table 9.4.

**TABLE 9.4:** Summary of exploratory analysis for Section D - Maintaining trust (F-50 to F-52)

Section	Factor	Construct	Item	Item Description	KMO & Bartlett's test	Variance explained	Factor Loadings			Cronbach Alpha		
							F-50	F-51	F-52			
Maintaining Trust	F-50	Trustor/trustee co-operation	Q16	The trustor and the trustee need to get their employees to work together.	.958 $p < .000$	64.4%	.376			.928		
			Q17	The trustor and the trustee need to create a culture in which tolerance and co-operation are highly valued.			.395					
			Q18	The trustor and the trustee need to get everybody to participate in discussions.			.746					
			Q19	The trustor and the trustee need to empower their employees to make their own decisions.			.753					
			Q20	The trustor and the trustee need to communicate with each other in an authentic manner.			.652					
			Q21	The trustor and the trustee need to teach everyone in the organisation how things work.			.828					
			Q22	The trustor and the trustee need to make sure that the reward systems are aligned with the values/goals of the organisation.			.840					
			Q23	The trustor and the trustee need to encourage innovation within the organisation.			.879					
			Q24	The trustor and the trustee need to invest in their people by acknowledging their abilities.			.790					
	F-51	Trustor/trustee integrity	Q7	The trustor and the trustee need to behave in a proper manner, such as keeping commitments.						.478		.921
			Q8	The trustor and the trustee need to be accountable for their actions.						.521		
			Q9	The trustor and the trustee need to improve their relationship.						.641		
			Q10	The trustor and the trustee need to show loyalty towards each other.						.743		
			Q11	The trustor and the trustee need to correct wrongs existing between them.						.835		
			Q12	The trustor and the trustee need to create transparency between them.						.727		
			Q13	The trustor and the trustee need to demonstrate respect for each other.						.722		
			Q14	The trustor and the trustee need to be straight with each other.						.689		
	F-52	Trustor/trustee characteristics	Q15	The trustor and the trustee need to have a strong sense of shared purpose.						.560		.879
			Q1	The trustor and the trustee need to inspire trust between them.							.759	
			Q2	The trustor and the trustee need to show integrity in their actions.							.841	
			Q3	The trustor and the trustee need to have the necessary technical competence to do their job.							.730	
			Q4	The trustor and the trustee need to be committed to the relationship.							.692	
			Q5	The trustor and the trustee need to be committed to their job.							.738	

By graphing the eigenvalues, the relative importance of each of the three factors (F-50 to F-52) became apparent (Field 2018). According to Cattell (1977), the cut-off point for selecting factors should be at the point of inflexion of the curve. Thus, inspection of Cattell's scree test revealed that the graph levelled off (reached the point of inflexion) at the third factor (see Figure 9.4).

**FIGURE 9.4:** Scree plot for Maintaining trust (F-50 to F-52)



Thus, the three individual factors identified are the following:

- **Factor 50 - "Trustor/trustee co-operation"** representing items 16, 17, 18, 19, 20, 21, 22, 23 and 24 of the original set of items under "Maintaining Trust". This factor focuses on the actions that the trustor and the trustee need to take to maintain a healthy trust relationship within an organisation. Typical areas involved under this factor include: workplace culture, participation, empowerment, authentic communication, innovation, and investing on people.
- **Factor 51- "Trustor/trustee integrity"** representing items 7, 8, 9, 10, 11, 12, 13, 14 and 15 of the original set of items under "Maintaining Trust". This factor entails adherence to a set of principles acceptable to both the trustor and the trustee to maintain a healthy trust relationship in an organisation. Typical areas identified under this factor include: proper behaviour, accountability, loyalty, transparency, respect, and shared purpose. Both items 7 and 15 had double

loadings: item 7 loaded on factors 2 and 3, and item 15 on factors 1 and 2. After examining the strength of the loadings, and the theoretical fit to the factors, it was decided to retain both items with factor 2.

- **Factor 52 - “Trustor/trustee characteristics”** representing items 1, 2, 3, 4, 5 and 6 of the original set of items under “Maintaining Trust”. This factor involves some characteristics belonging typically to the trustor and trustee that are important to maintain a healthy trust relationship within an organisation. Typical areas identified under this factor include: integrity, competence and commitment. Item 6 had loadings on factors 2 and 3. These loadings were very close to each other (i.e., within 0.05), indicating that it was not a good discriminatory item. It was thus decided to delete the item from further analysis.

### **Interpretation**

From the results of the EFA, it appears that Section D of the questionnaire is a multidimensional scale. The application of the EFA to this scale resulted in the extraction of three underlying factors (Factors 50 to 52). These factors will also be used for further analysis.

#### **9.2.1.5 Section E: Training in trust awareness**

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (0.943) which was above the recommended threshold of 0.6 (Tabachnick & Fidell 2014) and the Bartlett's Test of Sphericity which was significant ( $p < 0.000$ ), both indicate that a factor analysis was appropriate for this section. The analysis identified two factors (F-53 and F-54), based on the Kaiser's eigenvalue criterion of eigenvalues greater than one, which explained 73.6% of the variance. The percentage variation explained was 64.1% and 9.5% for the two factors, respectively. The Cronbach alpha values for the two factors were above 0.6, thereby indicating satisfactory internal consistency (reliability) for exploratory research (see Table 9.5).

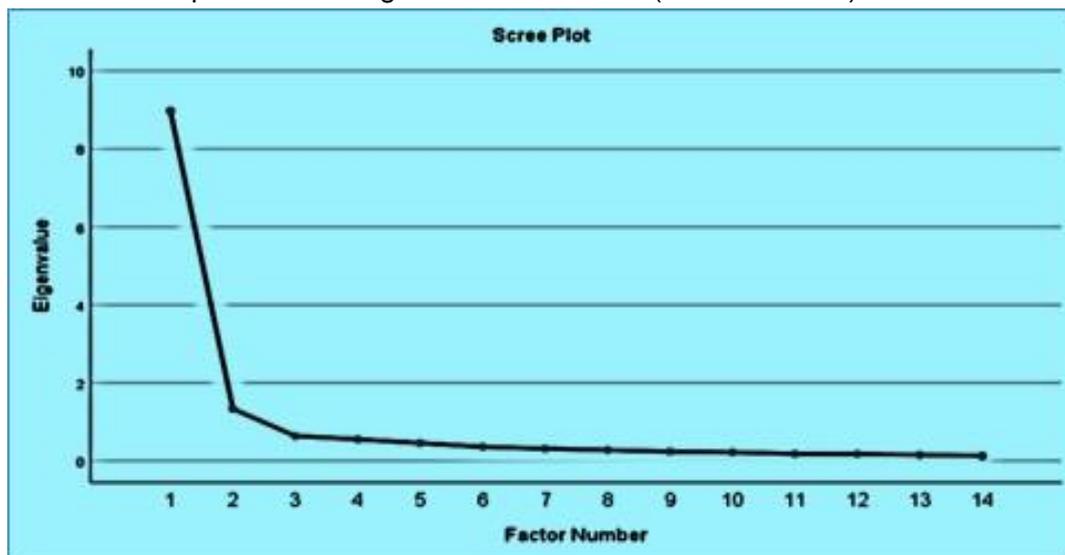
The factor loadings are indicated in Table 9.5.

**TABLE 9.5:** Summary of exploratory factor analysis for Section E - Training in trust awareness (F-53 and F-54)

Section	Factor	Construct	Item	Item Description	KMO & Bartlett's test	Variance explained	Factor Loadings		Cronbach Alpha
							F-53	F-54	
Trust Awareness Training	F-53	Employee skills training	Q4a	Training in conflict-management skills.	.943 <i>p</i> < .000	73.6%	.748		.958
			Q4b	Training in decision-making skills.			.783		
			Q4c	Training in stress-management skills.			.778		
			Q4d	Training in communication skills.			.800		
			Q4e	Training in problem-solving skills.			.885		
			Q4f	Training in interrelationship skills.			.918		
			Q4g	Training in time-management skills.			.919		
			Q4h	Training in anger-management skills.			.850		
			Q4i	Training in ethics-management skills.			.839		
	F-54	Trust training for employees	Q5	Training in practical skills and techniques for building and restoring trust.				.334	.882
			Q6	Training in self-trust, trust in co-workers, supervisors and top management/the organisation.				.322	
			Q1	Training in the exploration of the whole concept of trust - what it is, how it works, how it can break and how to rebuild and restore it.				.850	
			Q2	Training in how to build trust across a range of relationships and interactions - for example, involving co-workers, the immediate supervisor and top management/the organisation.				.958	
			Q3	Training in understanding how and why you make the decisions that you make each day and why you feel the way that you feel and how it impacts on your perspective of trust.				.758	

By graphing the eigenvalues, the relative importance of each of the two factors (F-53 and F-54) became apparent (Field 2018). According to Cattell (1977), the cut-off point for selecting factors should be at the point of inflexion of the curve. Thus, inspection of Cattell's scree test revealed that the graph levelled off (reached the point of inflexion) at the second factor (see Figure 9.5).

**FIGURE 9.5:** Scree plot for Training in trust awareness (F-53 and F-54)



Thus, the two individual factors identified are:

- **Factor 53 - “Employee skills training”** representing items 4a, 4b, 4c, 4d, 4e, 4f, 4g, 4h and 4i of the original set of items under “Trust Awareness Training”. This factor involves employee training interventions relating to their skills that are directly or indirectly important in building trust within an organisation. Typical areas identified under this factor include: conflict-management skills, decision-making skills, stress-management skills, communication skills, problem-solving skills, interrelationship skills, time-management skills, anger-management skills, and ethics-management skills.
- **Factor 54 - “Trust training for employees”** representing items 1, 2, 3, 5 and 6 of the original set of items under “Trust Awareness Training”. This factor focuses on training aspects relating to trust. Typical areas identified under this factor include: practical skills and techniques for building and restoring trust; self-trust, trust in co-workers, trust in supervisors and top management/the organisation; and the exploration of the whole concept of trust. Both items 5 and 6 had double loadings on factors 1 and 2. Although these items loaded strongly on factor 1, theoretically it makes more sense to consider them as part of factor 2, it was thus decided to retain both items with factor 2.

### **Interpretation**

From the results, it appears that Section E of the questionnaire is a multidimensional scale and the application of the EFA to this scale resulted in the extraction of two underlying factors (Factors 53 to 54). Thus, these factors will be used for further analysis.

#### **9.2.1.6 Section F: Outcomes of trust**

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (0.931) which was above the recommended threshold of 0.6 (Tabachnick & Fidell 2014) and the Bartlett's Test of Sphericity which was significant ( $p < 0.000$ ), both indicate that a factor analysis was appropriate for this section. The analysis identified one factor (F-55), based on the Kaiser's eigenvalue criterion of eigenvalues greater than one, which explained 67% of the variance. The Cronbach alpha value for the factor was above 0.6, thereby indicating satisfactory internal consistency (reliability) for exploratory research (see Table 9.6).

The factor loadings are indicated in Table 9.6.

**TABLE 9.6:** Summary of exploratory factor analysis for Section F - Outcomes of trust (F-55)

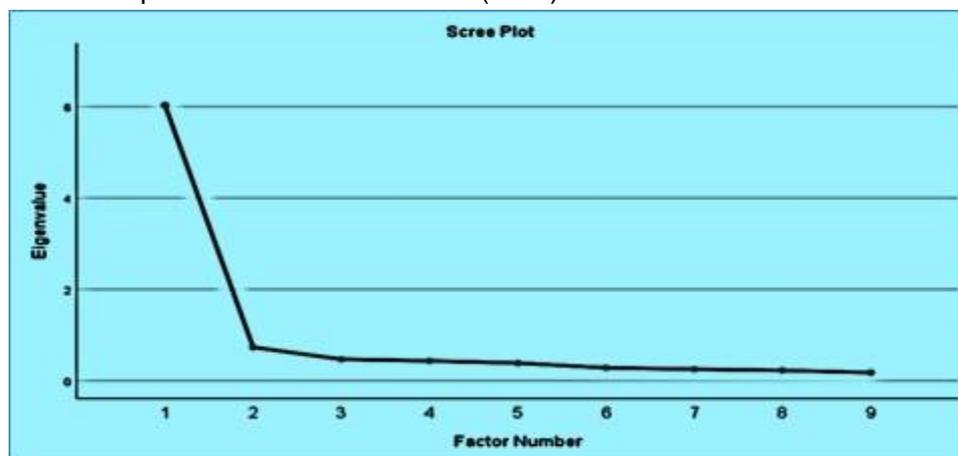
Section	Factor	Construct	Item	Item Description	KMO & Bartlett's test	Variance explained	Factor Loadings	Cronbach's Alpha
							F-55	
Outcomes of trust	F-55	Trust outcomes	Q1	Meeting company goals.	.931 p< .000	67%	.774	.937
			Q2	Retaining talented employees.			.738	
			Q3	Higher productivity.			.818	
			Q4	Less conflict.			.734	
			Q5	Better relationships with clients.			.805	
			Q6	A more committed workforce.			.814	
			Q7	Greater job satisfaction.			.805	
			Q8	A more positive attitude among the staff.			.862	
			Q9	Improved co-operation/co-ordination among the staff.			.781	

By graphing the eigenvalues, the relative importance the factor (F-55) became apparent (Field 2018). According to Cattell (1977), the cut-off point for selecting factors should be at the point of inflexion of the curve. Thus, inspection of Cattell's scree test revealed that the graph levelled off (reached the point of inflexion) at the first factor (see Figure 9.6).

Thus, the one factor identified is the following:

- **Factor 55 - "Trust outcomes"** representing items 1, 2, 3, 4, 5, 6, 7, 8 and 9 of the original set of items under "Trust Outcomes". This factor entails the positive outcomes an organisation can achieve by creating a healthy trust relationship within its organisation. Typical areas identified under this factor include: meeting company goals, retaining company goals, higher productivity, less conflict, better relationships with clients, a more committed workforce, more job satisfaction, a more positive attitude among the staff, as well as improved co-operation and co-ordination among the staff.

**FIGURE 9.6:** Scree plot for Outcomes of trust (F-55)



## **Interpretation**

From the results, it appears that Section F of the questionnaire has a unidimensional scale. Thus, the application of the EFA to this scale resulted in the extraction of one underlying factor (Factor 55). This factor will be used for further analysis.

### **9.2.1.7 Summary**

In general, Sections A to F of the questionnaire used in this study consisted of unidimensional and multidimensional scales. By applying the EFA, 19 factors from Section A, 28 factors from Section B, two factors from Section C, three factors from Section D, two factors from Section E, and one factor from Section F - a total of 55 factors - were identified. It is important to note that the factors identified, except Factor 28, indicated satisfactory internal (reliability) values, and thus, the 54 factors will be used for further analysis in this study.

The next section focuses on factor descriptives.

### **9.2.2 Factor Descriptives**

This section reports on the descriptive statistics for the 54 factors identified through the EFA. The descriptive information consists of the mean, standard deviation, skewness and kurtosis.

#### **9.2.2.1 Section A: Building an organisation with a high level of trust**

Table 9.7 provides the descriptive information for the 19 factors (Factors 1 to 19) identified in this section. The descriptive information consists of the mean, standard deviation, skewness and kurtosis of each factor.

In this section, the mean values for the individual factors range from 2.45 ( $SD=.77$ ) to 4.33 ( $SD=.52$ ). Factor 1 shows the highest mean value ( $M=4.33$ ;  $SD=.52$ ), indicating a tendency by the respondents to strongly agree with this factor. Factor 17 shows the lowest mean value ( $M=2.45$ ;  $SD=.77$ ), indicating a tendency by the respondents to disagree with this factor. Overall, the values appear, in the majority of cases (eleven factors), to indicate a tendency by the respondents to agree/strongly agree with factors in the section, while in the case of six factors the respondents indicated

a tendency to have a neutral opinion. For the remaining two factors, the respondents indicated a tendency to disagree with these factors.

**TABLE 9.7:** Descriptive statistical analysis of factors – Factors 1 to 19 (n=405)

	Factor	Mean	Std. Deviation	Skewness	Kurtosis
1	Trust characteristics	4.33	0.52	-1.30	3.88
2	Company operational activities	3.78	0.84	-0.75	0.27
3	Company internal and external threats	3.75	0.76	-0.73	0.32
4	Company challenges	3.64	0.79	-0.69	0.41
5	Company policies/practices/procedures	3.55	0.92	-0.41	-0.34
6	Employee understanding	3.14	0.87	-0.22	-0.61
7	Employee receptivity	3.65	0.72	-0.39	0.00
8	Employee participation	3.93	0.58	-0.70	1.13
9	Employee culture	3.32	0.95	-0.14	-0.61
10	Employee recognition	3.08	0.81	-0.10	-0.34
11	Employee empowerment	3.36	0.77	-0.47	-0.15
12	Strategic employee orientation	3.68	0.86	-0.89	0.74
13	Employee meaningfulness	3.50	0.77	-0.51	0.05
14	Employee team cohesion	3.80	0.80	-0.88	0.68
15	Informal employee cohesion	3.37	0.89	-0.30	-0.46
16	Inconsistent company policies and practices	2.91	0.90	0.19	-0.58
17	Employee disloyalty	2.45	0.77	0.65	0.42
18	Employee dysfunctionality	3.32	0.70	-0.22	-0.03
19	Company competitiveness	4.04	0.85	-0.85	0.19

The standard deviations of the subscales are small relative to the mean values and ranged from .52 to .95, indicating that data points are close to the mean (Field 2018). The skewness values ranged from -1.30 to .65, which is within the thresholds of -2 and +2 required for the assumption of normality recommended for these coefficients (George & Mallery 2010). The kurtosis values ranged from -.61 to 3.88 with only one of the kurtosis values exceeding the thresholds of -2 and +2 as recommended for these coefficients (George & Mallery 2010).

### 9.2.2.2 Section B: The trust process

Table 9.8 provides the descriptive information for the 27 factors (Factors 20 to 47) identified in this section. The descriptive information consists of the mean, standard deviation, skewness and kurtosis of each factor.

In this section, the mean values range from 2.56 ( $SD=.77$ ) to 3.84 ( $SD=.68$ ). Factor 26 shows the highest mean value ( $M=3.84$ ;  $SD=.68$ ), indicating a tendency by the respondents to agree with this factor. Factor 21 shows the lowest mean value ( $M=2.56$ ;  $SD=.77$ ), indicating a tendency by the respondents to disagree with this

factor. Overall, the values appear, in the majority of cases (fourteen factors), to indicate a tendency by the respondents to agree with these factors in this section, while in the case of eleven factors respondents indicated a tendency to have a neutral opinion. For the remaining two factors, the respondents indicated a tendency to disagree with these factors.

**TABLE 9.8:** Descriptive statistical analysis of factors – Factors 20 to 47 (n=405)

Factor	Mean	Std. Deviation	Skewness	Kurtosis	
20	General employee trust on others	2.80	0.70	0.53	0.50
21	Employee distrust in others	2.56	0.77	0.55	0.60
22	Employee opportunism	3.33	0.68	-0.15	0.08
23	Employee trust in co-workers/ team members	3.50	0.64	-0.43	0.45
24	Co-workers/team members sacrifice	3.74	0.73	0.63	10.93
25	Co-workers/team members integrity	3.71	0.68	-0.63	0.94
26	Co-workers/team members competency	3.84	0.68	-0.98	2.00
27	Co-workers/team members consistency	3.56	0.59	-0.29	0.92
28*					
29	Co-workers/team members dependability	3.61	0.68	-0.59	0.76
30	Co-workers/team members confidentiality	3.65	0.69	0.29	3.53
31	Employee trust in supervisor	3.54	0.70	-0.54	0.68
32	Supervisor's integrity	3.39	0.58	-0.50	0.67
33	Supervisor's honesty	3.50	0.71	-0.45	0.28
34	Supervisor's competency	3.82	0.77	-0.80	1.06
35	Supervisor's consistency	3.56	0.70	-0.46	0.61
36	Supervisor's predictability	3.49	0.76	-0.33	-0.07
37	Supervisor's confidentiality	3.51	0.78	-0.54	0.22
38	Supervisor's dependability	3.62	0.72	-0.66	0.51
39	Employee trust in top management/the organisation	3.25	0.84	-0.38	-0.35
40	Top management/ the organisation's integrity	3.45	0.73	-0.46	0.02
41	Top management/ the organisation's fairness	3.33	0.88	-0.34	-0.12
42	Top management/ the organisation's competency	3.61	0.76	-0.51	0.49
43	Top management/the organisation's consistency	3.21	0.84	-0.39	-0.17
44	Top management/the organisation's consideration	3.07	0.86	-0.14	-0.32
45	Top management/the organisation's justice	3.20	0.78	-0.57	-0.08
46	Top management/the organisation's confidentiality	3.12	0.91	-0.17	-0.38
47	Top management/the organisation's dependability	3.49	0.78	-0.61	0.46

\* The factor which was omitted from further analysis due to unacceptable Cronbach alpha value (<.5).

The standard deviations of the subscales are small relative to the mean values and ranged from .58 to .91, indicating that data points are close to the mean (Field 2018). The skewness values ranged from -0.98 to .63, which is within the thresholds of -2 and +2 required for the assumption of normality recommended for these coefficients (George & Mallery 2010). The kurtosis values ranged from -.38 to 10.93 with only two of the kurtosis values exceeding the thresholds of -2 and +2 as recommended for these coefficients (George & Mallery 2010).

### 9.2.2.3 Section C: Trust repair

Table 9.9 provides the descriptive information for the two factors (Factors 48 to 49) identified in this section. The descriptive information consists of the mean, standard deviation, skewness and kurtosis of each factor.

**TABLE 9.9:** Descriptive statistical analysis of factors – Factors 48 to 49 (n=405)

Factor	Mean	Std. Deviation	Skewness	Kurtosis
48 Employee trust accommodation	3.71	.59	-.56	1.12
49 Employee trust violation acknowledgement	3.54	.66	-.34	.18

In this section, the mean values range from 3.54 ( $SD=.66$ ) to 3.71 ( $SD=.59$ ). Factor 48 shows the higher mean value ( $M=3.71$ ;  $SD=.59$ ), indicating a tendency by the respondents to agree with this factor. Factor 49 shows the lower mean value ( $M=3.54$ ;  $SD=.66$ ), indicating a tendency by the respondents to agree with this factor.

The standard deviations of the subscales are small relative to the mean values and ranged from .59 to .66, indicating that data points are close to the mean (Field 2018). The skewness values ranged from -0.56 to -.34, which is within the thresholds of -2 and +2 required for the assumption of normality recommended for these coefficients (George & Mallery 2010). The kurtosis values ranged from .18 to 1.12, thereby falling within the thresholds of -2 and +2 as recommended for these coefficients (George & Mallery 2010).

### 9.2.2.4 Section D: Maintaining trust

Table 9.10 provides the descriptive information for the three factors (Factors 50 to 52) identified in this section. The descriptive information consists of the mean, standard deviation, skewness and kurtosis of each factor.

In this section, the mean values range from 4.22 ( $SD=.62$ ) to 4.30 ( $SD=.52$ ). Factor 51 shows the highest mean value ( $M=4.30$ ;  $SD=.52$ ), indicating a tendency by the respondents to strongly agree with this factor. Factor 50 shows the lowest mean value ( $M=4.22$ ;  $SD=.62$ ), indicating a tendency by the respondents to strongly agree with this factor. Overall, the values appear to indicate a tendency to strongly agree with all factors in this section.

**TABLE 9.10:** Descriptive statistical analysis of factors – Factors 50 to 52 (n=405)

Factor	Mean	Std. Deviation	Skewness	Kurtosis
50 Trustor/ trustee co-operation	4.22	.62	-.90	1.68
51 Trustor/ trustee integrity	4.30	.52	-.34	-.19
52 Trustor/trustee characteristics	4.26	.49	-.17	-.02

The standard deviations of the subscales are small relative to the mean values and ranged from .49 to .62, indicating that data points are close to the mean (Field 2018). The skewness values ranged from -0.90 to -.17, which is within the thresholds of -2 and +2 required for the assumption of normality recommended for these coefficients (George & Mallery 2010). The kurtosis values ranged from -.02 to 1.68, thereby falling within the thresholds of -2 and +2 as recommended for these coefficients (George & Mallery 2010).

### 9.2.2.5 Section E: Training in trust awareness

Table 9.11 provides the descriptive information for the two factors (Factors 53 to 54) identified in this section. The descriptive information consists of the mean, standard deviation, skewness and kurtosis of each factor.

**TABLE 9.11:** Descriptive statistical analysis of factors – Factors 53 to 54 (n=405)

Factor	Mean	Std. Deviation	Skewness	Kurtosis
53 Employee skills training	4.19	.67	-.89	1.64
54 Trust training for employees	4.09	.64	-.93	1.76

In this section, the mean values range from 4.09 ( $SD=.64$ ) to 4.19 ( $SD=.67$ ). Factor 53 shows the higher mean value ( $M=4.19$ ;  $SD=.67$ ), indicating a tendency by the respondents to strongly agree with this factor. Factor 54 shows the lower mean value ( $M=4.09$ ;  $SD=.64$ ), indicating a tendency by the respondents to strongly agree with this factor.

The standard deviations of the subscales are small relative to the mean values and ranged from .64 to .67, indicating that data points are close to the mean (Field 2018). The skewness values ranged from -0.93 to -.89, which is within the thresholds of -2 and +2 required for the assumption of normality recommended for these coefficients (George & Mallery 2010). The kurtosis values ranged from 1.64 to 1.76, thereby falling within the thresholds of -2 and +2 as recommended for these coefficients (George & Mallery 2010).

### 9.2.2.6 Section F: Outcomes of trust

Table 9.12 provides the descriptive information for the one factor (Factor 55) identified in this section. The descriptive information consists of the mean, standard deviation, skewness and kurtosis of each factor.

**TABLE 9.12:** Descriptive statistical analysis of factors – Factor 55 (n=405)

Factor	Mean	Std. Deviation	Skewness	Kurtosis
55 Trust outcomes	4.37	.56	-.77	.75

Factor 55 shows a mean value of 4.37 ( $SD=.56$ ), indicating a tendency by the respondents to strongly agree with this factor.

The standard deviation is small ( $SD=.56$ ) relative to the mean value, indicating that data points are close to the mean (Field 2018). The skewness value (-.77) falls within the thresholds of -2 and +2 required for the assumption of normality recommended for these coefficients (George & Mallery 2010). The kurtosis value (.75) falls within the thresholds of -2 and +2 as recommended for these coefficients (George & Mallery 2010).

#### Interpretation

From the results of the factor descriptive statistics reported in Sections A to F, the factors, as indicated by a mean value of higher than 4.00, and thus, a tendency to strongly agree with the factors are the following: Trust outcomes, Trust characteristics, Trustor/trustee integrity, Trustor/trustee characteristics, Trustor/trustee co-operation, Employee skills training, Company competitiveness, and Trust training for employees.

The high mean value obtained on the Trust outcomes factor indicates that the existence of healthy trust relationships within organisations can result in a number of positive outcomes such as: meeting company goals, achieving greater job satisfaction, higher productivity, less conflict, better relationships with clients, a more positive attitude among the staff, and improved co-operation and co-ordination among the staff. This result is in line with the views of several authors (Altuntas & Baykal 2010; Dirks & Ferrin 2001; Hermawati 2014; Marciano 2010; Mishra & Mishra 2013; Röttger 2018; Semerciöz *et al* 2011; Zeffane 2010). The high mean value

obtained on the Trust characteristics indicates that respondents are in agreement with the views that trust is the result of interaction between parties; that it is closely related to the norms, values and beliefs of organisations; that it results from communication; that it constantly changes; and that it encompasses multiple factors at the cognitive, emotional and behavioural levels, as suggested by Paine (2013) and Shockley-Zalabak and Ellis (2006). The high mean values obtained on the Trustor/trustee integrity, Trustor/trustee characteristics and Trustor/trustee co-operation factors indicate respondents' agreement regarding the need for various activities that both the trustor and the trustee need to carry out in order to maintain a healthy trust relationship within the banks. Several authors suggest that not only is building trust important, but also the trustor and the trustee need to work hard to maintain the trust, as it can be easily lost (Dovey 2009; Hunt *et al* 2009; Mishra & Mishra 2013). The high mean values obtained on Employee skills training and Trust training for employees indicate that respondents are in agreement with the idea that employees need to undergo training interventions relating to trust on a regular basis. Shockley-Zalabak and Ellis (2006) suggest that trust training is an important component of effective trust-building effort. The results found within this category are very positive and are to the advantage of employees and the banks in the trust building process within the banks.

Other factors, as indicated by a mean value between 3.50 and 4.00, and thus, a tendency to agree with the factors include the following: Employee participation, Co-workers/team members competency, Supervisor's competency, Employee team cohesion, Company operational activities, Company internal and external threats, Co-workers/team members sacrifice, Co-workers/team members integrity, Employee trust accommodation, Strategic employee orientation, Co-workers/team members confidentiality, Employee receptivity, Company challenges, Supervisor's dependability, Top management/the organisation's competency, Co-workers/team members dependability, Supervisor's consistency, Co-workers/team members consistency, Company policies/practices/procedures, Employee trust in supervisor, Employee trust violation acknowledgement, Supervisor's confidentiality, Employee trust in co-workers/team members and Supervisor's honesty. According to Armstrong (2011), employment relationship is strongly influenced by human resource actions such as employee participation. Employees' tendency to agree in

this regard contributes positively to the trust building effort within the banks. Competency, as a trustworthiness factor, plays a role in the trustor's willingness to trust/take risks with the trustee (Mayer *et al* 1995; Schoorman *et al* 2007). Thus, it appears that the positive results relating to Co-workers/team members competency and Supervisor's competency are important in building trust within the banks. Besides, several authors (Blanchard *et al* 2013; Mayer *et al* 1995; Reina & Reina 2015; Shockley-Zalabak *et al* 2010; Tan & Lim 2009) are of the view that the factors mentioned in this category play an important role in maintaining trust within an organisation. Thus, respondents' agreement regarding these factors is a positive result to the banks as well as their employees.

Other factors, as indicated by a mean value between 3.00 and 3.49, and thus, a tendency to have a neutral opinion include the following: Employee meaningfulness, Supervisor's predictability, Top management/the organisation's dependability, Top management/the organisation's integrity, Supervisor's integrity, Informal employee cohesion, Employee empowerment, Employee opportunism, Top management/the organisation's fairness, Employee dysfunctionality, Employee culture, Employee trust in top management/the organisation, Top management/the organisation's consistency, Top management/the organisation's justice, Employee understanding, Top management/ the organisation's confidentiality, Employee recognition, and Top management/the organisation's consideration. For these group of factors, respondents tended to take a neutral position. This situation appears to be a great concern for the banks as this situation can have a negative impact on the trust building effort (Blanchard *et al* 2013; Reina & Reina 2015; Shockley-Zalabak *et al* 2010; Tan & Lim 2009). The tendency to have a neutral opinion on Employee opportunism and Employee dysfunctionality factors are however positive results as high values on these factors would otherwise negatively impact on the trust building and maintenance efforts of the banks (Challender *et al* 2019; Cummings & Bromiley 1996; Nurhayati, Thoyib, Noermijati & Irawanto 2018). Another concern in this category of factors is that, the large number of factors (eight factors) which focus on top management/the organisation. For the development and maintenance of a healthy trust culture, guidance from top management/the organisation is essential. However, from the results, it appears that respondents are doubtful in a number of aspects such as the dependability, integrity, fairness, consistency, consideration and

confidentiality of the top management/the organisation. Furthermore, they appear to be doubtful regarding the integrity and predictability of their immediate supervisor. Problems experienced at these levels would impact negatively on the whole aspect of building a culture of trust in the banks. It should be noted that leaders are responsible for the creation of a positive organisational culture through their action (Hess 2018; Williams 2011).

Other factors, as indicated by a mean value of lower than 3.00, and thus, a tendency to disagree with the factors are the following: Employee distrust in others, Inconsistent company policies and practices, Employee disloyalty, and General employee trust on others. The respondents' tendency to disagree with the three factors, namely: Employee distrust in others, Inconsistent company policies and practices and Employee disloyalty, may indicate that these aspects are not prevalent within the banks. The results here are positive and encouraging as they contribute to the trust building effort within the banks (Reina & Reina 2015; Shockley-Zalabak *et al* 2010). Whereas, the respondents' tendency to disagree with the factor General employee trust on others is an aspect of great concern as it can have a negative impact in building a trust culture within the banks. This is because when employees' general trust on others decreases, their willingness to trust/take risks with other people also tends to decrease (Mayer *et al* 1995; Schoorman *et al* 2007).

### **9.2.2.7 Summary**

As indicated in the theoretical chapters (Chapters 3 and 4), the presence of trustworthiness beliefs and behaviours is very important in order to build and maintain trust within an organisation. From the analysis of the mean values, it appears that 8 factors received levels of strong agreement (with a mean value of higher than 4.00); 24 factors received mean values indicating a tendency to agree (with a mean value between 3.50 and 4.00); 18 factors received mean values indicating a tendency to have a neutral opinion (with a mean value between 3.00 and 3.49), and four factors received mean values indicating a tendency of disagreement (a mean value of lower than 3.00). The strong levels of agreement for the eight factors is encouraging in building trust within the banks. The level of agreement on the 24 factors, except employee opportunism and employee dysfunctionality, is rather weak as there is only a tendency to agree and, requires management

attention, as creating a trust culture would be difficult for the banks under these conditions. The tendency to disagreement on three factors, namely: inconsistent company policies and practices, employee distrust in others, and employee disloyalty are positive results, whereas the tendency to disagreement on general employee trust on others is an aspect which can have a negative impact on the trust building effort within the banks. Thus, overall the results appear to be mixed ranging from a tendency of strong agreement to a tendency of disagreement. These factors will now be evaluated within a correlation analysis process.

### **9.3 INFERENCE STATISTICAL ANALYSIS**

In this section, the results pertaining to the inferential statistics are reported on. This section reports firstly on correlational analysis, and secondly on structural equation modelling (SEM).

#### **9.3.1 Correlational analysis**

This section reports on two correlational analyses, namely: correlations between the factors and correlations between the sections and sub-sections. The analyses will be investigated using Pearson product-moment correlation.

##### **9.3.1.1 Correlations between the factors**

In this section, the results pertaining to the correlations between the factors identified through the EFA are reported. This analysis enables an understanding of the interrelatedness between each pair of factors and normally precedes the regression analysis or structural equation modelling (SEM).

From the Appendix S, it is clear that a dominance of statistically significant positive relationships are found between the factors. In the following discussions, emphasis will be given to the unique relationships that can affect the trust management practices within the banks.

The Appendix S indicates that two factors of trust, i.e. inconsistent company policies and practices, and employee disloyalty positively and negatively correlate with several factors. As far as inconsistent company policies and practices are concerned, its significant correlations with other factors are all negative, except for

four factors, namely: employee disloyalty ( $r=.610$ ;  $p<.01$ ), employee dysfunctionality ( $r=.292$ ;  $p<.01$ ), employee distrust in others ( $r=.373$ ;  $p<.01$ ), and employee opportunism ( $r=.170$ ;  $p<.01$ ), where significant positive relationships are found. From the results, it appears that inconsistent company policies and practices are associated with employee disloyalty to the organisation. In an organisation where inconsistent company policies and practices exist, employees tend to be disloyal to each other and to the organisation (Shockley-Zalabak *et al* 2010). Employee disloyalty also negatively correlates with several factors, except for the following five factors: employee dysfunctionality ( $r=.339$ ;  $p<.01$ ), general employee trust on others ( $r=.266$ ;  $p<.01$ ), employee distrust in others ( $r=.550$ ;  $p<.01$ ), and employee opportunism ( $r=.244$ ;  $p<.01$ ), where positive relationships are found. It is important to note that in an organisational environment where employees are disloyal, some negative behaviours such employee dysfunctionality and opportunism can increase (Blanchard *et al* 2013).

A significant negative correlation for two factors, i.e. inconsistent company policies and practices and employee disloyalty, are also found. As far as the inconsistent company policies and practices is concerned, there is a significant negative correlation with the following factors: company operational activities ( $r=-.239$ ;  $p<.01$ ), company internal and external threats ( $r=-.147$ ;  $p<.01$ ), company challenges ( $r=-.240$ ;  $p<.01$ ), company policies/practices/procedures ( $r=-.194$ ;  $p<.01$ ), employee understanding ( $r=-.295$ ;  $p<.01$ ), employee receptivity ( $r=-.245$ ;  $p<.01$ ), employee participation ( $r=-.299$ ;  $p<.01$ ), employee recognition ( $r=-.309$ ;  $p<.01$ ), employee empowerment ( $r=-.420$ ;  $p<.01$ ), strategic employee orientation ( $r=-.217$ ;  $p<.01$ ), employee meaningfulness ( $r=-.287$ ;  $p<.01$ ), employee team cohesion ( $r=-.300$ ;  $p<.01$ ), company competitiveness ( $r=-.176$ ;  $p<.01$ ), employee trust in co-workers/team members ( $r=-.129$ ;  $p<.01$ ), co-workers/team members integrity ( $r=-.197$ ;  $p<.01$ ), co-workers/team members competency ( $r=-.188$ ;  $p<.01$ ), employee trust in supervisor ( $r=-.236$ ;  $p<.01$ ), supervisor's integrity ( $r=-.154$ ;  $p<.01$ ), supervisor's honesty ( $r=-.206$ ;  $p<.01$ ), supervisor's competency ( $r=-.261$ ;  $p<.01$ ), supervisor's predictability ( $r=-.212$ ;  $p<.01$ ), supervisor's confidentiality ( $r=-.153$ ;  $p<.01$ ), supervisor's dependability ( $r=-.247$ ;  $p<.01$ ), employee trust in top management/the organisation ( $r=-.335$ ;  $p<.01$ ), top management/the organisation's integrity ( $r=-.396$ ;  $p<.01$ ), top management/ the organisation's fairness ( $r=-.249$ ;

$p < .01$ ), top management/the organisation's competency ( $r = -.326$ ;  $p < .01$ ), top management/the organisation's consistency ( $r = -.373$ ;  $p < .01$ ), top management/the organisation's consideration ( $r = -.257$ ;  $p < .01$ ), top management/the organisation's justice ( $r = -.332$ ;  $p < .01$ ), top management/the organisation's dependability ( $r = -.228$ ;  $p < .01$ ), and employee culture ( $r = -.118$ ;  $p < .05$ ). From the results, it would appear that higher levels of inconsistent company policies and practices associate with lower levels of a number of positive organisational aspects, such as company operational activities, employee understanding and company competitiveness. According to Shockley-Zalabak *et al* (2010), organisations that demonstrate respect through their policies and practices are highly evaluated along the trust dimensions.

Regarding employee disloyalty, there are significant negative correlations with the following: employee receptivity ( $r = -.147$ ;  $p < .01$ ), employee participation ( $r = -.217$ ;  $p < .01$ ), employee empowerment ( $r = -.174$ ;  $p < .01$ ), strategic employee orientation ( $r = -.133$ ;  $p < .01$ ), employee meaningfulness ( $r = -.156$ ;  $p < .01$ ), employee team cohesion ( $r = -.253$ ;  $p < .01$ ), top management/the organisation's integrity ( $r = -.164$ ;  $p < .01$ ), top management/the organisation's competency ( $r = -.185$ ;  $p < .01$ ), top management/the organisation's consistency ( $r = -.131$ ;  $p < .01$ ), top management/the organisation's justice ( $r = -.142$ ;  $p < .01$ ), trustor/trustee integrity ( $r = -.154$ ;  $p < .01$ ), trustor/trustee characteristics ( $r = -.182$ ;  $p < .01$ ), co-workers/team members integrity ( $r = -.155$ ;  $p < .01$ ), co-workers/team members competency ( $r = -.129$ ;  $p < .01$ ), company competitiveness ( $r = -.111$ ;  $p < .05$ ), supervisor's honesty ( $r = -.112$ ;  $p < .05$ ), supervisor's competency ( $r = -.126$ ;  $p < .05$ ), top management/the organisation's dependability ( $r = -.102$ ;  $p < .05$ ), and trust outcomes ( $r = -.105$ ;  $p < .05$ ). From the results, it appears that high levels of employee disloyalty are associated with lower levels of a number of positive organisational aspects such as employee participation, receptivity and empowerment. It is important to note that loyalty is an important ingredient to long-term positive results within an organisation (Shockley-Zalabak *et al* 2010).

Although found to be very weak, employee distrust in others also indicates a significant negative correlation with the following aspects: top management/the organisation's fairness ( $r = -.132$ ;  $p < .01$ ), trustor/trustee co-operation ( $r = -.143$ ;  $p < .01$ ), trustor/trustee integrity ( $r = -.183$ ;  $p < .01$ ), trustor/trustee characteristics ( $r = -.212$ ;  $p < .01$ ), employee skill training ( $r = -.134$ ;  $p < .01$ ), trust training for employees ( $r = -.166$ ;

$p < .01$ ), and trust outcomes ( $r = -.165$ ;  $p < .01$ ). From the results, it appears that higher levels of employee distrust are associated with lower levels of a number of positive aspects within an organisation such as fairness, co-operation and integrity. According to Holten, Hancock, Persson, Hansen and Høgh (2016), negative elements of trust relate mainly to the breach of trust and distrust.

A negative correlation is also found between the supervisor's competency and employee distrust in others ( $r = -.106$ ;  $p < .05$ ), and trustor/trustee characteristics and general employee trust of others ( $r = -.100$ ;  $p < .05$ ). From the results, it would appear that the poorer the supervisor's competency, the higher the employ's distrust will be. According to Schoorman *et al* (2007), when employees perceive their supervisor positively, they tend to trust/take risks with him/her. This view is also shared by Tan and Lim (2009).

### **Interpretation**

As indicated earlier, the results show that there is a dominance of statistically significant positive correlations between the factors which vary from very weak ( $r = .098$ ;  $p < .05$ ) to very strong ( $r = .812$ ;  $p < .01$ ). For example, there is a strong correlation between top management/the organisation's fairness and employee trust in top management/the organisation. This means that as the fairer the top management/the organisation is perceived to be regarding its policies and practices, the higher will the employee willingness be to trust/take risks with them (Reina & Reina 2015; Shockley-Zalabak *et al* 2010). A very weak, in fact almost no correlation is found between top management/the organisation's consideration and employee trust violation acknowledgement. From this result, it appears that as top management/the organisation takes great care to support the employee fully, trust violation acknowledgement should be almost non-existent. In a workplace situation where there is no problem in relation to trust, there will be no attempt to acknowledge any trust violation (Reina & Reina 2015).

Statistically significant positive relationships are found between inconsistent company policies and practices and factors such as employee disloyalty, employee dysfunctionality, employee distrust in others, and employee opportunism. In an organisation where policies and practices are inconsistently applied, it is evident that

employees are dysfunctional, i.e. they fail to function effectively (Hellriegel & Slocum 2011). Furthermore, distrust amongst the staff appears to be high. According to Reina and Reina (2006), policies and procedures establish how things in an organisation should or should not be done. When the policies and practices are inconsistently applied within the organisation, negative workplace behaviours such as disloyalty, dysfunctionality, distrust and opportunism appear to develop. Applying organisational policies and practices in a consistent manner builds trust (Shockley-Zalabak *et al* 2010) and, according to Nurhayati *et al* (2018), this trust is important to reduce the risk of opportunistic behaviour and to develop a long-term trust orientation.

The results also indicate that the factor inconsistent company policies and practices is significantly and negatively associated with a number of factors including: company operational activities, employee receptivity, employee empowerment, company competitiveness and employee trust in top management/the organisation, to mention but a few. According to Searle *et al* (2011), policies are statements of intent and their implementation indicates the degree to which management's intentions are genuine and can be trusted. The content and manner of implementation of the organisational practices are also important for trust. Thus, the policies and practices need to be consistently applied within an organisation (Mathis & Jackson 2011), as failure in this regard may indicate a decline in associated positive outcomes within the organisation. In general, inconsistency for example in company policies and practices, calls into questions the integrity, honesty and fortitude of leaders and organisations (Hess 2018).

The significant negative relationship found between employee disloyalty and several factors would also appear to make sense, as the existence of employee disloyalty at different levels within an organisation can be associated with a number of aspects. For example, in an organisation where employees are disloyal, it may be common to find employees who are reluctant to participate in organisational activities; who lack interest in having control of their jobs, who lack the courage to make decisions, as well as who lack interest and commitment regarding the strategic goals and the mission of the organisation (McShane & Von Glow 2008). In this type of organisational environment, employees may not only lose meaning in the work they

do, but also lack a healthy working relationship with other team members (Hellriegel & Slocum 2011).

Furthermore, a statistically significant negative correlation is found between employee distrust and the trustor/trustee co-operation, the trustor/trustee integrity, the trustor/trustee characteristics, and trust outcomes. According to Mayer *et al* (1995), the trust which exists between the trustor and the trustee appears to contribute to their co-operation. Thus, a distrust situation does not appear to bring co-operation between the parties. Schoorman *et al* (2007) indicate that trustee's integrity can build trust, rather than distrust, indicating a negative association between distrust and integrity. Besides, in an organisation where distrust prevails, it is highly unlikely to achieve the positive outcomes of trust (Blanchard *et al* 2013).

### **9.3.1.2 Correlations between the sections and sub-sections**

In this section, the results pertaining to the correlations between the sections and sub-sections are reported. The results are indicated in Appendix T. From the Appendix, it is clear that a dominance of statistically significant positive relationships are found between the sections and sub-sections, with the exception of destroyers (busters) of trust. Destroyers (busters) of trust appear to have a negative impact on the trust management efforts within organisations (Blanchard *et al* 2013). Thus, the following discussions will focus on the unique relationships this section has with other sections and sub-sections.

The results indicate that destroyers (busters) of trust sub-section is significantly and negatively correlate with the following sections and sub-sections: drivers of trust ( $r=-.191$ ;  $p< .05$ ); performance of the bank ( $r=-.113$ ;  $p< .01$ ); integrity ( $r=-.131$ ;  $p< .05$ ) and competence ( $r=-.133$ ;  $p< .05$ ) of the co-workers/team members; integrity ( $r=-.118$ ;  $p< .01$ ), benevolence ( $r=-.101$ ;  $p< .01$ ) and competence ( $r=-.165$ ;  $p< .0$ ) of the immediate supervisor; willingness to trust/take risks with the immediate supervisor ( $r=-.136$ ;  $p< .05$ ); and integrity ( $r=-.193$ ;  $p< .05$ ), benevolence ( $r=-.180$ ;  $p< .05$ ), competence ( $r=-.231$ ;  $p< .05$ ), predictability ( $r=-.224$ ;  $p< .05$ ), respect ( $r=-.121$ ;  $p< .01$ ) and justice ( $r=-.240$ ;  $p< .05$ ) of the top management/the organisation. From the results, it appears that higher levels of destroyers (busters) of trust are associated

with lower levels of a number of positive intentions and behaviours within organisations (Blanchard *et al* 2013).

## **Interpretation**

The results show, as indicated earlier, that there is a dominance of statistically significant positive correlations amongst the sections and sub-sections which vary from very weak ( $r=.098$ ;  $p < .05$ ) to very strong ( $r=.818$ ;  $p < .01$ ). For example, a statistically significant and very strong relationship was found between the benevolence and integrity of the top management/the organisation ( $r=.818$ ;  $p < .01$ ), indicating the positive association between high levels of benevolence of the top management/the organisation and high levels of its integrity. This result was expected since benevolence and integrity are trustworthiness aspects that are related to each other (Mayer *et al* 1995; Röttger 2018; Schoorman *et al* 2007). A statistically significant and very weak relationship was found between integrity of the co-workers/team members and trust characteristics ( $r=.098$ ;  $p < .05$ ), indicating that understanding of trust characteristics may not be necessarily associated with the integrity of the co-workers/team members. However, according to Paine (2013) and Shockley and Ellis (2006), any trust building plan needs to consider employees' understanding of the trust characteristics, as it plays an important role in the process.

The results also indicate that fourteen statistically significant negative relationships exist between destroyers (busters) of trust section and other sections and sub-sections. Of which, the majority of the cases (eleven relationships) relate to the trustworthiness dimensions of the top management/the organisation, immediate supervisor, and co-workers/team members. For example, significant negative relationships are found between destroyers (busters) of trust and the trustworthiness aspects, i.e. integrity, benevolence, competence, predictability, respect and justice of the top management/the organisation. The results found here are surprising as all trustworthiness aspects of the top management/the organisation are negatively associated with the destroyers (busters) of trust. Similarly, statistically significant negative relationships are found between destroyers (busters) of trust and the integrity, benevolence and competence of the immediate supervisor, as well as the integrity and competence of the co-workers/team members. The results found here

have practical importance, i.e. by improving these trustworthiness aspects of top management, supervisors and co-workers/team members, organisations can minimise or eliminate the majority of the trust destroyers (busters) that might exist within the organisations. These views are also shared by Blanchard *et al* (2013), Dietz and Den Hartog (2006), and McLeary and Cruise (2015).

The results further indicate that a statistically significant negative relationship exists between destroyers (busters) of trust and drivers of trust, as well as performance of the bank. The presence of drivers of trust in the workplace appears to create a suitable environment for trust to develop (UNUM 2013). However, according to Blanchard *et al* (2013), some behaviours (destroyers/busters) have the opposite effect on trust. Thus, it would appear that for trust drivers to function well, trust destroyers need to be eliminated. With regard to performance of the organisation (bank), Paliszkievicz (2013) found that organisations that have high levels of trust orientation can achieve better results. Thus, in an organisation where trust destroyers are prevalent, organisational performance may remain at lower levels.

Furthermore, the results show that there is a significant negative relationship between destroyer (busters) of trust and employee willingness to trust/take risks with supervisor. It should be noted that employees want credible and trustworthy leaders to work with (Kim 2019). In a workplace where trust destroyers (busters) are prevalent, employees may be challenged to build trust with their supervisor, meaning their willingness to trust/take risks with him/her tends to decrease. This view is also shared by Blanchard *et al* (2013).

### **9.3.1.3 Summary**

In this section, the focus was on the strength and direction of the linear relationships between the 54 factors identified through the EFA, as well as the sections and sub-sections of the questionnaire. From the results, it would appear that a dominance of statistically significant positive correlations between the factors existed. Statistically significant negative correlations were also found specifically with factors, such as: inconsistent company policies and practices, and employee disloyalty. Besides, results of the correlations between sections and sub-sections of the questionnaire indicated a dominance of positive relationships. The destroyers (busters) of trust

section however indicated significant negative relationships with several sections and sub-sections especially with the trustworthiness dimensions of the top management, supervisors and co-workers/team members.

Having discussed the correlational analysis of the factors as well as sections and sub-sections, the next step involves discussing the building blocks of the trust management model developed in this study. To achieve this goal, use will be made of the so-called structural equation modelling technique.

### 9.3.2 Structural Equation Modelling

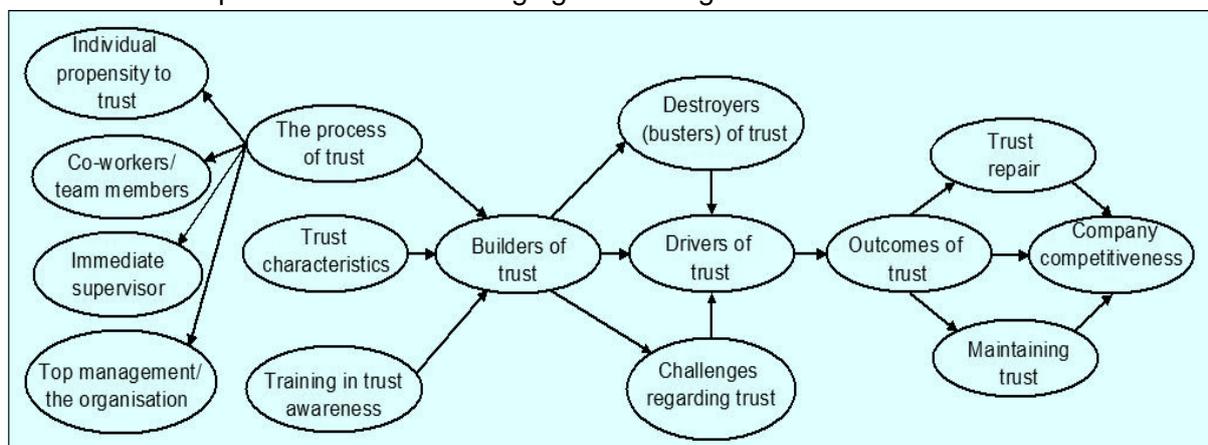
#### 9.3.2.1 Introduction

In this section the SEM technique is applied to quantitatively test the proposed model for managing trust in organisations (see Figure 9.7) based on the exploratory framework/building blocks (refer to Figure 6.1 in Chapter 6) developed for this study. Thus, testing the relevant measurement and structural models will receive attention. Finally, an integration of the results will be made.

#### 9.3.2.2 Testing the proposed model for managing trust in organisations

The proposed model for managing trust in organisations indicated in Figure 9.7 has been tested through the utilisation of the SEM technique. For this research, the measurement items will be the 54 factors identified as indicated earlier in this chapter.

**FIGURE 9.7:** Proposed model for managing trust in organisations



Given the large number of factors and associated items, it was decided to test the proposed model through using the identified factors as observed variables. Future research, based on the results of this research, can be used to refine the factors and associated item structure. The model adequacy has been evaluated by means of goodness-of-fit measures for the measurement and structural models. Maximum likelihood estimation (which assumes multivariate normal data and a reasonable sample size) has been used for the model estimation to determine the structural path coefficients between the Process of trust (represented by Individual propensity to trust, Co-workers/team members, Immediate supervisor, and Top management/ the organisation), Trust Characteristics, Training in trust awareness, Builders of trust, Drivers of trust, Challenges regarding trust, Destroyers (busters) of trust, Outcomes of trust, Trust repair, Maintaining trust, and Company competitiveness, as manifested in a sample of respondents in the banking sector of Ethiopia.

The measurement models for the Process of trust will be discussed next.

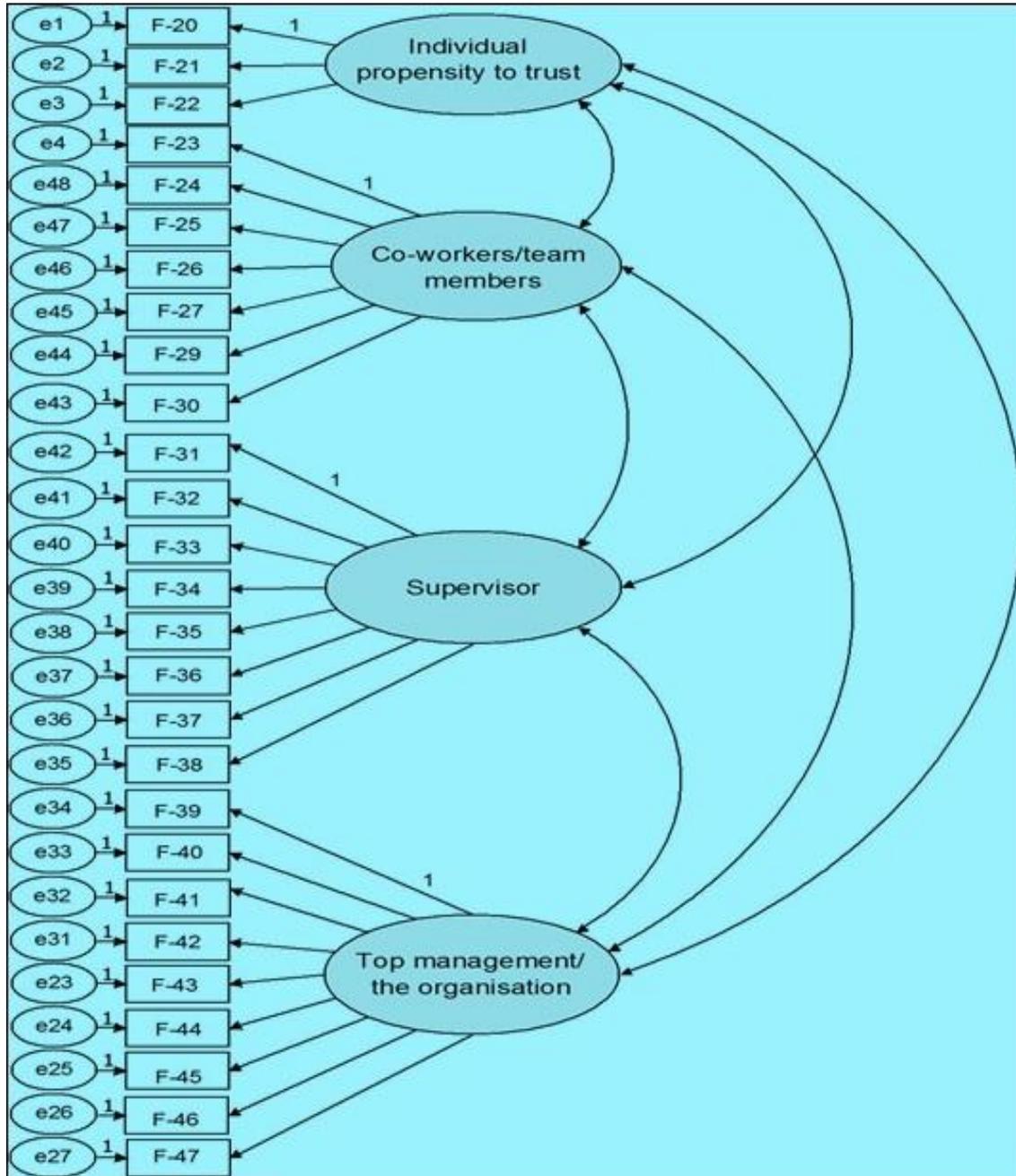
### **9.3.2.3 Testing of various measurement models**

#### **9.3.2.3.1 First measurement model for the Process of trust (Model 1)**

The first measurement model (Model 1) which was generated, was based on the proposed model for the Process of trust. This was performed to optimise and confirm the input of this component to the final model. The model for the Process of trust to be tested is indicated in Figure 9.8.

As there were no errors or warnings, it was safe to proceed to the *fit measure* output. The model adequacy was thus evaluated by using the most commonly used fit indices, namely: Relative Chi-square (CMIN/DF), Incremental Fit Index (IFI), Tucker-Lewis Index (TLI), Comparative Fit Index (CFI), and the Root Mean Square Error of Approximation (RMSEA). As indicated in Chapter 7 Section 7.12.3.2, the focus of the SEM analysis is on improving the model, rather than determining or comparing competing models. Thus, these set of goodness-of-fit indices were considered sufficient.

**FIGURE 9.8:** First measurement model for the Process of trust (Model 1)



The goodness-of-fit indices for Model 1 are indicated in Table 9.13.

**TABLE 9.13:** Goodness-of-fit indices (Model 1)

Model	CMIN/DF	IFI	TLI	CFI	RMSEA
Goodness-of-fit indices (Model 1)	9.125	0.572	0.539	0.570	0.142
Acceptable Threshold Levels	<3	>0.90	>0.90	>0.90	<0.08

Unstandardised and standardised regression weights of Model 1 are provided in Tables 9.14 and 9.15 for comparative purposes.

The unstandardised regression weights and associated test statistics for the estimated model appear in Table 9.14.

**TABLE 9.14:** Unstandardised regression weights (Model 1)

			Estimate	S.E.	C.R.	P	Label
F-20	<---	Individual Propensity to trust	1,000				
F-21	<---	Individual Propensity to trust	,189	,061	3,113	,002	par_1
F-22	<---	Individual Propensity to trust	,086	,060	1,427	,154	par_2
F-23	<---	Co-workers/team members	1,000				
F-24	<---	Co-workers/team members	,788	,186	4,230	***	par_3
F-25	<---	Co-workers/team members	1,198	,228	5,245	***	par_4
F-26	<---	Co-workers/team members	1,009	,208	4,853	***	par_5
F-27	<---	Co-workers/team members	1,078	,173	6,234	***	par_6
F-29	<---	Co-workers/team members	1,155	,189	6,125	***	par_7
F-30	<---	Co-workers/team members	1,008	,172	5,851	***	par_8
F-31	<---	Supervisor	1,000				
F-32	<---	Supervisor	,741	,045	16,608	***	par_9
F-33	<---	Supervisor	,922	,054	17,231	***	par_10
F-34	<---	Supervisor	1,078	,057	18,842	***	par_11
F-35	<---	Supervisor	,611	,057	10,711	***	par_12
F-36	<---	Supervisor	1,070	,056	19,228	***	par_13
F-37	<---	Supervisor	,888	,061	14,499	***	par_14
F-38	<---	Supervisor	,925	,055	16,917	***	par_15
F-47	<---	Top Management/the organisation	,753	,048	15,601	***	par_16
F-46	<---	Top Management/the organisation	,811	,057	14,113	***	par_17
F-45	<---	Top Management/the organisation	,869	,047	18,519	***	par_18
F-44	<---	Top Management/the organisation	1,065	,050	21,329	***	par_19
F-43	<---	Top Management/the organisation	1,095	,048	22,910	***	par_20
F-42	<---	Top Management/the organisation	,875	,045	19,297	***	par_21
F-41	<---	Top Management/the organisation	,981	,077	12,760	***	par_22
F-40	<---	Top Management/the organisation	,925	,042	22,084	***	par_23
F-39	<---	Top Management/the organisation	1,000				

The standardised regression weights for Model 1 are indicated in Table 9.15.

**TABLE 9.15:** Standardised regression weights (Model 1)

			Estimate
F-20	<---	Individual Propensity to trust	,707
F-21	<---	Individual Propensity to trust	,186
F-22	<---	Individual Propensity to trust	,086
F-23	<---	Co-workers/team members	,358
F-24	<---	Co-workers/team members	,290
F-25	<---	Co-workers/team members	,418
F-26	<---	Co-workers/team members	,361
F-27	<---	Co-workers/team members	,681
F-29	<---	Co-workers/team members	,635
F-30	<---	Co-workers/team members	,549
F-31	<---	Supervisor	,823
F-32	<---	Supervisor	,736
F-33	<---	Supervisor	,757
F-34	<---	Supervisor	,806
F-35	<---	Supervisor	,517
F-36	<---	Supervisor	,817
F-37	<---	Supervisor	,664
F-38	<---	Supervisor	,746
F-47	<---	Top Management/the organisation	,689
F-46	<---	Top Management/the organisation	,638

**TABLE 9.15:** Standardised regression weights (Model 1) (Contd.)

			Estimate
F-45	<---	Top Management/the organisation	,779
F-44	<---	Top Management/the organisation	,854
F-43	<---	Top Management/the organisation	,892
F-42	<---	Top Management/the organisation	,801
F-41	<---	Top Management/the organisation	,588
F-40	<---	Top Management/the organisation	,873
F-39	<---	Top Management/the organisation	,828

### Interpretation

From the unstandardised regression weights, it became clear that all the structural paths (relationships) were statistically significant ( $p < 0.05$ ) except for the relationship between Individual propensity to trust and Employee distrust in others (F-22), indicating that an improved model can consider removing this factor. All structural paths were positive, indicating positive relationships between the four latent constructs representing the Process of trust and the corresponding factors.

From the goodness-of-fit indices, it was clear that CMIN/DF is much higher than the acceptable threshold value of 3. Besides, the IFI, TLI and CFI values were below the acknowledged threshold value of 0.90. The RMSEA value was much higher than the acknowledged threshold value of 0.08. All the indicators of model fit thus point to the fact that this model does not provide an adequate fit and needs to be investigated for potential improvement.

Potential improvement of the model can be made by: (1) deleting items (observed variables) with loadings less than 0.5; (2) deletion of non-statistically significant paths; and (3) studying the modification indices for potential additional covariances with the condition that these need to be theoretically justified as well.

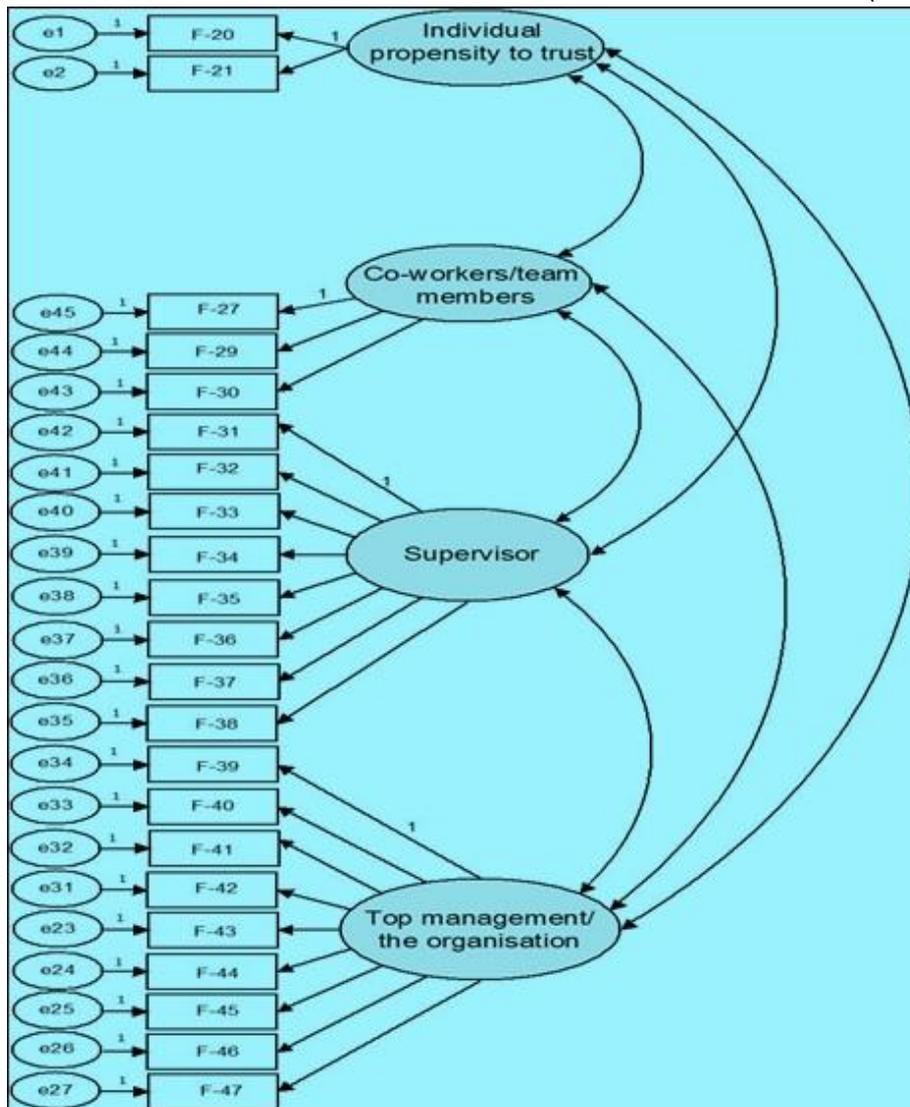
However, it is critically important that these changes are not made purely to improve the model fit statistics, and that the model used still portrays the core theoretical model postulated. Accordingly, deleting items with a loading less than 0.5 resulted in the deletion of five factors, namely: Employee opportunism (F-22), Employee trust in co-workers/team members (F-23), Co-workers/team members sacrifice (F-24), Co-workers/team members integrity (F-25), and Co-workers/team members competency (F-26). These changes resulted in another model, Model 2, which will be an improvement on Model 1 as far as the Process of trust is concerned.

Model 2 of the Process of trust will receive attention next.

### 9.3.2.3.2 Second measurement model for the Process of trust (Model 2)

The second measurement model (Model 2), for the Process of trust, is indicated in Figure 9.9.

**FIGURE 9.9:** Second measurement model for the Process of trust (Model 2)



The goodness-of-fit indices for Model 2 are indicated in Table 9.16.

**TABLE 9.16:** Goodness-of-fit indices (Model 2)

Model	CMIN/DF	IFI	TLI	CFI	RMSEA
Goodness-of-fit indices (Model 1)	9.125	0.572	0.539	0.570	0.142
Goodness-of-fit indices (Model 2)	7.548	0.740	0.708	0.739	0.127
Acceptable Threshold Levels	<3	>0.90	>0.90	>0.90	<0.08

Unstandardised and standardised regression weights for Model 2 are provided in Tables 9.17 and 9.18 for comparative purposes.

The unstandardised regression weights for Model 2 and the associated test statistics for the estimated model appear in Table 9.17.

**TABLE 9.17:** Unstandardised regression weights (Model 2)

			Estimate	S.E.	C.R.	P	Label
F-20	<---	Individual Propensity to trust	1,000				
F-21	<---	Individual Propensity to trust	,174	,060	2,882	,004	par_1
F-27	<---	Co-workers/team members	1,000				
F-29	<---	Co-workers/team members	1,250	,139	9,013	***	par_2
F-30	<---	Co-workers/team members	1,062	,130	8,164	***	par_3
F-31	<---	Supervisor	1,000				
F-32	<---	Supervisor	,739	,044	16,625	***	par_4
F-33	<---	Supervisor	,924	,053	17,347	***	par_5
F-34	<---	Supervisor	1,079	,057	18,930	***	par_6
F-35	<---	Supervisor	,613	,057	10,811	***	par_7
F-36	<---	Supervisor	1,075	,055	19,400	***	par_8
F-37	<---	Supervisor	,892	,061	14,645	***	par_9
F-38	<---	Supervisor	,927	,054	17,025	***	par_10
F-47	<---	Top Management/the organisation	,753	,048	15,745	***	par_11
F-46	<---	Top Management/the organisation	,811	,057	14,249	***	par_12
F-45	<---	Top Management/the organisation	,870	,047	18,694	***	par_13
F-44	<---	Top Management/the organisation	1,066	,049	21,541	***	par_14
F-43	<---	Top Management/the organisation	1,096	,047	23,115	***	par_15
F-42	<---	Top Management/the organisation	,874	,045	19,444	***	par_16
F-41	<---	Top Management/the organisation	,981	,076	12,871	***	par_17
F-40	<---	Top Management/the organisation	,925	,042	22,260	***	par_18
F-39	<---	Top Management/the organisation	1,000				

The standardised regression weights for Model 2 are shown in Table 9.18.

**TABLE 9.18:** Standardised regression weights (Model 2)

			Estimate
F-20	<---	Individual Propensity to trust	,707
F-21	<---	Individual Propensity to trust	,171
F-27	<---	Co-workers/team members	,612
F-29	<---	Co-workers/team members	,661
F-30	<---	Co-workers/team members	,557
F-31	<---	Supervisor	,824
F-32	<---	Supervisor	,736
F-33	<---	Supervisor	,759
F-34	<---	Supervisor	,807
F-35	<---	Supervisor	,520

**TABLE 9.18:** Standardised regression weights (Model 2) (Contd.)

			Estimate
F-36	<---	Supervisor	,821
F-37	<---	Supervisor	,669
F-38	<---	Supervisor	,749
F-47	<---	Top Management/the organisation	,693
F-46	<---	Top Management/the organisation	,642
F-45	<---	Top Management/the organisation	,782
F44	<---	Top Management/the organisation	,857
F-43	<---	Top Management/the organisation	,894
F-42	<---	Top Management/the organisation	,803
F-41	<---	Top Management/the organisation	,591
F-40	<---	Top Management/the organisation	,874
F-39	<---	Top Management/the organisation	,830

### Interpretation

From Table 9.17, it is clear that all the structural paths (relationships) were statistically significant ( $p < 0.05$ ) given that the critical ratio (C.R.) values are greater than 1.96. All structural paths were also positive, indicating positive relationships between the four latent constructs representing the Process of trust and the factors representing the four latent constructs.

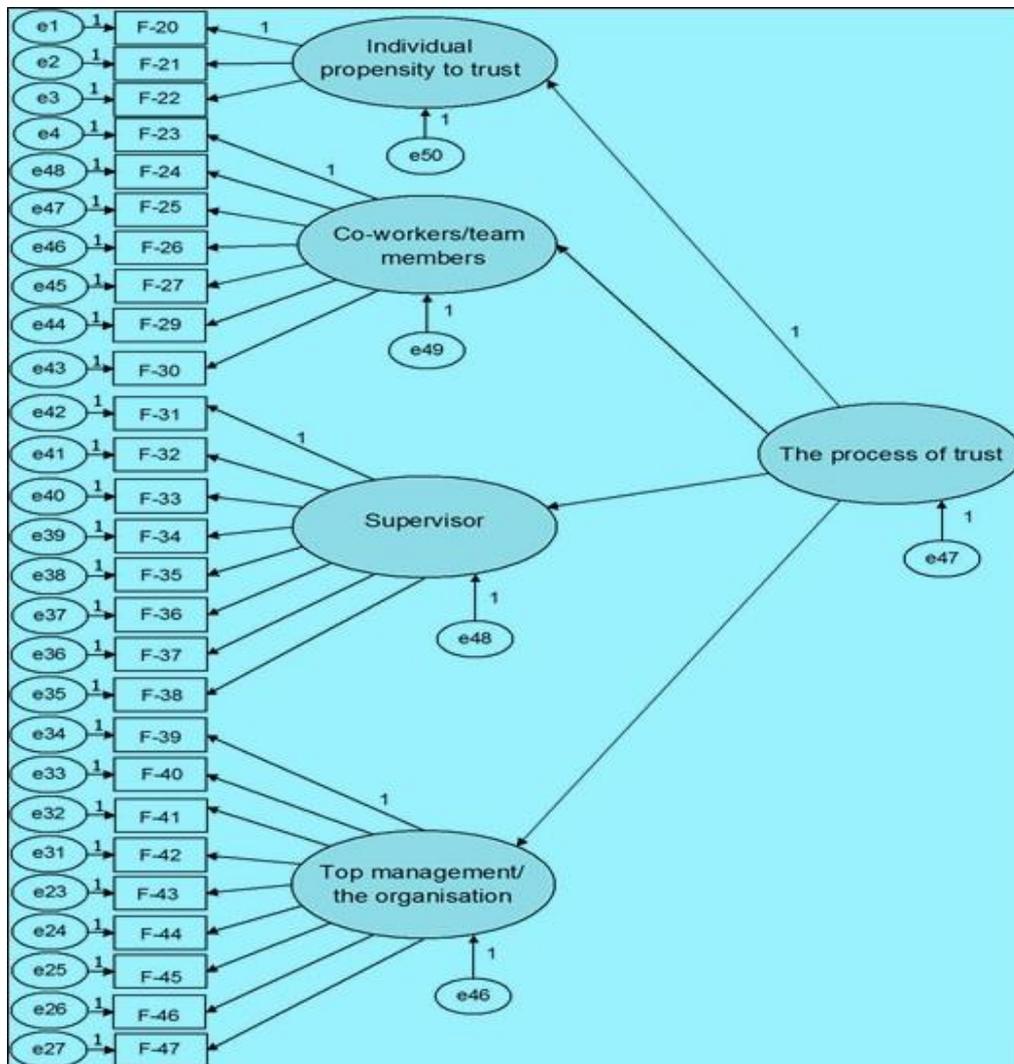
The set of goodness-of-fit indices indicated in Table 9.16 show that Model 2 is an improvement compared with Model 1, however, the model still indicates an unacceptable fit. As no additional non-statistically significant paths were observed, and the use of large impact modification indices did not: (1) significantly improve the model, or (2) could be theoretically justified, the measurement model portrayed in Figure 9.9 will be used in the final model. It must be considered that this measurement model has not been conceptually stated and tested before the current research. The model fit results were thus considered very promising. Accordingly, Model 2 was considered to represent the final better-fitting and theoretically consistent model to represent the data. However, a final decision will be made after examining whether the Process of trust is a first order or second order construct.

The second order measurement model for the Process of trust will be discussed next.

### 9.3.2.3.3 Second order measurement model for the Process of trust

The second order model for the Process of trust is indicated in Figure 9.10.

**FIGURE 9.10:** Second order model for the Process of trust



#### Interpretation

As far as the measurement model is concerned, it was also important to see if the Process of trust is a second order construct. Thus, a second order model for the Process of trust was considered as indicated in Figure 9.10. The results, through a target coefficient of 0.76, however, indicate that the second order model is not a better representing model. It was finally decided to consider the first order model indicated in Figure 9.9 in the process of testing the full model.

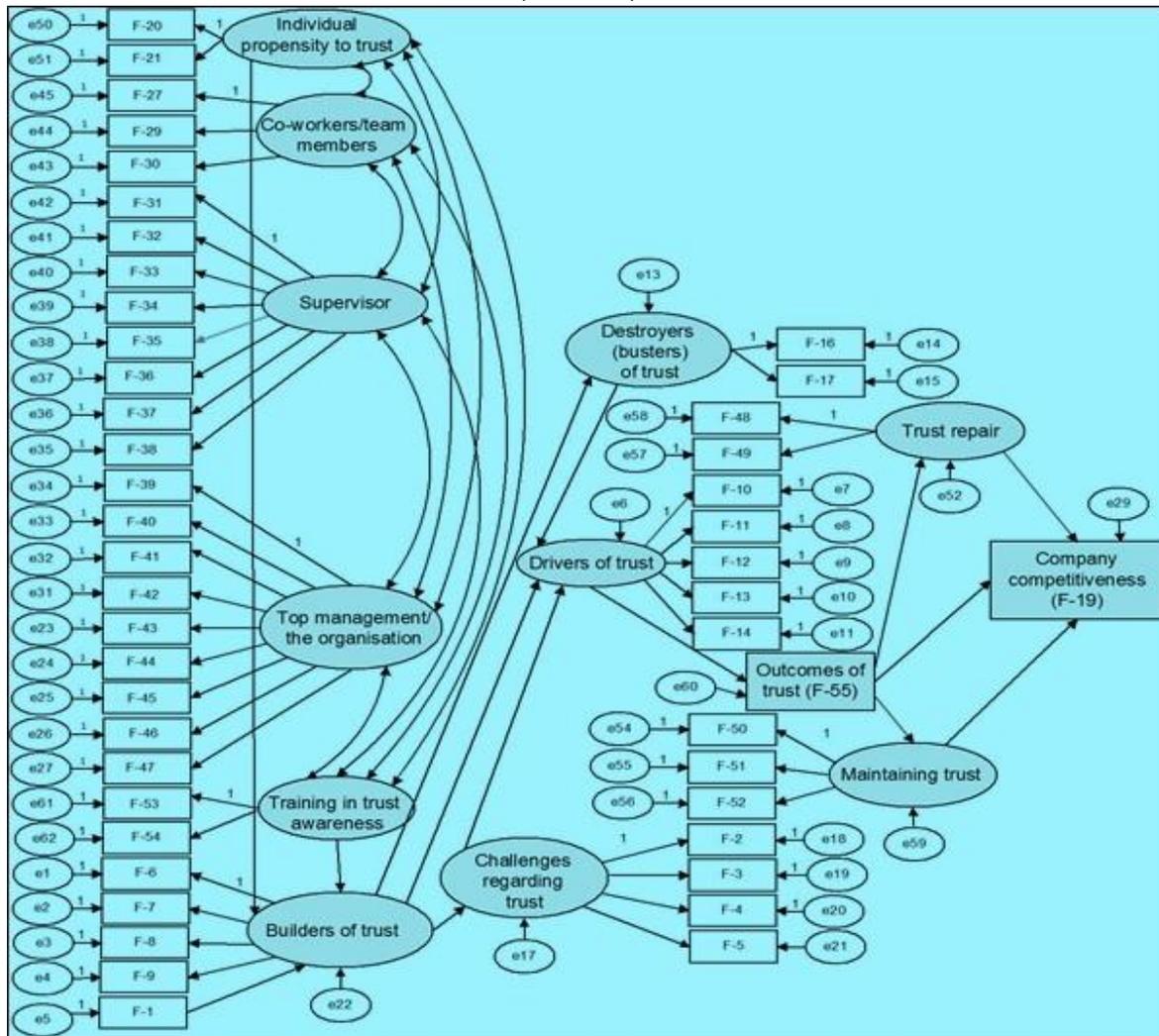
Having looked at the model fit indices and the various estimates of the measurement model for the Process of trust, the full proposed model for managing trust was tested. This will receive attention in the following sections.

### 9.3.2.4 Testing of various structural models

#### 9.3.2.4.1 First full structural model (Model 1)

The first full structural model (Model 1) is indicated in Figure 9.11.

**FIGURE 9.11:** First full structural model (Model 1)



It is important to note that the four paths, namely: Individual propensity to trust to Builders of trust, Co-workers/team members to Builders of trust, Supervisor to Builders of trust, and Top management/the organisation to Builders of trust, were tested. With the exception of one path, i.e. from Individual propensity to trust to Builders of trust, the other three paths were non-significant, and the standardised regression coefficient was very small (close to 0). Thus, the three paths, namely: Co-workers/team members to Builders of trust, Supervisor to Builders of trust, and Top management/the organisation to Builders of trust, were left out from the first full structural model, as indicated in Figure 9.12.

The goodness-of-fit indices are indicated in Table 9.19.

**TABLE 9.19:** Goodness-of-fit indices (Model 1)

Model	CMIN/DF	IFI	TLI	CFI	RMSEA
Goodness-of-fit indices (Model 1)	4.444	0.678	0.659	0.677	0.092
Acceptable Threshold Levels	<3	>0.90	>0.90	>0.90	<0.08

As far as Model 1 is concerned, both the unstandardised and standardised regression weights are provided in Tables 9.20 and 9.21 for comparative purposes.

The unstandardised regression weights and associated test statistics for the estimated model appear in Table 9.20.

**TABLE 9.20:** Unstandardised regression weights (Model 1)

			Estimate	S.E.	C.R.	P
Builders of trust	<---	F-1	,133	,052	2,579	,010
Builders of trust	<---	Individual Propensity to trust	,743	,044	16,819	***
Builders of trust	<---	Training in trust awareness	,018	,024	,744	,457
Challenges regarding trust	<---	Builders of trust	,747	,052	14,491	***
Destroyers (busters) of trust	<---	Builders of trust	-,487	,055	-8,792	***
Drivers of trust	<---	Builders of trust	,886	,075	11,820	***
Drivers of trust	<---	Destroyers (busters) of trust	-,062	,018	-3,434	***
Drivers of trust	<---	Challenges regarding trust	-,036	,068	-,537	,591
F55	<---	Drivers of trust	,032	,065	,497	,620
Maintaining trust	<---	F-55	,579	,051	11,269	***
Trust repair	<---	F-55	1,000			
F-9	<---	Builders of trust	1,000			
F-8	<---	Builders of trust	,678	,037	18,293	***
F-7	<---	Builders of trust	,833	,046	18,076	***
F-6	<---	Builders of trust	1,103	,056	19,789	***
F-17	<---	Destroyers (busters) of trust	,381	,033	11,447	***
F-5	<---	Challenges regarding trust	,822	,064	12,943	***
F-4	<---	Challenges regarding trust	,983	,053	18,399	***
F-3	<---	Challenges regarding trust	,927	,051	18,125	***
F-2	<---	Challenges regarding trust	1,000			
F-16	<---	Destroyers (busters) of trust	1,000			
F-20	<---	Individual Propensity to trust	1,000			
F-21	<---	Individual Propensity to trust	,104	,053	1,950	,051
F-27	<---	Co-workers/team members	1,000			
F-29	<---	Co-workers/team members	1,213	,116	10,477	***
F-30	<---	Co-workers/team members	1,069	,112	9,571	***
F-31	<---	Supervisor	1,000			
F-32	<---	Supervisor	,738	,039	19,156	***
F-33	<---	Supervisor	,921	,046	19,975	***
F-34	<---	Supervisor	1,076	,049	21,848	***
F-35	<---	Supervisor	,614	,049	12,484	***
F-36	<---	Supervisor	1,077	,048	22,540	***
F-37	<---	Supervisor	,892	,053	16,909	***
F-38	<---	Supervisor	,924	,047	19,616	***
F-47	<---	Top Management/the organisation	,680	,033	20,846	***
F-46	<---	Top Management/the organisation	,738	,039	18,767	***
F-45	<---	Top Management/the organisation	,783	,030	25,681	***
F-44	<---	Top Management/the organisation	,965	,031	31,431	***

**TABLE 9.20:** Unstandardised regression weights (Model 1) (Contd.)

			Estimate	S.E.	C.R.	P
F-43	<---	Top Management/the organisation	,977	,029	33,703	***
F-42	<---	Top Management/the organisation	,738	,053	13,967	***
F-41	<---	Top Management/the organisation	,880	,054	16,384	***
F-40	<---	Top Management/the organisation	,811	,026	30,899	***
F-39	<---	Top Management/the organisation	1,000			
F-50	<---	Maintaining trust	1,000			
F-51	<---	Maintaining trust	,729	,015	48,586	***
F-52	<---	Maintaining trust	,603	,016	37,701	***
F-19	<---	Trust repair	,095	,032	2,950	,003
F-19	<---	Maintaining trust	,055	,043	1,282	,200
F-53	<---	Training in trust awareness	1,000			
F-54	<---	Training in trust awareness	,315	,027	11,849	***
F-19	<---	F-55	-,020	,059	-,336	,737
F-48	<---	Trust repair	1,000			
F-49	<---	Trust repair	,299	,021	14,001	***
F-10	<---	Drivers of trust	1,000			
F-11	<---	Drivers of trust	1,038	,041	25,222	***
F-12	<---	Drivers of trust	,882	,050	17,684	***
F-13	<---	Drivers of trust	,890	,043	20,510	***
F-14	<---	Drivers of trust	,840	,046	18,148	***

The related standardised regression weights are indicated in Table 9.21.

**TABLE 9.21:** Standardised regression weight (Model 1)

			Estimate
Builders of trust	<---	F-1	,083
Builders of trust	<---	Individual Propensity to trust	,901
Builders of trust	<---	Training in trust awareness	,022
Challenges regarding trust	<---	Builders of trust	,834
Destroyers (busters) of trust	<---	Builders of trust	-,373
Drivers of trust	<---	Builders of trust	,927
Drivers of trust	<---	Destroyers (busters) of trust	-,085
Drivers of trust	<---	Challenges regarding trust	-,034
F-55	<---	Drivers of trust	,025
Maintaining trust	<---	F-55	,501
Trust repair	<---	F-55	,707
F-9	<---	Builders of trust	,772
F-8	<---	Builders of trust	,832
F-7	<---	Builders of trust	,824
F-6	<---	Builders of trust	,885
F-17	<---	Destroyers (busters) of trust	,532
F-5	<---	Challenges regarding trust	,626
F-4	<---	Challenges regarding trust	,834
F-3	<---	Challenges regarding trust	,824
F-2	<---	Challenges regarding trust	,805
F-16	<---	Destroyers (busters) of trust	1,159
F-20	<---	Individual Propensity to trust	,707
F-21	<---	Individual Propensity to trust	,103
F-27	<---	Co-workers/team members	,652
F-29	<---	Co-workers/team members	,681
F-30	<---	Co-workers/team members	,600
F-31	<---	Supervisor	,857
F-32	<---	Supervisor	,777
F-33	<---	Supervisor	,797
F-34	<---	Supervisor	,841
F-35	<---	Supervisor	,571
F-36	<---	Supervisor	,856
F-37	<---	Supervisor	,716
F-38	<---	Supervisor	,789
F-47	<---	Top Management/the organisation	,759
F-46	<---	Top Management/the organisation	,717
F-45	<---	Top Management/the organisation	,836

**TABLE 9.21:** Standardised regression weight (Model 1) (*Contd.*)

				Estimate
F-44	<---	Top Management/the organisation		,901
F-43	<---	Top Management/the organisation		,920
F-42	<---	Top Management/the organisation		,594
F-41	<---	Top Management/the organisation		,660
F-40	<---	Top Management/the organisation		,896
F-39	<---	Top Management/the organisation		,894
F-50	<---	Maintaining trust		,944
F-51	<---	Maintaining trust		,976
F-52	<---	Maintaining trust		,923
F-19	<---	Trust repair		,155
F-19	<---	Maintaining trust		,074
F-53	<---	Training in trust awareness		1,487
F-54	<---	Training in trust awareness		,491
F-19	<---	F-55		-,023
F-48	<---	Trust repair		1,120
F-49	<---	Trust repair		,550
F-10	<---	Drivers of trust		,854
F-11	<---	Drivers of trust		,913
F-12	<---	Drivers of trust		,740
F-13	<---	Drivers of trust		,813
F-14	<---	Drivers of trust		,752

It is important to note that the standardised weights larger than one are mathematically valid. They can potentially be the result of multicollinearity which exists when the variables are highly correlated (Lei & Wu 2007; Pallant 2016).

### Interpretation

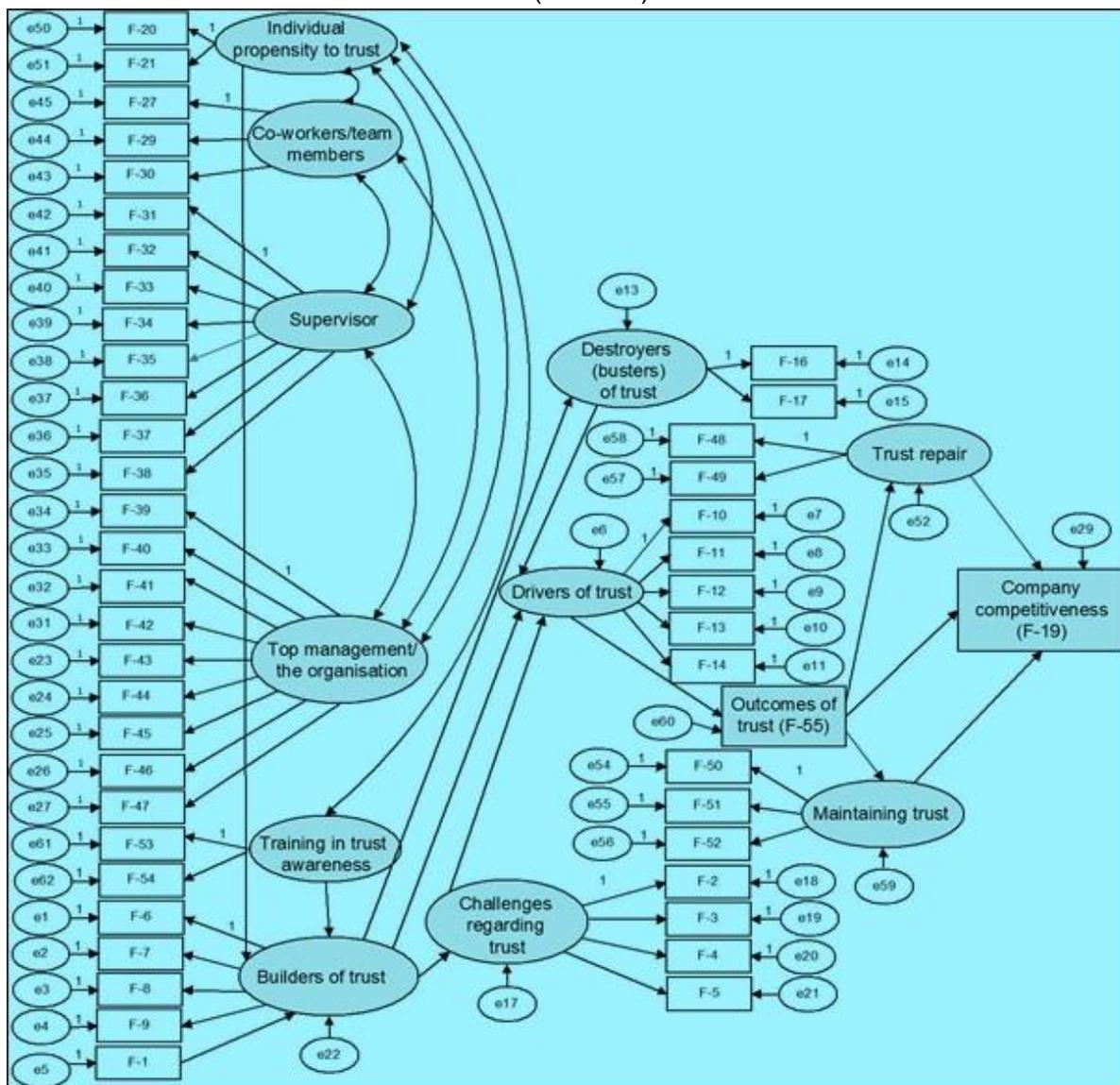
From the results it is clear that the individual structural paths are statistically significant ( $p < 0.05$ ) given that the critical ratio (C.R.) values are greater than 1.96 except for the paths from Trust characteristics (F-1) to Builders of trust, Training in trust awareness to Builders of trust, Challenges regarding trust to Drivers of trust, Drivers of trust to Trust outcomes (F-55), Individual propensity to trust to Employee distrust in others (F-21), Trust repair to Company competitiveness (F-19), Maintaining trust to Company competitiveness (F-19), and Trust outcomes (F-55) to Company competitiveness (F-19), indicating that an improved model might be considered in future without these structural paths. However, non-statistical significance should never be the only consideration for deletion, as the paths in question, based on theory, should not be considered for deletion but should remain in the model. The goodness-of-fit indices indicated in Table 9.21 showed that the first full structural model (Model 1) was not adequate, but the closeness of some of the fit indices to the threshold, point to the fact that the model has merit. Thus, it is apparent that some modification in specification is needed to identify a model that better represents the sample data. To address this goal, a second full structural model (Model 2) will be tested.

The second full structural model (Model 2) will be discussed next.

### 9.3.2.4.2 Second full structural model (Model 2)

By considering the three options for model improvement, Model 2 was improved by deleting the paths of the covariances between Training in trust awareness and Co-workers/team members, the Supervisor, and Top management/the organisation, as the covariances were close to zero and non-significant (all values ranged between 0.01 and 0.013, and  $p > 0.05$ ). The second full structural model (Model 2) appears in Figure 9.12.

**FIGURE 9.12:** Second full structural model (Model 2)



The goodness-of-fit indices for the second full structural model (Model 2) are indicated in Table 9.22.

**TABLE 9.22:** Goodness-of-fit indices (Model 2)

Model	CMIN/DF	IFI	TLI	CFI	RMSEA
Goodness-of-fit indices (Model 1)	4.444	0.678	0.659	0.677	0.092
Goodness-of-fit indices (Model 2)	4.432	0.678	0.660	0.677	0.092
Acceptable Threshold Levels	<3	>0.90	>0.90	>0.90	<0.08

As far as Model 2 is concerned, both the unstandardised and standardised regression weights are provided in Tables 9.23 and 9.24 for comparative purposes.

The unstandardised regression weights and associated test statistics for the estimated model appear in Table 9.23.

**TABLE 9.23:** Unstandardised regression weights (Model 2)

			Estimate	S.E.	C.R.	P
Builders of trust	<---	F-1	,133	,052	2,574	,010
Builders of trust	<---	Individual Propensity to trust	,744	,044	16,820	***
Builders of trust	<---	Training in trust awareness	,024	,025	,989	,323
Challenges regarding trust	<---	Builders of trust	,747	,052	14,496	***
Destroyers (busters) of trust	<---	Builders of trust	-,487	,055	-8,794	***
Drivers of trust	<---	Builders of trust	,886	,075	11,823	***
Drivers of trust	<---	Destroyers (busters) of trust	-,062	,018	-3,435	***
Drivers of trust	<---	Challenges regarding trust	-,036	,068	-,536	,592
F-55	<---	Drivers of trust	,032	,065	,497	,619
Maintaining trust	<---	F-55	,579	,051	11,269	***
Trust repair	<---	F-55	1,000			
F-9	<---	Builders of trust	1,000			
F-8	<---	Builders of trust	,678	,037	18,300	***
F-7	<---	Builders of trust	,833	,046	18,083	***
F-6	<---	Builders of trust	1,103	,056	19,796	***
F-17	<---	Destroyers (busters) of trust	,381	,033	11,448	***
F-5	<---	Challenges regarding trust	,822	,063	12,946	***
F-4	<---	Challenges regarding trust	,983	,053	18,404	***
F-3	<---	Challenges regarding trust	,927	,051	18,130	***
F-2	<---	Challenges regarding trust	1,000			
F-16	<---	Destroyers (busters) of trust	1,000			
F-20	<---	Individual Propensity to trust	1,000			
F-21	<---	Individual Propensity to trust	,104	,053	1,967	,049
F-27	<---	Co-workers/team members	1,000			
F-29	<---	Co-workers/team members	1,213	,116	10,492	***
F-30	<---	Co-workers/team members	1,066	,111	9,567	***
F-31	<---	Supervisor	1,000			
F-32	<---	Supervisor	,738	,039	19,151	***
F-33	<---	Supervisor	,921	,046	19,970	***
F-34	<---	Supervisor	1,076	,049	21,842	***
F-35	<---	Supervisor	,614	,049	12,481	***
F-36	<---	Supervisor	1,077	,048	22,534	***
F-37	<---	Supervisor	,892	,053	16,903	***
F-38	<---	Supervisor	,924	,047	19,610	***
F-47	<---	Top Management/the organisation	,679	,033	20,842	***
F-46	<---	Top Management/the organisation	,738	,039	18,762	***
F-45	<---	Top Management/the organisation	,783	,030	25,675	***
F-44	<---	Top Management/the organisation	,965	,031	31,425	***
F-43	<---	Top Management/the organisation	,976	,029	33,699	***
F-42	<---	Top Management/the organisation	,737	,053	13,963	***
F-41	<---	Top Management/the organisation	,879	,054	16,379	***
F-40	<---	Top Management/the organisation	,811	,026	30,895	***
F-39	<---	Top Management/the organisation	1,000			
F-50	<---	Maintaining trust	1,000			
F-51	<---	Maintaining trust	,729	,015	48,586	***
F-52	<---	Maintaining trust	,603	,016	37,701	***

**TABLE 9.23:** Unstandardised regression weights (Model 2) (Contd.)

			Estimate	S.E.	C.R.	P
F-19	<---	Trust repair	,095	,032	2,950	,003
F-19	<---	Maintaining trust	,055	,043	1,282	,200
F-53	<---	Training in trust awareness	1,000			
F-54	<---	Training in trust awareness	,316	,027	11,852	***
F-19	<---	F-55	-,020	,059	-,336	,737
F-48	<---	Trust repair	1,000			
F-49	<---	Trust repair	,299	,021	14,001	***
F-10	<---	Drivers of trust	1,000			
F-11	<---	Drivers of trust	1,038	,041	25,230	***
F-12	<---	Drivers of trust	,882	,050	17,690	***
F-13	<---	Drivers of trust	,890	,043	20,516	***
F-14	<---	Drivers of trust	,840	,046	18,154	***

The related standardised regression weights for Model 2 are indicated in Table 9.24.

**TABLE 9.24:** Standardised regression weight (Model 2)

			Estimate
Builders of trust	<---	F-1	,083
Builders of trust	<---	Individual Propensity to trust	,902
Builders of trust	<---	Training in trust awareness	,030
Challenges regarding trust	<---	Builders of trust	,834
Destroyers (busters) of trust	<---	Builders of trust	-,373
Drivers of trust	<---	Builders of trust	,927
Drivers of trust	<---	Destroyers (busters) of trust	-,085
Drivers of trust	<---	Challenges regarding trust	-,034
F-55	<---	Drivers of trust	,025
Maintaining trust	<---	F-55	,501
Trust repair	<---	F-55	,707
F-9	<---	Builders of trust	,772
F-8	<---	Builders of trust	,832
F-7	<---	Builders of trust	,824
F-6	<---	Builders of trust	,885
F-17	<---	Destroyers (busters) of trust	,532
F-5	<---	Challenges regarding trust	,626
F-4	<---	Challenges regarding trust	,834
F-3	<---	Challenges regarding trust	,824
F-2	<---	Challenges regarding trust	,805
F-16	<---	Destroyers (busters) of trust	1,159
F-20	<---	Individual Propensity to trust	,707
F-21	<---	Individual Propensity to trust	,104
F-27	<---	Co-workers/team members	,652
F-29	<---	Co-workers/team members	,682
F-30	<---	Co-workers/team members	,599
F-31	<---	Supervisor	,857
F-32	<---	Supervisor	,777
F-33	<---	Supervisor	,797
F-34	<---	Supervisor	,841
F-35	<---	Supervisor	,571
F-36	<---	Supervisor	,856
F-37	<---	Supervisor	,716
F-38	<---	Supervisor	,789
F-47	<---	Top Management/the organisation	,759
F-46	<---	Top Management/the organisation	,717
F-45	<---	Top Management/the organisation	,836
F-44	<---	Top Management/the organisation	,901
F-43	<---	Top Management/the organisation	,920
F-42	<---	Top Management/the organisation	,594
F-41	<---	Top Management/the organisation	,660
F-40	<---	Top Management/the organisation	,896
F-39	<---	Top Management/the organisation	,894
F-50	<---	Maintaining trust	,944
F-51	<---	Maintaining trust	,976
F-52	<---	Maintaining trust	,923

**TABLE 9.24:** Standardised regression weight (Model 2) (Contd.)

			Estimate
F-19	<---	Trust repair	,155
F-19	<---	Maintaining trust	,074
F-53	<---	Training in trust awareness	1,485
F-54	<---	Training in trust awareness	,491
F-19	<---	F-55	-,023
F-48	<---	Trust repair	1,120
F-49	<---	Trust repair	,550
F-10	<---	Drivers of trust	,854
F-11	<---	Drivers of trust	,913
F-12	<---	Drivers of trust	,740
F-13	<---	Drivers of trust	,813
F-14	<---	Drivers of trust	,753

### Interpretation

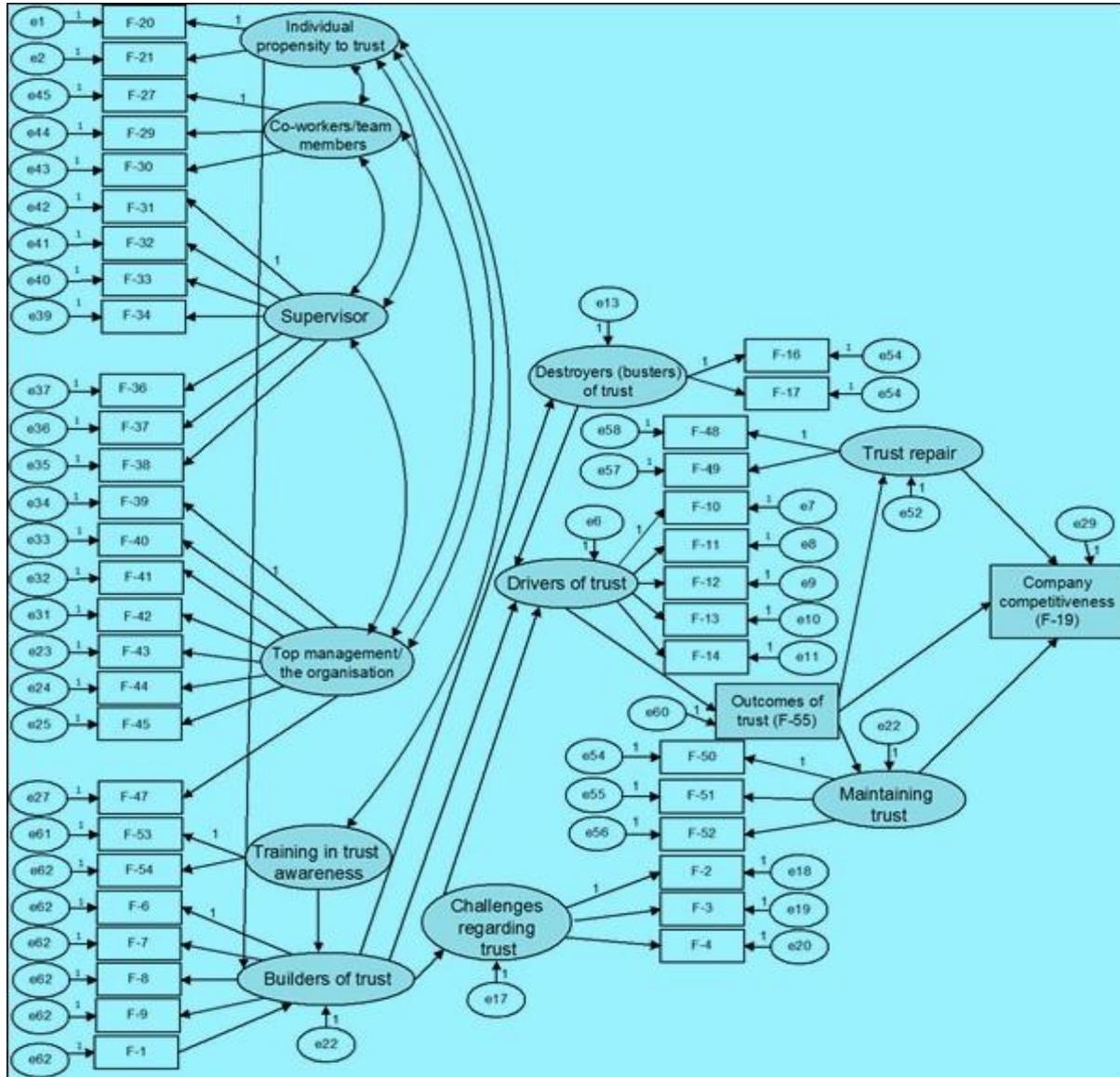
From Table 9.23, it became clear that individual structural paths were statistically significant ( $p < 0.05$ ) as they have critical ratio (C.R.) values greater than 1.96 with the exception of five paths, namely: Training in trust awareness to Builders of trust, Challenges regarding trust to Drivers of trust, Drivers of trust to Trust outcomes (F-55), Maintaining trust to Company competitiveness (F-19), and Trust outcomes (F-55) to Company competitiveness (F-19). As the non-statistical significance can never be the only consideration for deletion, a decision was made to maintain the five paths in the model based on their theoretical importance.

The goodness-of-fit indices indicated in Table 9.22 showed that there was no improvement in model fit, indicating that Model 2 is not adequate, however, the closeness of the fit indices to the threshold, points to the fact that the model has merit. In reviewing the foregoing criteria in terms of their optimal values, it appears that Model 2 requires further improvement. To assist this process, three model improvement options were considered. It was decided to delete three factors, namely: F-5, F-35 and F-46, as the reliability analysis indicated that the deletion of these factors resulted in a higher Cronbach's Alpha value of their respective latent factors. To refine the model further, a third full structural model was developed. This model (Model 3) will be discussed in the following section.

### 9.3.2.4.3 Third full structural model (Model 3)

Model 3, which is an improvement over Model 2, is indicated in Figure 9.13.

**FIGURE 9.13:** Third full structural model (Model 3)



Goodness-of-fit indices for the third full structural model (Model 3) are indicated in Table 9.25.

**TABLE 9.25:** Goodness-of-fit indices of the revised full model (Model 3)

Model	CMIN/DF	IFI	TLI	CFI	RMSEA
Goodness-of-fit indices (Model 1)	4.444	0.678	0.659	0.677	0.092
Goodness-of-fit indices (Model 2)	4.432	0.678	0.660	0.677	0.092
Goodness-of-fit indices (Model 3)	4.562	0.688	0.669	0.686	0.094
Acceptable Threshold Levels	<3	>0.90	>0.90	>0.90	<0.08

Unstandardised and standardised regression weights for Model 3 are provided in Tables 9.26 and 9.27 for comparative purpose.

The unstandardised regression weights and associated test statistics for the estimated model appear in Table 9.26.

**TABLE 9.26:** Unstandardised regression weights (Model 3)

			Estimate	S.E.	C.R.	P
Builders of trust	<---	F-1	,133	,052	2,571	,010
Builders of trust	<---	Individual Propensity to trust	,750	,044	16,892	***
Builders of trust	<---	Training in trust awareness	,025	,025	,994	,320
Challenges regarding trust	<---	Builders of trust	,742	,052	14,397	***
Destroyers (busters) of trust	<---	Builders of trust	-,486	,055	-8,793	***
Drivers of trust	<---	Builders of trust	,886	,075	11,797	***
Drivers of trust	<---	Destroyers (busters) of trust	-,062	,018	-3,452	***
Drivers of trust	<---	Challenges regarding trust	-,038	,069	-,553	,580
F-55	<---	Drivers of trust	,032	,065	,501	,616
Maintaining trust	<---	F-55	,579	,051	11,269	***
Trust repair	<---	F-55	1,000			
F-9	<---	Builders of trust	1,000			
F-8	<---	Builders of trust	,679	,037	18,383	***
F-7	<---	Builders of trust	,835	,046	18,190	***
F-6	<---	Builders of trust	1,099	,056	19,801	***
F-17	<---	Destroyers (busters) of trust	,381	,033	11,449	***
F-4	<---	Challenges regarding trust	1,004	,055	18,357	***
F-3	<---	Challenges regarding trust	,921	,052	17,662	***
F-2	<---	Challenges regarding trust	1,000			
F-16	<---	Destroyers (busters) of trust	1,000			
F-20	<---	Individual Propensity to trust	1,000			
F-21	<---	Individual Propensity to trust	,102	,053	1,929	,054
F-27	<---	Co-workers/team members	1,000			
F-29	<---	Co-workers/team members	1,214	,117	10,412	***
F-30	<---	Co-workers/team members	1,067	,112	9,502	***
F-31	<---	Supervisor	1,000			
F-32	<---	Supervisor	,738	,038	19,353	***
F-33	<---	Supervisor	,925	,046	20,307	***
F-34	<---	Supervisor	1,079	,049	22,207	***
F-36	<---	Supervisor	1,043	,048	21,849	***
F-37	<---	Supervisor	,882	,052	16,810	***
F-38	<---	Supervisor	,923	,047	19,781	***
F-47	<---	Top Management/the organisation	,655	,033	19,768	***
F-45	<---	Top Management/the organisation	,789	,030	26,002	***
F-44	<---	Top Management/the organisation	,960	,031	31,156	***
F-43	<---	Top Management/the organisation	,980	,029	34,027	***
F-42	<---	Top Management/the organisation	,741	,053	14,017	***
F-41	<---	Top Management/the organisation	,884	,054	16,453	***
F-40	<---	Top Management/the organisation	,814	,026	31,169	***
F-39	<---	Top Management/the organisation	1,000			
F-50	<---	Maintaining trust	1,000			
F-51	<---	Maintaining trust	,729	,015	48,586	***
F-52	<---	Maintaining trust	,603	,016	37,701	***
F-19	<---	Trust repair	,095	,032	2,950	,003
F-19	<---	Maintaining trust	,055	,043	1,282	,200
F-53	<---	Training in trust awareness	1,000			
F-54	<---	Training in trust awareness	,316	,027	11,851	***
F-19	<---	F-55	-,020	,059	-,336	,737
F-48	<---	Trust repair	1,000			
F-49	<---	Trust repair	,299	,021	14,001	***
F-10	<---	Drivers of trust	1,000			
F-11	<---	Drivers of trust	1,038	,041	25,257	***
F-12	<---	Drivers of trust	,882	,050	17,723	***
F-13	<---	Drivers of trust	,891	,043	20,569	***
F-14	<---	Drivers of trust	,841	,046	18,209	***

The related standardised regression weights for Model 3 are indicated in Table 9.27.

**TABLE 9.27:** Standardised regression weights (Model 3)

			Estimate
Builders of trust	<---	F-1	,083
Builders of trust	<---	Individual Propensity to trust	,906
Builders of trust	<---	Training in trust awareness	,030
Challenges regarding trust	<---	Builders of trust	,833
Destroyers (busters) of trust	<---	Builders of trust	-,373
Drivers of trust	<---	Builders of trust	,928
Drivers of trust	<---	Destroyers (busters) of trust	-,085
Drivers of trust	<---	Challenges regarding trust	-,035
F-55	<---	Drivers of trust	,026
Maintaining trust	<---	F-55	,501
Trust repair	<---	F-55	,707
F-9	<---	Builders of trust	,773
F-8	<---	Builders of trust	,834
F-7	<---	Builders of trust	,827
F-6	<---	Builders of trust	,884
F-17	<---	Destroyers (busters) of trust	,533
F-4	<---	Challenges regarding trust	,846
F-3	<---	Challenges regarding trust	,817
F-2	<---	Challenges regarding trust	,802
F-16	<---	Destroyers (busters) of trust	1,158
F-20	<---	Individual Propensity to trust	,707
F-21	<---	Individual Propensity to trust	,102
F-27	<---	Co-workers/team members	,651
F-29	<---	Co-workers/team members	,681
F-30	<---	Co-workers/team members	,598
F-31	<---	Supervisor	,861
F-32	<---	Supervisor	,780
F-33	<---	Supervisor	,804
F-34	<---	Supervisor	,846
F-36	<---	Supervisor	,839
F-37	<---	Supervisor	,712
F-38	<---	Supervisor	,791
F-47	<---	Top Management/the organisation	,738
F-45	<---	Top Management/the organisation	,841
F-44	<---	Top Management/the organisation	,898
F-43	<---	Top Management/the organisation	,923
F-42	<---	Top Management/the organisation	,595
F-41	<---	Top Management/the organisation	,662
F-40	<---	Top Management/the organisation	,898
F-39	<---	Top Management/the organisation	,895
F-50	<---	Maintaining trust	,944
F-51	<---	Maintaining trust	,976
F-52	<---	Maintaining trust	,923

**TABLE 9.27:** Standardised regression weights (Model 3) (Contd.)

			Estimate
F-19	<---	Trust repair	,155
F-19	<---	Maintaining trust	,074
F-53	<---	Training in trust awareness	1,485
F-54	<---	Training in trust awareness	,491
F-19	<---	F-55	-,023
F-48	<---	Trust repair	1,120
F-49	<---	Trust repair	,550
F-10	<---	Drivers of trust	,854
F-11	<---	Drivers of trust	,913
F-12	<---	Drivers of trust	,741
F-13	<---	Drivers of trust	,814
F-14	<---	Drivers of trust	,754

### Interpretation

The results in Table 9.26 indicated that individual structural paths were statistically significant ( $p < 0.05$ ) except for six paths, namely: Training in trust awareness to Builders of trust, Challenges regarding trust to Drivers of trust, Drivers of trust to Trust outcomes (F-55), Individual propensity to trust to Employee distrust in others (F-21), Maintaining trust to Company competitiveness (F-19), and Trust outcomes (F-55) to Company competitiveness (F-19). As indicated earlier, the non-statistical significance cannot be the only consideration for deletion, and thus, a decision was made to maintain the six paths in the model based on their theoretical relevance.

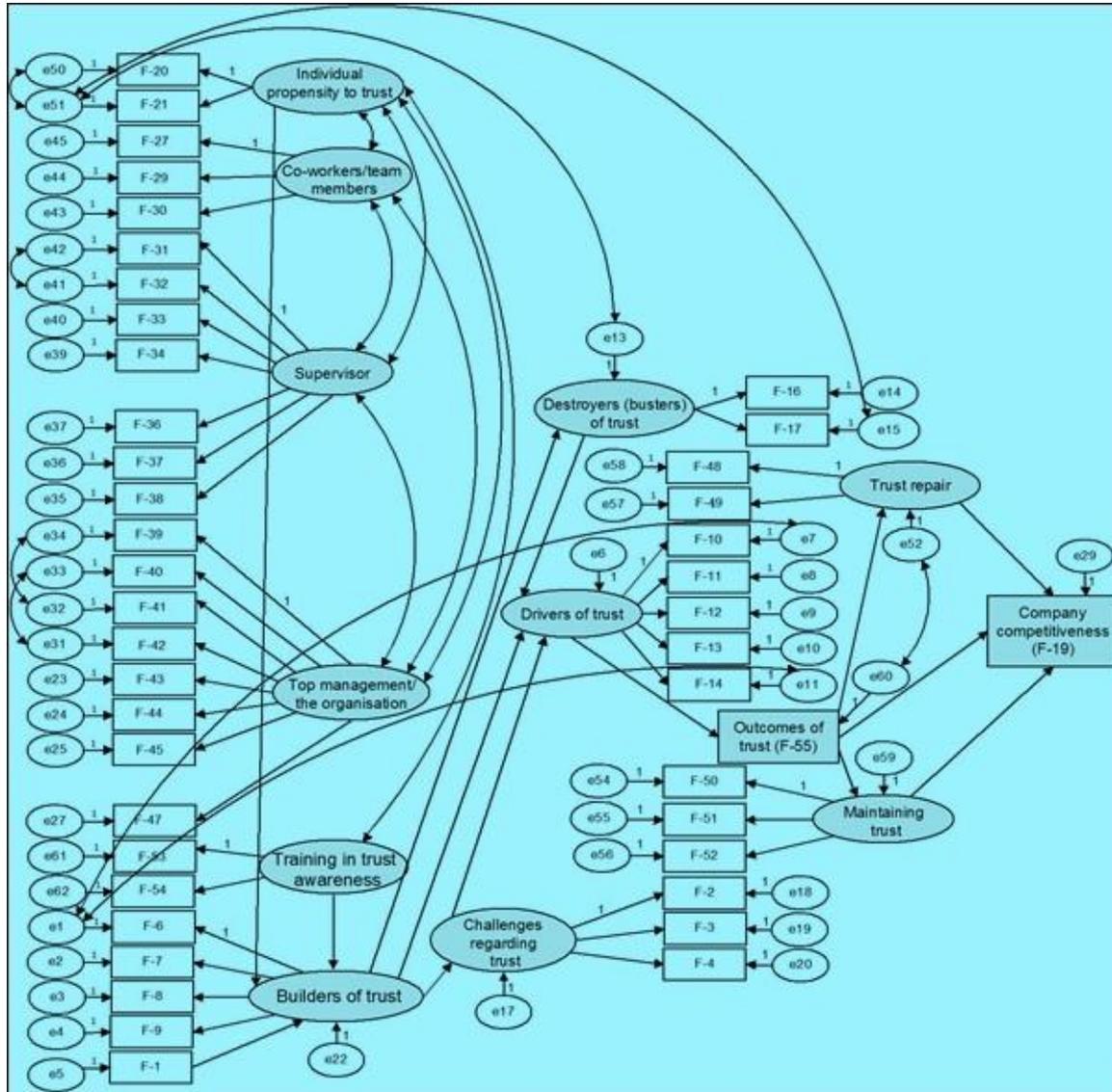
As indicated in Table 9.25, there was evidence of improvement from Model 2 with respect to IFI (0.678 versus 0.688), TLI (0.660 versus 0.669) and CFI (0.677 versus 0.686). It was however obvious that both CMIN/DF (4.432 versus 4.562) and RMSEA (0.092 versus 0.094) were a bit worse. Consequently, it was noted that Model 3 was also not adequate and requires further improvement. It is still important to note that the closeness of some of the fit indices to the thresholds is indicative of the fact that the model has merit. As mentioned earlier in this section, potential improvements on a model can also be considered by studying the modification indices for potential additional covariances, with the condition that these need to be theoretically justified. This was applied on Model 3, and based on the modification indices, nine covariances were added.

The fourth and final full structural model (Model 4) will be discussed next.

### 9.3.2.4.4 Fourth and final full structural model (Model 4)

Model 4 is an improvement over Model 3, and is indicated in Figure 9.14.

FIGURE 9.14: Fourth and final full structural model (Model 4)



The goodness-of-fit indices for Model 4 are indicated in Table 9.28.

TABLE 9.28: Goodness-of-fit indices (Model 4)

Model	CMIN/DF	IFI	TLI	CFI	RMSEA
Goodness-of-fit indices (Model 1)	4.444	0.678	0.659	0.677	0.092
Goodness-of-fit indices (Model 2)	4.432	0.678	0.660	0.677	0.092
Goodness-of-fit indices (Model 3)	4.562	0.688	0.669	0.686	0.094
Goodness-of-fit indices (Model 4)	3.728	0.764	0.746	0.762	0.082
Acceptable Threshold Levels	<3	>0.90	>0.90	>0.90	<0.08

Unstandardised and standardised regression weights, and covariance and correlation estimates for the final full structural model (Model 4) are provided in Tables 9.29 and 9.30 for comparative purpose.

The unstandardised regression weights and associated test statistics for Model 4 appear in Table 9.29.

**TABLE 9.29:** Unstandardised regression weights (Model 4)

			Estimate	S.E.	C.R.	P
Builders of trust	<---	F-1	,148	,053	2,812	,005
Builders of trust	<---	Individual Propensity to trust	,735	,044	16,554	***
Builders of trust	<---	Training in trust awareness	,007	,023	,323	,747
Challenges regarding trust	<---	Builders of trust	,721	,051	14,073	***
Destroyers (busters) of trust	<---	Builders of trust	-,480	,056	-8,577	***
Drivers of trust	<---	Builders of trust	,814	,070	11,690	***
Drivers of trust	<---	Destroyers (busters) of trust	-,066	,018	-3,649	***
Drivers of trust	<---	Challenges regarding trust	,006	,063	,103	,918
F-55	<---	Drivers of trust	,147	,040	3,693	***
Maintaining trust	<---	F-55	,579	,051	11,334	***
Trust repair	<---	F-55	1,000			
F-19	<---	Trust repair	,150	,069	2,183	,029
F-19	<---	Maintaining trust	,045	,043	1,049	,294
F-19	<---	F-55	-,089	,051	-1,755	,079

The related standardised regression weights for Model 4 are indicated in Table 9.30.

**TABLE 9.30:** Standardised regression weights (Model 4)

			Estimate
Builders of trust	<---	F-1	,093
Builders of trust	<---	Individual Propensity to trust	,894
Builders of trust	<---	Training in trust awareness	,009
Challenges regarding trust	<---	Builders of trust	,815
Destroyers (busters) of trust	<---	Builders of trust	-,368
Drivers of trust	<---	Builders of trust	,883
Drivers of trust	<---	Destroyers (busters) of trust	-,093
Drivers of trust	<---	Challenges regarding trust	,006
F-55	<---	Drivers of trust	,111
Maintaining trust	<---	F-55	,504
Trust repair	<---	F-55	1,564
F-19	<---	Trust repair	,113
F-19	<---	Maintaining trust	,061
F-19	<---	F-55	-,105

### Interpretation

From Table 9.29, it is clear that from the 14 main paths 10 are found to be statistically significant ( $p < 0.05$ ). These paths reflect the impact of:

- a) Trust characteristics and Individual propensity to trust on Builders of trust;
- b) Builders of trust on Challenges regarding trust, Destroyers (busters) of trust, and Drivers of trust;

- c) Destroyers (busters) of trust on Drivers of trust;
- d) Drivers of trust on Trust outcomes (F-55);
- e) Trust outcomes (F-55) on Maintaining trust and Trust repair; and
- f) Trust repair on Company competitiveness (F-19).

Four paths, however, i.e. Training in trust awareness on Builders of trust; Challenges regarding trust to Drivers of trust; Maintaining trust to Company competitiveness (F-19); and Trust outcomes (F-55) to Company competitiveness (F-19) are not statistically significant. As was the case with the earlier paths, a decision was made to maintain the four paths in the model based on their theoretical relevance as the non-statistical significance cannot be the only consideration for deletion of the paths.

From Table 9.28, it is important to note that there was evidence of improvement from Model 3 with respect to the fit indices, namely: CMIN/DF (4.562 versus 3.728), IFI (0.688 versus 0.764), TLI (0.669 versus 0.746), CFI (0.686 versus 0.762) and RMSEA (0.094 versus 0.082). It would thus appear that Model 4 has improved model fit, but not adequate fit.

As no additional non-statistically significant paths were observed, and the use of additional large modification indices did not significantly improve the model, or could not be theoretically justified, the full model depicted in Figure 9.14 is considered to be the final model. It must be noted that this measurement and structural model has not been conceptually stated and tested before the current research. The closeness of the fit indices to the acceptable threshold values, however, are indicative of a very promising model in the field of trust research. Consequently, Model 4 was considered to represent the final better-fitting and theoretically consistent model to represent the data.

Since the key for doing the modelling was to determine the nature and size of the relationship between the latent factors, discussion on the standardised regression weights as indicated in Table 9.30 is crucial. This will receive attention next.

The statistically significant, very strong, positive relationship ( $\beta=1.564$ ) revealed between Trust outcomes (F-55) and Trust repair, could reflect the fact that as a result of a strong trust outcome, such as a more positive attitude among the staff existing within an organisation, individuals will tend to engage themselves with trust

repairing actions and behaviours, when their trust has been broken. This view is also shared by Lewicki and Brinsfield (2017) as well as Reina and Reina (2015). High levels of trust outcomes are thus related to high levels of trust repair actions and behaviours.

The statistically significant, very strong, positive relationship ( $\beta=0.894$ ) indicated between Individual propensity to trust and Builders of trust could show that as individual propensity to trust other people increases, the trust builder behaviours and performances (for example, willingness to share knowledge) that will help the trustee to become more trustworthy tend to increase. Trust is developed through a dynamic cycle comprising the trustor's perception of trustee characteristics (which include the behaviours and actions that build trust) and their own propensity to trust (Ashleigh *et al* 2012; Costa *et al* 2017; Mayer *et al* 1995). High levels of individual propensity to trust therefore relate to high levels of builders of trust.

The statistically significant, very strong, positive relationship ( $\beta=0.883$ ) revealed between Builders of trust and Drivers of trust appears to reflect the fact that the presence of strong and stable drivers can pave the way for trust builder behaviours and practices to prevail. According to Shockley-Zalabak *et al* (2010), positive evaluations of trust drivers can result in high trust, while negative evaluations can result in low trust within organisations. It is important to note that the builders of trust can determine the high or low trust situations within the organisation. High levels of drivers of trust are thus related to high levels of builders of trust.

The statistically significant, very strong, positive relationship ( $\beta=0.815$ ) revealed between Builders of trust and Challenges regarding trust could indicate the fact that when the trust building behaviours and practices are put in place within an organisation, the top management will get opportunities to regularly monitor a number of internal and external organisational aspects, such as the external environment and organisational strategies (Challenges regarding trust). According to Shockley-Zalabak *et al* (2010), leaders need to regularly evaluate trust builder behaviours with the challenges facing the organisation and take responsibility for the trust building effort regarding the alignment of strategies, structures, policies and practises (challenges to trust) within the overall goals and purposes of the organisation.

The statistically significant strong positive relationship ( $\beta=0.504$ ) revealed between Trust outcomes (F-55) and Maintaining trust could reflect the fact that the existence of healthy trust relationships within organisations can lead to a number of positive outcomes for the organisation which, in turn, motivates employees to maintain the existing high levels of trust within the organisation. Shockley-Zalabak *et al* (2010:61) state that maintaining “low trust or outright distrust contributes to...a host of dysfunctional outcomes”. Thus, higher levels of trust outcomes are related to higher levels of maintaining trust.

The statistically significant weak negative relationship ( $\beta=-0.368$ ) indicated between Builders of trust and Destroyers (busters) of trust could reflect the fact that as trust builder behaviours and practises prevail within an organisation, the behaviours and practises that would bust trust will tend to decrease. Blanchard *et al* (2013) are of the opinion that as the behaviours that can build trust increase within an organisation, the behaviours that can bust trust will tend to decrease. Higher levels of Builders of trust are therefore related to lower levels of Destroyers (busters) of trust.

The statistically significant very weak positive relationship ( $\beta=0.113$ ) indicated between Trust repair and Company competitiveness (F-19) could reflect the fact that when a company’s capability to repair the trust that has been broken internally or externally increases, all business relationships with the internal (employees) and external parties (customers, suppliers, competitors and regulators) will be taken care of. Maintaining good business relationships can help the company surpass its goals and increase its competitiveness. Reina and Reina (2015: vii) state that “business is conducted through relationships and trust is the foundation of effective relationships”. Thus, higher levels of Trust repair are associated with higher levels of Company competitiveness.

The statistically significant weak positive relationship ( $\beta=0.111$ ) indicated between Drivers of trust and Trust outcomes (F-55) could reflect the fact that when strong and stable drivers of trust are put in place within an organisation, a suitable environment for building trust can be created, and subsequently, the organisation can realise the resulting positive outcomes. In line with this view, Shockley-Zalabak *et al* (2010) suggest that trust drivers, such as for example, openness and honesty contribute to

tangible positive outcomes. Higher levels of the drivers of trust are therefore related to higher levels of positive trust outcomes.

The statistically significant, very weak, positive relationship ( $\beta=0.093$ ) revealed between Trust characteristics and Builders of trust could reflect the fact that as an employee's understanding of the characteristics of trust increases, their trust building behaviours and actions tend to increase. According to Shockley-Zalabak and Ellis (2006), any plan for trust building requires the consideration of trust characteristics. Higher levels of understanding of trust characteristics are therefore related to higher levels of trust builders.

The statistically significant very weak negative relationship ( $\beta=-0.093$ ) revealed between Destroyers (busters) of trust and Drivers of trust appears to reflect the fact that as the trust busters that can cause trouble relating to the trustworthiness of the individual or organisation increases, the trust drivers appear to decrease. Negative evaluations of trust drivers result in a low trust situation within an organisation (Shockley-Zalabak *et al* 2010). It is important to note that the low trust situation can be due to the prevalence of destroyers (busters) of trust indicating the negative relationship between destroyers (busters) of trust and Drivers of trust. Higher levels of destroyers (busters) of trust are therefore related to lower levels of trust drivers.

As indicated in Table 9.30, the paths from Trust outcomes (F-55) to Company competitiveness (F-19) ( $\beta=-0.105$ ), from Maintaining trust to Company competitiveness (F-19) ( $\beta=0.061$ ), from Training in trust awareness to Builders of trust ( $\beta=0.009$ ), and from Challenges regarding trust to Drivers of trust ( $\beta=0.006$ ) indicated statistically non-significant relationship. Since these relationships have substantive meaningfulness, a decision is made to retain the latent factors in the proposed model.

In the model modification process, the inclusion of the covariance between error terms needs theoretical justification, in addition to the statistical criteria (Byrne 2010). Thus, the theoretical justification for the covariances added between the error terms in Model 4 are discussed next.

### 9.3.2.4.5 Discussion of the covariances between error terms in the final full structural model (Model 4)

The covariance and correlation estimates relating to the final full structural model (Model 4) are shown in Table 9.31.

**TABLE 9.31:** Covariance and correlation estimates (Model 4)

			Estimat	S.E.	C.R.	P
<b>Covariances</b>						
Individual Propensity to trust	<-->	Co-workers/team members	,304	,029	10,489	***
Individual Propensity to trust	<-->	Supervisor	,499	,033	15,152	***
Individual Propensity to trust	<-->	Top Management/the organisation	,806	,026	30,828	***
Co-workers/team members	<-->	Supervisor	,197	,022	9,020	***
Co-workers/team members	<-->	Top Management/the organisation	,263	,026	9,967	***
Supervisor	<-->	Top Management/the organisation	,498	,030	16,404	***
Training in trust awareness	<-->	Individual Propensity to trust	-,042	,031	-1,333	,183
e52	<-->	e60	-,799	,025	-31,477	***
e15	<-->	e51	,187	,023	8,002	***
e32	<-->	e34	,541	,023	23,518	***
e51	<-->	e50	,625	,026	23,799	***
e51	<-->	e13	,246	,033	7,540	***
e41	<-->	e42	,068	,012	5,827	***
e31	<-->	e33	,411	,020	20,842	***
e1	<-->	e7	,069	,015	4,542	***
e1	<-->	e11	-,077	,016	-4,885	***
<b>Correlations</b>						
Individual Propensity to trust	<-->	Co-workers/team members	,756			
Individual Propensity to trust	<-->	Supervisor	,762			
Individual Propensity to trust	<-->	Top Management/the organisation	,806			
Co-workers/team members	<-->	Supervisor	,746			
Co-workers/team members	<-->	Top Management/the organisation	,652			
Supervisor	<-->	Top Management/the organisation	,760			
Training in trust awareness	<-->	Individual Propensity to trust	-,042			
e52	<-->	e60	-,799			
e15	<-->	e51	,283			
e32	<-->	e34	,777			
e51	<-->	e50	,625			
e51	<-->	e13	,246			
e41	<-->	e42	,366			
e31	<-->	e33	,738			
e1	<-->	e7	,291			
e1	<-->	e11	-,283			

An interpretation of the results contained in Table 9.31 follows next.

#### Interpretation

The statistically significant negative covariance between e52, the error term for Trust repair (represented by F-48 and F-49), and e60, the error term for Outcomes of trust (represented by F-55) appears to be theoretically justified. This is because positive outcomes of trust are primarily achieved when there are healthy trust relationships between co-workers/team members, supervisors, and top management/the organisation (Costa *et al* 2017). Trust repair will be in order when there is a

perception that a relationship is in trouble, and as a result, the potential for positive trust outcomes decreases (Lewicki & Brinsfield 2017; Lewicki & Bunker 1996; Shockley Zalabak 2010). It is thus clear that the need for trust repair tends to decrease with better (higher) trust outcomes. Therefore, it would appear that they share variance.

The statistically significant positive covariance between  $e15$ , the error term for Employee disloyalty (F-17), and  $e51$ , the error term for Employee distrust in others (F-21) appears to be theoretically justified. Shockley-Zalabak *et al* (2010) are of the opinion that distrust breeds destructive behaviours such as having hidden agendas, dishonesty, and gossiping (which can be referred to as Employee disloyalty) within organisations. This view is also shared by Kutsyuruba and Walker (2017). It would thus appear that increased employee distrust in others within an organisation can be associated with an increase in the intensity of employee disloyalty impacting on the trust relationship. Thus, it appears that they share variance.

The statistically significant positive covariance between  $e32$ , the error term for Top management/the organisation's fairness (F-41), and  $e34$ , the error term for Employee trust of top management/the organisation (F- 39) seems theoretically justified. According to Lind (2018), fair processes generally enhance trust in authorities and improve the level of acceptance of their decisions. Likewise, when employees perceive fairness within the organisation, their trust in top management/the organisation will tend to increase (Hess 2018; McLeary & Cruise 2015). Thus, it seems that they share variance.

The statistically significant positive covariance between  $e51$ , the error term for Employee distrust in others (F-21), and  $e50$ , the error term for General employee trust on others (F-20) appears to be theoretically justified. It is worth noting that sometimes the conditions of high trust and high distrust conditions can simultaneously occur within an organisation as the trustor has reason to be highly confident in the trustee in some respects, and has reasons to be strongly wary and suspicious in other respects (Kutsyuruba & Walker 2017; Lewicki *et al* 1998). In this respect, it would appear that they share variance.

The statistically significant positive covariance between  $e51$ , the error term for Employee distrust in others (F-21), and  $e13$ , the error term for Destroyers (buster) of

trust (F-16 and F-17) appears to be theoretically justified. In an organisation where destroyers of trust (busters) are prevalent, employees would develop distrust in other people in the workplace. This view is also shared by Blanchard *et al* (2013) and Kutsyuruba & Walker (2017). Thus, it appears that they share variance.

The statistically significant positive covariance between  $e_{41}$ , the error term for Supervisor's integrity (F-32), and  $e_{42}$ , the error term for Employee trust in supervisor (F-31) appears to be theoretically justified as the integrity of the supervisor increases, employee trust in the supervisor will tend to increase. This view is also shared by Poon *et al* (2006) as well as Knoll and Gill (2011). Thus, it would appear that they share variance.

The statistically significant positive covariance between  $e_{31}$ , the error term for Top management/the organisation's competency (F-42), and  $e_{33}$ , the error term for Top management/the organisation's integrity (F-40) appears to be theoretically justified. A competent top management/organisation, may also demonstrate integrity (Mayer *et al* 1995). This view is also shared by Knoll and Gill (2011). It is thus fair to say that they share variance.

The statistically significant positive covariance between  $e_1$ , the error term for Employee understanding (F-6), and  $e_7$ , the error term for Employee recognition (F-10) appears to be theoretically justified. An increase in employee recognition seems to result in increased employee understanding, and vice versa. When employees are recognised and are given the opportunity, for example, to participate in goal-setting, their understanding of issues, that they would not normally have exposure to, will increase. This view is also shared by Armstrong (2011). Thus, it appears that they share variance.

The statistically significant negative covariance between  $e_1$ , the error term for Employee understanding (F-6), and  $e_{11}$ , the error term for Employee team cohesion (F-14) appears to be theoretically justified. In an organisation where employees understanding of the working procedures of the organisation is high, team members may become highly independent and the frequency of their interaction tends to decrease. As their interaction decreases, the cohesion which exists between the team members may tend to decrease. McShane and Von Glinow (2008) state that

the cohesiveness of a team increases when team members regularly interact with each other. Thus, it would appear that they share variance.

### **9.3.2.5 Summary**

In this section, the proposed model for trust management in organisations was tested by means of SEM technique using the data obtained from the banking sector in Ethiopia. Use was made of the 54 usable factors identified through the EFA as observed variables. To optimise the input to the final model, the first measurement model generated, was to test the *process of trust* (Model 1). The goodness-of-fit indices for Model 1 however indicated that an improvement on the model needed to be made. Thus, Model 2 was generated by deleting four factors from Model 1. Even though Model 2 indicated an improvement over Model 1, the model indicated an unacceptable fit. Since the use of large impact modification indices did not significantly improve the model, and the model was theoretically justified, it was decided not to make any further improvement on Model 2. However, before making the final decision in this regard, it was important to see whether the *process of trust* was a first or second order construct. The results however indicated that the second order model was not a better representing model. Thus, it was decided to use Model 2 in the process of testing the full model.

To test the full model, four full structural models were generated. The goodness-of-fit indices for each of the models indicated important improvements as the process proceeded. The results for the fourth full model tested (Model 4) indicated that there were no additional non-statistical paths. It was also clear from the results that the use of additional large modification indices did not significantly improve the model. A decision was finally made to consider Model 4 as the final better-fitting and theoretically consistent model to represent the data. It was also ensured that the covariances between the error terms included in Model 4 were theoretically justified as well as the standardised regression weights.

## **9.4 CHAPTER SUMMARY**

In this chapter, a detailed discussion of exploratory factor analysis (EFA) was conducted to determine the underlying factor structure of the data, thereby testing for construct validity and reliability. Through this process, 54 usable factors were

identified. A description of the factors identified in terms of their means, medians, standard deviations, skewness and kurtosis was also made. The inferential analysis, namely Pearson product-moment correlation was applied to the identified factors as well as to the sections and sub-sections of the measurement scales and statistically significant correlations were observed. SEM analysis was also performed in order to test the proposed model developed from newly defined constructs and factors. Consequently, as mentioned earlier, a better-fitting and theoretically consistent model was generated. By doing so, the trust management model designed in this study for organisations was validated.

In the next chapter, Chapter 10, the results of the empirical study will be integrated with the literature study.

## CHAPTER 10

### INTEGRATION OF THE RESULTS OF THE EMPIRICAL STUDY WITH THE LITERATURE STUDY

#### 10.1 INTRODUCTION

This chapter integrates the results of the empirical study with the literature study. In terms of the empirical study, the specific aims were as follows:

**Research aim 1:** To determine the scope and depth of trust management practices, as measured against the proposed trust management model, within the banking sector in Ethiopia, as manifested within the sample of respondents within the sector.

**Research aim 2:** To identify the barriers which might exist, regarding the application of trust management practices, within the banking sector in Ethiopia, as manifested within the sample of respondents within the sector.

The above two aims will form the basis for the discussion.

#### 10.2 RESEARCH AIM 1

The focus of research aim 1 was to determine the scope and depth of trust management practises, as measured against the proposed trust management model, within the banking sector in Ethiopia.

##### 10.2.1 Step 1 of the explanatory framework/building blocks for the proposed trust management model

Being able to monitor important challenges which can have an impact on the trust process within the banks is important. Typical aspects which can play a role in this regard internally in the organisation include: maintaining the trust levels of the staff, the staff turnover, the culture within the banks, making sure that the bank's policies/practices and procedures are still relevant, and maintaining for example, the complaints and grievances procedures. Besides these aspects, it is also important to look at the external environment of the organisation to identify changes in, for example, technology, threats posed by competitors and other global changes that can have an impact on the effectiveness of the banks through possible repercussions on the trust levels within the banks.

The results indicate that there is a tendency amongst the respondents to agree with these aspects. However, the tendency is not very strong. The strongest focus appears to be on two aspects, namely: the external environment and the organisation strategies, while some internal aspects such as the turnover of staff, plan for improving trust, improving communication within the bank, monitoring the culture of the bank are of a somewhat weaker nature. These can be seen as limitations within the banks. Gillespie and Dietz (2009) are of the opinion that management needs to duly consider a range of internal and external components relevant to the organisation that can send signals about benevolence, integrity and ability of the organisation and its trustworthiness as well as the consequent decision to trust. The results for these aspects of Step 1 of the explanatory framework/building blocks are not surprising however as the Ethiopian banks have been operating within a closed environment for many years (see Chapter 2) without any international exposure. As the country may open up its banking sector to the international community, the banks need to look properly at the external environment as well as the impact it will have on their organisational strategies. The results indicate this trend at present. However, the banks also need to look at their internal environment as the one can have an impact on the other. This appears from the results to take place but at a rather weak level at present and will impact negatively on the banks if not strengthened in the future.

Lastly, related to this aspect in Step 1 is the employees understanding of what the trust concept means. The results indicate that the respondents have a tendency to strongly agree that the characteristics of the trust concept include that trust is multi-levelled, culturally rooted, communication based, dynamic and multidimensional. This is a positive result in respect of the workforce within the banks. According to Paine (2013) and Shockley-Zalabak and Ellis (2006), the consideration of these characteristics of trust is very important to test the progress of specific trust development plans. Thus, the respondents' good understanding of the characteristics of trust indicates the existence of a fertile ground for the building and maintenance of trust within the banks.

It is clear from the foregoing that Step 1 of the explanatory framework/building blocks for the proposed trust management model is an important foundation on which to build a healthy trust environment.

### **10.2.2 Step 2 of the explanatory framework/building blocks for the proposed trust management model**

For trust to become a reality and thus part of the organisational culture, so-called trust drivers need to be present within the organisation. Examples can include: the majority of employees feel secure in their positions, the majority of employees are treated fairly, the majority of employees are offered a sense of ownership in the goals and missions of the organisation, the majority of the employees understand how their work directly contributes to the overall success of the organisation, the contributions of the majority of the employees are valued, the majority of employees are encouraged to take action when they see a problem, teamwork is practiced, and the majority of employees receive constructive feedback.

The results indicate that there is a tendency amongst the respondents, as far as the majority of trust drivers are concerned (seventeen items), to remain neutral, indicating that they have no opinion, while in the case of the remaining thirteen items the respondents appear to have a tendency to only agree, thus not to strongly agree. This situation is likely to limit the development of trust within the banks and thus the trust drivers need to be strengthened. This view is also supported by Working Families and Jacobs (2013) as well as UNUM (2013).

An area which can indicate problems relating to trust drivers within an organisation relates to staff turnover. It would appear that this has, over the last number of years, become a serious problem within the banks in Ethiopia with a turnover rate being between 8 - 12% per year (see Section 2.5.1 in Chapter 2). Thus, the present result in terms of the trust drivers can be seen as a reason for this phenomenon. Step 2 of the explanatory framework/building blocks for the proposed trust management model can thus be seen as one of the important building blocks in efforts to create a trust environment within banks.

### **10.2.3 Step 3 of the explanatory framework/building blocks for the proposed trust management model**

One of the important role-players within the trust process is the employee/manager, also known as the trustor. The perception of this employee with regard to trusting others is known, in the literature, as the propensity to trust. This aspect consists of two

components, namely: the view of the trustor regarding people in general, and his/her willingness to trust/take risks with specific groups of people. Typical aspects for the first component include: I have little faith in all people's promises, all people cannot be relied upon, all people let you down, and all people lie to get ahead. In the case of the second component, typical aspects include: depend on co-workers/immediate supervisor/top management to handle important issues on your behalf, and depend on the majority of co-workers/immediate supervisors/top management to back you up in difficult situations.

For the first component, the results indicate a tendency by the respondents to disagree/have a neutral opinion. This can be considered as a serious weakness within the banks in Ethiopia having a negative impact on their efforts to create a climate of trust with their banks. This result is not surprising as it is in line with the result for Ethiopia as published in the Trust Index (see Appendix A). As indicated by Alarcon *et al* (2018), Mayer *et al* (1995) as well as Robbins (2016), understanding the employees' propensity to trust will enable organisations to design policies and practices that will support the development of trusting relationships within the organisation. Training efforts in this area will have to be embarked upon to correct this situation (Chiu & Ng 2015).

For the second component, the results focused on three specific groups of employees, namely: the employees' co-workers/team members, the immediate supervisor and top management/the organisation. It is important at the initial level, where the employee finds himself/herself within the work environment to develop a good working relationship with his/her co-workers/team members. This can only be realised if there is a trusting relationship which exists between the parties. Thus, the employee needs to exhibit a willingness to trust/take risks with his/her co-workers/team members. This view is shared by Tan and Lim (2009). The results for this group of employees indicate a tendency by the respondents to agree with the items for this group, however the tendency is not very strong, i.e. strongly agree. This result is not surprising taking into account the view of the respondents earlier as it relates to their trust of people in general. This can be seen as a limitation within the workplace which can have a negative impact on the working relationship between the parties. It will obviously

impact negatively on the effectiveness and efficiency of the banks. Remedial action is necessary through training efforts to strengthen the trust between the parties.

In a hierarchical organisation such as banks, levels of authority exist. This normally manifests itself in positions such as immediate supervisor of the employee and ultimately in the top management of the organisation. For the immediate supervisor, it is necessary that a healthy working relationship exists between the person and the employees at the level below him/her. The results for the immediate supervisors of the respondents appear to indicate a tendency by them to agree with the items for this group however the tendency is not very strong. Again, as was the case with the co-workers/team members, this result is not surprising and also requires a training effort to improve the relationship between the parties.

An important role is played within the organisation by the top management group. This group is responsible for activities such as strategy formulation and implementation, policies and practices and creating a working culture amongst the employees (Williams 2011). It is thus essential that the employees have trust in this group regarding their actions (Hess 2018). The results for this group indicate a tendency by the respondents for the majority of the items (seven out of ten items), to have a neutral opinion and thus indicates a very weak perception by the respondents for this group. In comparison with the previous two groups, it appears to be the weakest. Although given the earlier background the result is not completely surprising, the intensity of the weakness however is of concern. If employees cannot trust or are not prepared to take risks with their top management, a serious break in confidence exists with all the relevant consequences. Thus, appropriate training interventions to address this situation is required.

It should be noted that the perception which employees hold regarding their willingness to trust/take risks with a party is important. It is ultimately with the individual where the trust relationship starts, and if problems are experienced here, remedial action is necessary, otherwise a healthy trust relationship within the organisation cannot develop.

It is clear from the foregoing that Step 3 of the explanatory framework/building blocks for the proposed trust management model is critical if organisations are to succeed in their efforts to build a healthy organisation with trust as its foundation.

#### **10.2.4 Step 4 of the explanatory framework/building blocks for the proposed trust management model**

For a high level of trust to thrive within the banks, a certain culture needs to be encouraged within the workplace. This can be realised through so-called builders of trust (Reina & Reina 2015). Examples include: there is an atmosphere for honest co-operation among the majority of employees, the majority of employees are willing to share knowledge, the majority of employees openly take responsibility for their mistakes, the majority of employees are treated fairly, the majority of employees are encouraged to take part in decision making, and the majority of employees behave consistently.

The results indicate that there is a tendency amongst the respondents as far as the majority of items are concerned (thirteen items), to agree with these items, however, the tendency is not very strong. While with the remaining nine items, there appears to be a tendency amongst the respondents not to have an opinion and thus remain neutral. This can be seen as a serious problem as the builders of trust appear to be weak. A number of interventions to address this challenge is required as the literature indicates that trust provides the conditions under which co-operation, higher performance and more positive perceptions and attitudes can be realised to the advantage of the employees as well as the organisation (Guinot & Chavi 2019; Tan & Lim 2009; Zak 2017). These results are not surprising at all when looking at the results of the previous step of the explanatory framework/building blocks for the proposed trust management model where the willingness to trust/take risks by the respondents in respect of co-workers/team members, the immediate supervisor and top management also appears to be weak. The importance of trust builders within the organisation cannot be ignored and thus the reason for this step in the explanatory framework/ building blocks for the proposed trust management model.

#### **10.2.5 Step 5 of the explanatory framework/building blocks for the proposed trust management model**

The second group of role-players within the trust process include: co-workers/team members, the immediate supervisor and top management/the organisation. According to the literature, these are known as the trustees. If the relationships between these groups and the employees are unhealthy, the trust process within the organisation will

fail and impact negatively on the organisation. A critical element in this relationship between the parties is the aspect of trustworthiness (Özer & Zheng 2019; Reiersen 2019). The results for each of these groups will be looked at separately.

As far as the results for the co-workers/team members' trustworthiness beliefs are concerned, four aspects were investigated, namely: benevolence (belief that your counterpart wants to do good), integrity (the adherence to a set of principles acceptable to the other party), competence (the other party's capabilities), and lastly, predictability (which relates to the consistency and regularity of behaviour).

For the component benevolence, the results indicate a tendency by the respondents for the majority of the items (five items) to be in agreement although not strongly, i.e. strong agreement. In the case of the remaining four items, the respondents appear to have a tendency to remain neutral and thus not to have an opinion. It is clear that a problem exists in respect of the belief that the other party wishes to do good. Thus, interventions are required to improve this situation. According to Blanchard *et al* (2013), these are part of the essential behaviours and practices that help the trustor/trustee in their relationships. The results are however not surprising when looking at the results for Step 3 as discussed earlier where there appears to be a problem concerning an employee's willingness to trust/take risks with co-workers/team members.

According to Schoorman *et al* (2007), integrity is one of the elements of the trustworthiness factors which influences the trustor's willingness to trust/take risks. The results for this component indicate that there is a tendency amongst the respondents to agree, although not strongly agree, with the items in this section. The result appears to be positive and surprising. The reasons, based on the earlier results, are not clear. A similar result has been found for the aspect relating to the competence of the co-workers/team members. This is positive. The final aspect in the group relates to predictability. The results indicate a tendency amongst the respondents in the case of three of the items to agree, while in the case of the remaining three items there is a tendency amongst the respondents to remain neutral. In the case of one of the three items, the result indicates a tendency by the respondents to disagree with the item which is however a positive result, as it appears that the respondents can predict what their co-workers/team members are likely to do. Overall, the results for the aspect of

predictability appear to be somewhat weak. This is not completely surprising as predictability can relate to the benevolence component discussed earlier which also appeared to be weak. Thus, some challenges regarding the co-workers/team members exist which will need to be addressed in order to strengthen this relationship.

As far as the immediate supervisor is concerned, the results indicate the following. For the benevolence components, there appears to be a tendency amongst the respondents to agree with six of the nine items in this section, although not strongly. In the case of the remaining three items, the respondents appear to have a tendency to remain neutral. Important aspects here include: takes account of my needs, is genuinely concerned about my well-being, is likely to protect me if necessary, makes me feel valued, is sincere as far as his/her motivations are concerned, and has my best interest in mind. These results are problematic if a healthy relationship based on trust is to be developed between the parties. As was the case with the co-workers/team members for the component of integrity, there appears to be a tendency to agree, although not strongly, with a majority (seven) items in this section. In the case of the remaining two items, the one indicates a neutrality while the other a disagreement. This disagreement is however positive as it indicates that the respondents do not see their immediate supervisor as a person of poor ethics. Also in agreement with the results for the co-workers/team members, as far as the competency of their immediate supervisor is concerned, there is a tendency of the respondents to agree with all the items although again not very strongly. In comparison to co-workers/team members as far as the predictability component is concerned, there appears to be a slightly stronger tendency for predictability to exist between the respondents, as far as their immediate supervisor is concerned, although again it is in the majority of the items (four items) only a tendency to agree, thus not to strongly agree, while for the remaining three items in the section there is a tendency amongst the respondents to have a neutral opinion. This slight improvement for this item, as compared to the co-workers/team members, is not surprising as the respondents would inevitably have a strong relationship with their immediate supervisor than with their co-workers/team members.

The belief in the trustworthiness of the top management is composed of six components, namely: benevolence, integrity, competence, predictability, justice and

respect. As mentioned earlier, this group is responsible for setting and managing the overall strategies of the organisation. It is thus vital, if the organisation is to move ahead successfully, that the employees trust what this group says and does. As far as the component benevolence is concerned, the results indicate a tendency amongst the respondents to have no opinion on the items within this section. This is serious as the respondents are of the opinion that they do not believe that top management wishes to do good at all. Typical aspects in this area would include the items: top management/the organisation is very concerned about the welfare of the employees, would go out of its way to help employees, is true to its word, is sincere in its efforts to communicate with the employees, can be trusted to make good decisions as far as the employees are concerned, to mention but a few. Not having an opinion on these items, as far as top management is concerned, is of great concern as it can impact on the effective and efficient functioning of the bank as it will have a direct negative effect on the trust between the parties. This view is also shared by Blanchard *et al* (2013).

Regarding the component of integrity, the results indicate that in the case of six of the twelve items within the section, there is a tendency by the respondents to agree with these items, but not strongly agree. For the remaining five items, there is a tendency amongst the respondents to have a neutral opinion, while for the one remaining item there is a tendency amongst the respondents to disagree, i.e. that top management does not acknowledge its own mistakes. Again, as was the case with benevolence, this component appears to be weak which can have a negative impact on the trust relationship between the parties.

The results for the component competence indicate a tendency amongst the respondents to agree with the items in this section. This is a positive result indicating that the respondents are of the view that the top management within their banks are competent to do their jobs. However, when it comes to the component predictability, the results indicate that there is a tendency amongst the respondents to have a neutral opinion. Items such as: the top management keeps its commitments to its employees, can be relied upon to keep its promises, and does not mislead people like me are involved here. It is clear that this is also a weak component as the respondents cannot predict the actions made by their top management correctly. This can lead to uncertainty and also mistrust impacting negatively on the functioning of the banks.

The component of respect (consideration for myself and others) is also critical in a trust relationship. The results indicate that there is a tendency amongst the respondents to have a neutral opinion on the items in this section. This result is not surprising when one looks at the results for the earlier components, namely: benevolence, integrity and predictability as they relate to the top management. This is worrying as it is vital that employees have respect for one another within the workplace (McLeary & Cruise 2015). This aspect as well as those looked at earlier clearly need to be addressed properly by a number of interventions to strengthen the overall relationship between the parties. The last aspect to be considered in respect of this group relates to justice (the just behaviour or treatment by the group). The results for this component indicate a tendency amongst the respondents, in the case of three of the five items, to have a neutral opinion, while for the remaining two items to disagree. For these two items, this disagreement is a positive result as it indicates that the respondents do not agree that the top management does not do things in a fair manner, nor does the top management often treat employees in an unfair manner. Thus, overall the result is still of concern despite this positive result. The overall results for the top management group is not surprising when looking at the results for Step 3 of the explanatory framework/building blocks for the proposed trust management model where there appears to be a problem with the respondents; they are not willing to trust/take risks with the top management group. It is worth noting that as these groups are important role-players within the banks, their trustworthiness will have a direct impact on the creation of a healthy trust relationship within the banks. This view is also shared by Kutsyuruba and Walker (2017). It is thus vital that such a step is built into the explanatory framework/building blocks for the proposed trust management model due to its impact overall on the management of trust within any organisation.

#### **10.2.6 Step 6 of the explanatory framework/building blocks for the proposed trust management model**

The reality facing organisations today is that they are, on an ongoing basis, confronted with aspects which can threaten their survival and growth. This situation also impacts on the management of trust within organisations. These threats are known as trust destroyers/busters (Blanchard *et al* 2013; Kutsyuruba & Walker 2017). Examples can include: there is no proper flow of information between the different job levels in the bank, a lot of dishonesty exists between the majority of employees within the bank,

when executing their jobs, the majority of employees are strictly controlled, the bank is characterised by inconsistent policies and practices, and the bank fails to deliver on its promises. The results indicate a tendency amongst the respondents, in the case of four of the sixteen items, to not to have an opinion, while in the case of eleven of the items there is a tendency amongst the respondents to disagree with these items. This is however a positive result looking at the items which include: the bank fails to deliver on its promises, there is a lack of proper communication within the bank, and there is no proper flow of information between the different job levels in the bank. Only in the case of one item, was there a tendency amongst the respondents to agree, namely that the majority of the bank's employees struggle to fulfil their duties, although this was not very strong, i.e. strongly agree. Thus, overall it is clear that there is only a very minimal threat as far as so-called trust busters within the banks are concerned, which is a positive result that no real threats exist. As it is of importance to take note of any possible threat which may exist within the bank, and which can have a negative impact on the trust relationship within the bank, these aspects need to be monitored, thus the inclusion of this step in the explanatory framework/building blocks for the proposed trust management model.

#### **10.2.7 Step 7 of the explanatory framework/building blocks for the proposed trust management model**

To create a healthy work environment, it is necessary that the employees within the banks undergo training interventions relating, for example, to trust, on a regular basis (Reina & Reina 2015; Weinstein 2019). Based on the earlier results thus far in this chapter, this step of the explanatory framework/building blocks for the trust management model can play an important role. Typical types of training identified in the literature in this area include: training activities relating to the exploration of the whole concept of trust, training relating to how to build trust across a range of relationships, and training relating to understanding how and why you make the decisions which you make each day. Besides this specific trust related training, other types of training which can be supportive of trust can also be offered such as: conflict management skills, interrelationship skills, and anger management skills. The results indicate a tendency amongst the respondents to strongly agree to all the trust related training items indicated in this section. This is a very positive result and will enable the banks to address some of the problems identified already. It is however important that

the training efforts to address these aspects are developed and provided properly to enable both the organisations as well as the employees to improve in this area and strengthen the trust relationship between the parties. The importance of Step 7 of the explanatory framework/building blocks for the trust management model can thus not be understated.

### **10.2.8 Step 8 of the explanatory framework/building blocks for the proposed trust management model**

A critical aspect in the trust management process is the repair of trust when it breaks. A number of steps to repair broken trust can be identified from the literature (Bachmann *et al* 2015; Gillespie & Dietz 2009; Reina & Reina 2015). Typical steps include: acknowledge that a violation of trust has occurred, determine what has caused the violation, get support from a trusted advisor, determine if there are any extenuating circumstances, identify options to resolve it, and determine what lessons can be learned. The results indicate that there is a tendency amongst the respondents in the case of the majority of the items in this section (ten items) to agree on the items however not strongly agree. Only in the case of one item, did the respondents have no opinion. Thus, overall there is agreement amongst the respondents however not very strong. This can be problematic and will need to be addressed by the banks. To successfully repair broken trust, the parties involved need to agree on the steps to be followed. If it appears that the parties are not completely in agreement, the situation can impact negatively on the relationships between the parties and ultimately on the functioning of the bank. Thus, the banks need to get the buy in from their employees on how to address the problems when it appears that the trust has been broken. Step 8 of the explanatory framework/building blocks for the proposed model can thus be seen as one of the important building blocks in an effort to create a trust environment that will continue in the long-term.

### **10.2.9 Step 9 of the explanatory framework/building blocks for the proposed trust management model**

A requirement of any successful process is the provision of continuing maintenance to such a process. This is also a requirement for the management of a successful trust process within an organisation. Reina and Reina (2015) indicate that the trustor and the trustee need to act on trust related issues in a thoughtful manner in order to

maintain a healthy level of trust in their relationship. This needs to be done on an ongoing basis rather than be a once-off action. Typical aspects which can be seen as important within the maintenance environment include: to be committed to the relationship and your job, be accountable for one's actions, and show loyalty and integrity towards the other party. The results indicate a tendency amongst the respondents to strongly agree with items in this section which is very positive for a healthy trust environment. According to Paliszkievicz (2013), trust within an organisation facilitates management, risk taking, effective use of resources, and the impact on all activities of the organisation. Therefore, managers need to not only diagnose whether or not their activities are based on trust, but need also to ensure that the trust is sustainable. It is clear from the foregoing that Step 9 of the explanatory framework/building blocks for the proposed trust management model is an important building block in realising a healthy trust environment in the long-term for the organisation.

#### **10.2.10 Step 10 of the explanatory framework/building blocks for the proposed trust management model**

The existence of healthy relationships within organisations can lead to a number of positive outcomes for the organisation and the staff (Özer & Zheng (2019)). The focus of this step is on the impact this can have on the staff. Typical examples here include: a more positive attitude among the staff, greater job satisfaction, a more committed workplace, less conflict, and improved co-operation/co-ordination among the staff. The results indicate a tendency amongst the respondents to have strong agreement with these items. This is a positive result as the respondents have a clear understanding of the impact of trust in the context of their workplace. It is clear that if the employees do not see any direct link between having a healthy trust environment and the positive impact it can have on their immediate work environment, then all efforts to improve the trust environment in the organisation will be fruitless. Thus, the inclusion of this step in the explanatory framework/building blocks for the proposed trust management model is important.

### **10.2.11 Step 11 of the explanatory framework/building blocks for the proposed trust management model**

Besides the positive outcomes, as they pertain to the employees in having a healthy trust environment in the organisation, the organisation itself can also benefit greatly (Röttger 2018). Typical aspects in this regard include: meeting the company goals, retaining talented employees, higher productivity, better relationships with clients, being more profitable, having a larger market share, growing faster, being more innovative, more successful, and having lower costs. The results indicate a tendency amongst the respondents to strongly agree with the majority of the items (eight items), while for the remaining two items, i.e. has lower costs, they have no opinion and for being more innovative, they agree. Thus, overall this is a positive result. It is important that the employees are aware of the positive impact that a healthy trust environment can have on their organisation. Thus, they need to see a link between the two. If this does not happen, the efforts by the organisation to build and strengthen the trust relationship within the organisation will be ineffective. Thus, the inclusion of this step in the explanatory framework/building blocks for the proposed trust management model is important.

### **10.2.12 Step 12 of the explanatory framework/building blocks for the proposed trust management model**

The type of culture within an organisation plays an important role for the creation of a healthy trust environment. The results indicate that the most prevalent culture within the banks appears to be the market culture, followed closely by the hierarchy culture. The market culture can be seen as result-based with the emphasis on the completion of work and getting things done. Here people are competitive and goal oriented. Reputation and success are important characteristics of this culture and can contribute to the trust environment (Dani *et al* 2006; Heinz 2019). It is thus important that the banks build this culture constantly and also at the same time take cognisance of the presence of the hierarchical culture. The inclusion of this step in the explanatory framework/building blocks for the proposed trust management model is thus important.

## **Interpretation**

The building, driving, maintaining and repairing of trust within an organisation is based on a number of actions. The strength of these components is critical if trust is to continue to develop and grow. The empirical study has indicated that some of the trust management practices within the banks are strong, while some appear to have a moderate scope and depth, and others are critically weak and problematic. The components which appear to be strong include: understanding the concept of trust, aspects relating to training in trust awareness, the maintenance of trust, the outcomes of trust for the individual and the organisation, and the overall culture of the organisation. The components that exhibit a moderate scope and depth include: monitoring the challenges regarding trust, willingness to trust/take risks as far as it relates to co-workers/team members and the immediate supervisor, in respect of the willingness to trust certain groups these included components relating to these groups such as, the integrity and competence of co-workers/team members, the benevolence, integrity and competence of the immediate supervisor, and the competence of the top management, also aspects such as trust busters and trust repair. While areas of weakness include: trust drivers, the propensity to trust others by the trustor of people in general, the willingness to trust/take risks with top management, the builders of trust, the trustworthiness of groups in respect of the following components: benevolence and predictability of the co-workers/team members, the predictability of the immediate supervisor, the benevolence, integrity, predictability, justice and respect of top management.

While the first aim focused on the scope and depth of the trust management practices, as tested against the proposed trust management model within the banks in Ethiopia, the second aim identified the barriers which might exist regarding the application of the trust management practices within the banking sector.

### **10.3 RESEARCH AIM 2**

The focus of research aim 2 was to identify the barriers which might exist regarding the application of trust management practices within the banking sector in Ethiopia.

To achieve this aim a decision was made to identify and classify the activities where the mean scores are between 3.00 and 3.49 (a tendency to have a neutral opinion), and lower than 3.00 (a tendency to disagree). However, where a combination of mean scores was found, i.e. there would be items indicating a tendency to agree, to have no opinion or disagree, it was decided to look at the number of items within a specific group and where there was a tendency to be more negative, for example, five items indicating a tendency to disagree and five items having no opinion, then this situation was seen as a barrier. The barriers identified based on the foregoing guidelines will be discussed next.

### **10.3.1 Drivers of trust**

In order to maintain high levels of trust within the banks, a group of activities, known as the drivers of trust, is needed. This view is shared by Taylor (2013) and Zak (2017). Within this group, several activities have been identified as possible barriers to a healthy trust environment within the banks. These possible barriers appear in Table 10.1 and have been classified into the following subgroups, namely: performance management of employees, employee recognition, employee development, employee job satisfaction, employee communication, employee job security, organisational structure and goal setting, and employee empowerment.

It should be noted that employees want to be recognised within their banks for the work which they do (Hess 2018). This can be achieved through a process known as performance management (evaluation). From the sample of respondents, it would appear that serious shortcomings exist as far as the constructive feedback from this process is concerned. A further problem identified, relates to the fairness and appropriateness of the system used. For trust to remain at a healthy level between the employees and top management/the organisation, the employees need to receive constructive feedback from the organisation regarding the contributions they have made (Hess 2018). The process through which the evaluation of work needs to be conducted, must also be fair, and appropriate. If this does not happen, the trust relationship will become fragile to the detriment of both the employees and the organisation.

**TABLE 10.1:** Barriers relating to the drivers of trust

- **Performance management of employees:** The majority of the employees in my bank
  - get constructive feedback about their performance.
  - think that the performance evaluations are fair.
  - think that the performance evaluations are appropriate.
- **Employee recognition:** The majority of the employees in my bank
  - receive praise for a job well done.
  - are given recognition for a job well done.
- **Employee development:** The majority of the employees in my bank
  - are given opportunities for professional growth.
  - are given challenging and stimulating work.
- **Employee job satisfaction:** The majority of the employees in my bank
  - are enthusiastic about their work.
  - are proud of the work that they do.
  - are treated fairly.
- **Employee communication:** The majority of the employees in my bank
  - are encouraged to speak openly with others.
  - are encouraged to engage in the giving/receiving of feedback.
  - are given enough information to make the correct decisions about their work.
- **Employee job security:** The majority of the employees in my bank
  - feel secure as far as their positions are concerned.
- **Organisation structure and goal setting:** The majority of the employees in my bank
  - have a good understanding of the informal structures within the bank.
  - have a good understanding of the informal processes within the bank.
  - have an opportunity to participate in the goal setting process of the bank.
- **Employee empowerment:** The majority of the employees in my bank
  - are encouraged to take action when faced with a problem.
  - are empowered to make their own choices that will enable them to achieve a healthy balance work-life.

Closely related to the performance management process, is the aspect of employee recognition. Employees need to be recognised and praised for the good work which they do (Hess 2018; Zak 2017). It would appear that within the banks, this is not a high priority at present. This can impact negatively on the banks' performance, as employees under these circumstances will withhold their labour and expertise, and only perform at the minimum levels required. Under these circumstances, the trust relationship will remain at a very low level, with negative consequences for the overall functioning of the banks.

Organisations need to understand that their employees are their biggest asset; growing their value over time will enable the employees to make improved contributions of a better quality to their organisations. In the literature this is known as talent management. From the results, it would appear that problems exist in this area within the banks. The only way employees can become more valuable employees for their banks is through employers providing the employees with opportunities to grow, through giving them challenging and stimulating work (Zak 2017). Employees expect this support from their employers (the so-called psychological contract) and if not forthcoming, will lose faith in their employer, impacting negatively on the trust relationship between them.

Employees normally remain with an employer as long as they experience job satisfaction. Numerous aspects contribute to creating such a healthy work environment. If employees perceive this not to be the case they either search for another job, or become underperformers. Robbins and Judge (2013) share this view. Elements which play an important role in job satisfaction include: that employees are enthusiastic about their work, are proud of the work they do, and in general are treated fairly by the organisation. At present it unfortunately appears that these elements are not prominent within the banking environment in Ethiopia. This can lead to tension between the stakeholders as well as to mistrust between them. Taking into consideration the earlier discussion relating to employee recognition and the performance management process, this result is not surprising. The banks need to urgently pay attention to this aspect as it will impact negatively on the trust management process.

As teams nowadays form the functioning core of many organisations (Costa *et al*/2017; Imperatori 2017), it is vital that good communication exists between the team members. This can also contribute to what the literature refers to as the learning organisation. Thus, proper communication is essential for success to be achieved. From the results it would appear that some problems exist in this regard within the banks. For example, the sample of respondents has indicated that employees are not encouraged to speak to one another and are not encouraged to give or receive feedback. They are also not provided with sufficient information to enable them to make the correct decisions on their job. This situation will lead to serious operational problems within the banks and also to great frustration amongst the employees,

impacting negatively on the trust relationships between the stakeholders (Hess 2018). The banks thus need to create a climate which will be conducive to open and healthy communication between parties to take place so that free flow of information is supported.

Job security has a major impact on the physical and psychological well-being of employees (Jiang & Probst 2019). It would appear from the results that the perception amongst the sample of respondents pertaining to this aspect is not positive. This situation can impact on the general well-being of the employees within the banks and lead to distrust between the employer and employees (Jiang & Probst 2019). The banks need to address this aspect sensitively through its commitment to employees, as if not addressed it can lead to a disruption in the banks functioning.

If bank employees are to become reliable and hard-working employees, they need to become part of the decision-making process within the banks and also need to understand the informal structures and processes within the banks. If employees feel that they do not belong to or are part of, the banking family, they will become frustrated and perhaps even start sabotaging the operations of the banks. The results indicate serious concerns regarding these aspects within the banks. This situation will inevitably impact negatively on the trust management process and needs to be rectified by the banks by actively engaging the employees in these processes to enable them to function optimally.

An aspect which strengthens the trust climate within an organisation is the empowerment of its employees. This will entail, amongst others, allowing the employees to make their own choices when faced with a problem and also allow them to make decisions regarding their work-life balance, e.g. deciding to participate in so-called flexitime programmes. This view is shared by Zak (2017). The sample of respondents appears not to be too positive in this regard, which is of concern and needs the attention of the banks if they are to improve the general work climate within the banks.

### **10.3.2 Builders of trust**

No process especially the management of trust can successfully function on its own without being constantly supported by so-called builders of trust. Thus, these builders

can be seen as vital for the successful enhancement of trust within the banks. This view is supported by Reina and Reina (2015).

A number of building activities have been identified which present themselves as barriers. These barriers are shown in Table 10.2. They have been grouped into two categories, namely: those relating to employees' actions and those relating to employees' perceptions.

**TABLE 10.2:** Barriers relating to the builders of trust

<ul style="list-style-type: none"><li>• <b>Employee's actions:</b> The majority of the employees in my bank<ul style="list-style-type: none"><li>○ openly take responsibility for their mistakes.</li><li>○ avoid gossiping about others.</li><li>○ avoid unfair criticism of others.</li><li>○ meet management on periodic basis.</li><li>○ provide feedback in good faith.</li></ul></li><li>• <b>Employee's perceptions:</b> The majority of the employees in my bank<ul style="list-style-type: none"><li>○ have a sound grasp of the promotion criteria for every position in the bank.</li><li>○ think that evaluation is done in a fair manner.</li><li>○ think that they are treated fairly.</li><li>○ think that their interests are taken care of.</li><li>○ receive feedback in good faith.</li><li>○ are encouraged to take part in decision-making.</li></ul></li></ul>
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As far as the employees' actions category is concerned, it is clear that employees within the banks are not prepared to openly take responsibility for their mistakes. This view can have a negative impact on the functioning of the banks, as employees need to be prepared, when making mistakes, to take responsibility for the mistakes made and need to try and make an effort to address the problem as soon as possible (Hess 2018). If this does not happen, the banks will not be able to manage their activities properly.

It is clear that there is a culture which prevails within the banks of gossiping about others. This can also impact negatively on the trust relationship between the employees. For example, they will not see their colleagues as being sincere which will impact on their team performance. Closely related to this aspect is that of providing unfair criticism of others. This environment can impact negatively on building a strong team culture within the banks, as employees will feel that all their efforts are in vain. For good communication lines to exist, it is essential that the management of banks interact with their staff on a regular basis. This will help with the exchange of ideas between the stakeholders and also allow for problem areas to be brought to the

attention of management immediately. This will support a culture of co-operation and support, a further ingredient of a high-trust organisation. Nothing creates more distrust than not giving feedback to staff in good faith. This appears to be the situation at present within the banks.

Regarding the employees' perception, it is firstly clear that the employees do not have a good understanding of the promotion criteria for the different posts within the banks. This is a serious drawback especially for the career planning efforts of the employees. Banks need to have proper guidelines pertaining to the promotion criteria for posts and need to make these available to all employees, either via the bank internet or in a handbook format, focussing on the total evaluation process within the banks. This result is not surprising, since especially, as mentioned earlier, there is a lack of contact between the employees and the management. Closely linked to this is the fact that the employees do not see their evaluations as being done in a fair manner, which can further erode the trust relationship between the stakeholders (Kim 2019). In general, it is also clear that the employees feel that they are not treated fairly, which is of great concern, as such a perception creates a climate of mistrust (Hess 2018). The banks need to address this situation without delay as it impacts negatively on the core of the trust management process. Due to this situation, the employees doubt whether their interests are being addressed with the necessary care and in good faith. Thus, serious doubt exists here which will again have a negative impact on the trust relationship between the parties, to the overall disadvantage in respect of the functioning of the banks. It would lastly appear that the employees are not encouraged to take part in any decision-making within the banks. Again, if the employees are to buy into the overall plans of the banks and are to grow as valuable employees within the banks, this process is a priority. This will reflect the trust which the organisation/top management have in their employees. In the absence of such activities, a doubtful situation is created within the banks. From the foregoing, it is clear that, as far as the builders of trust within the banks are concerned, a poor profile exists which needs to be addressed by the banks without delay.

### **10.3.3 The process of trust**

At the core of the overall trust management activity, the process of trust can be found. This consists of the following components: the individual propensity to trust, willingness to trust/take risks in respect of co-workers/team members, the immediate

supervisor and top management, and belief in the trustworthiness of co-workers/team members, the immediate supervisor and top management. From the empirical results, it has become clear that some barriers also exist within this process and will be highlighted below.

### 10.3.3.1 Individual propensity to trust

The individual plays a pinnacle role in the whole trust process. The propensity to trust others is important in order for the organisation, in this case the banks, to build and maintain a healthy trust climate (Searle *et al* 2011). The individual propensity to trust is built up over the years through aspects such as family background, education, life experiences, personality/behaviour/belief/values and goals as well as work exposure. This view is shared by Alarcon *et al* (2018), Chiu and Ng (2015) as well as Zeffane (2018). It is a complex environment but one that can be managed through the inputs from the individuals as well as the organisation. Regarding this component, a number of activities have been identified as possible barriers to a healthy trust environment within the banks. These possible barriers appear in Table 10.3. The items can be seen as the general willingness to trust others.

**TABLE 10.3:** Barriers relating to the individual’s propensity to trust

<ul style="list-style-type: none"> <li>○ All people are out to get as much as they can for themselves.</li> <li>○ I have little faith in other people keeping their promises.</li> <li>○ Contrary to what they say, all people are interested primarily in their own welfare.</li> <li>○ All people are concerned with their own well-being.</li> </ul>
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These results, which can to some extent influence the individual’s propensity to trust others, are not surprising when looking at the Trust Index rating of Ethiopia as a country (Appendix A). However, as this can impact negatively on the process of developing a healthy trust environment within the banks, some interventions such as workshops to address this aspect, would improve this perception to the advantage of both the organisation and the individual.

### 10.3.3.2 Willingness to trust/take risks – the top management group

It is clear that the top management group of an organisation plays a critical role within the organisation as it is responsible for setting the direction in which the organisation will move and also implement activities to achieve the goals set in this regard. It is thus critical for the employees, if the organisation is going to function effectively and

efficiently to be willing to trust/take risks with this group. The empirical results indicate some problems in this regard which can be seen as barriers which might exist between the parties. The possible barriers appear in Table 10.4.

**TABLE 10.4:** Barriers relating to the willingness to trust/take risks with top management

- Depend on it to handle an important issue on your behalf.
- Depend on it to back you up in difficult situations.
- Share your personal feelings with it.
- Discuss your work-related problems with it that could be used to your disadvantage.
- Confide in it about personal issues affecting your work.
- Discuss with it how you honestly feel about your work.
- Share your personal beliefs with it.

It is clear from the results that the employees within the banks do not feel comfortable to share their personal feelings and beliefs with the top management group of the banks. This also appears to be the case when it comes to work related issues. It is also evident that the employees feel that they cannot depend on this group to handle important issues on their behalf, or that they can depend on them to back them up in difficult situations. This situation appears to impact negatively on the performance of the banks as employees will not feel fully committed to their work under these conditions. Thus, the trust relationship will remain at a very low level if these negative aspects are not addressed by the banks.

### **10.3.3.3 Beliefs about the trustworthiness of co-workers/team members**

One of the ways in which organisations are managed nowadays is through the establishment of teams (Costa *et al* 2017; Mishra & Mishra 2013). For teams to function successfully a good relationship firstly needs to exist between the individuals which make up a team. Secondly, the team members need to trust one another, and thirdly, the team needs to interact successfully with other teams. The key to the successful process mentioned above is for trust to exist between the parties. The overview provided here relating to this aspect will focus on two areas, namely: benevolence (belief that the other party wishes to do good) and predictability (the consistency of the other party).

As far as the benevolence aspect of co-workers/team members is concerned, it would appear that a number of barriers exist. These barriers are indicated in Table 10.5.

**TABLE 10.5:** Barriers relating to the benevolence of co-workers/team members

- **Organisational aspects:** The majority of my current co-workers/team members
  - place the bank’s interest above their own.
- **Individual aspects:** The majority of my current co-workers/team members
  - work to protect me.
  - watch out for my back.
  - watch out for me.

As can be seen from Table 10.5, the barriers associated with benevolence have been classified into two groups, namely: those which refer to the organisation and those that refer to the individual. It is clear that, as far as the organisation is concerned, the individuals tend not to place the bank’s interest above their own. This can have serious consequences for the banks, as the employees would not necessarily look after the interests of the bank, which can relate to and impact negatively on the strength of trust which exists between the parties. This situation can almost be described as a sense of disloyalty, which is serious and needs the attention of the banks without delay. As far as the individual aspects are concerned, there is a concern by the employees that their co-workers/team members will not work to protect them, watch their backs, or watch out for them. This can impact negatively on the strength of the relationship between the parties and needs to be addressed by the banks through interventions such as workshops and other related training interventions.

An important aspect in the relationship with co-workers/team members is their predictability. If they are unpredictable in their actions, this will lead to conflict between the parties, resulting in a break in trust between them. This view is shared by Searle *et al* (2011) and Gabay and Moore (2015). A number of barriers appear to exist in this regard as indicated in Table 10.6. These barriers are classified under the heading “Individual perception”.

**TABLE 10.6:** Barriers relating to the predictability of co-workers/team members

- **Individual’s perception:** As far as the majority of my current co-workers/team members are concerned,
  - in times of uncertainty, they stick to the plan.
  - they behave in a consistent manner.

From the results, it is clear that in times of uncertainty, the employees cannot depend on the co-workers/team members to stick to the plan, nor to behave in a consistent manner. This situation can give rise to serious uncertainty within the workplace impacting negatively on the trust relationship between the parties. The banks need to look closely at this aspect as uncertainty can impact negatively on the operational functioning of the banks.

#### **10.3.3.4 Beliefs about the trustworthiness of the immediate supervisor**

It is clear that the immediate supervisors, who normally find themselves at the middle management level, play an important role within organisations. For example, they act as the link between top management and employees under their control, and they ensure that the activities which are necessary to achieve the goals of the organisation are executed by the employees to the best of their abilities. Thus, for organisational success, a healthy and strong relationship between the different stakeholders is important. The overview provided here will focus on one specific aspect, namely that of the predictability of the immediate supervisor.

As far as predictability is concerned, it would appear that a number of barriers exist within the banks. These are indicated in Table 10.7. The barriers have been categorised into two groups, namely: employee's anticipation and supervisor's consistency.

**TABLE 10.7:** Barriers relating to the predictability of the immediate supervisor

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|--|
| <ul style="list-style-type: none"><li>• <b>Employee's anticipation</b><ul style="list-style-type: none"><li>○ I know exactly what my current immediate supervisor will do in a difficult situation.</li></ul></li><li>• <b>Supervisor's consistency</b><ul style="list-style-type: none"><li>○ My current immediate supervisor behaves in a very consistent manner.</li><li>○ My current immediate supervisor follows through with what he/she says.</li></ul></li></ul> |
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Regarding the subgroup employee's anticipation, it would appear from the results that the employees are not in a strong position to predict the behaviour of their immediate supervisor in a difficult situation. This is problematic as it can lead to uncertainty which can impact negatively on their relationship. Employees need to understand the behaviour of their immediate supervisor properly under any type of situation. Only by being able to do this, will they have a sense of stability. The banks thus need to take

a close look at the reasons for this situation. An aspect closely linked to predictability is the aspect of consistency. This can also have a negative impact on the parties trust relationship. Employees need to see consistency from their immediate supervisor, if they are to perform effectively. The results indicate an unsatisfactory situation in this regard. Again, the banks need to determine the reasons for this.

#### **10.3.3.5 Believes about the trustworthiness of the top management**

The role of top management is to oversee the total operational activities of the company. These activities include: undertaking aspects such as drawing up of the strategic plans for the company, making decisions relating to the compensation of the staff, expansion/contraction plans, and approving policies/programmes and practices to be implemented within the company such as wellness, pension and medical plans. Top management also needs to ensure the harmonious functioning of the company. Thus, important activities are dealt with at this level within the company. It is thus vital, if the workforce is to support all the endeavours of the top management, that the parties trust each other at the highest level. The overview provided here relating to this aspect will focus on the following components: benevolence, integrity, predictability, justice and respect.

As far as the benevolence aspect is concerned, it appears that a number of barriers exist in this regard. These barriers are indicated in Table 10.8 and have been clustered within the following subgroups: employee welfare, employee trust and employee communication.

As can be seen in Table 10.8, the first aspect here relates to the welfare of employees. If employees feel that the top management of the bank does not care much about them, it will immediately impact negatively on the psychological contract which exists between the parties. Thus, they will feel betrayed regarding the promises made when they joined the bank. This situation can lead to a break in trust between the parties. The results indicate that this aspect is weak which means that the bank needs to attend to this situation immediately as it can have a negative influence on the operational performance of the banks. Other aspects closely related to the welfare of the employees, and which also appear weak, include: attaches importance to the needs and desires of the employees, would not harm the employees, looks after their

interests, assists where possible and generally has good intentions as far as the employees are concerned. It is thus clear that serious problems exist as far as the benevolence of top management/the organisation is concerned and that the banks need to evaluate the reasons for this situation without delay.

**TABLE 10.8:** Barriers relating to the benevolence of the top management

- **Employee welfare:** Top management/the organisation
  - is very concerned about the welfare of the employees.
  - attaches great importance to the needs and desires of the employees.
  - would not knowingly do anything to harm the employees.
  - really looks out for what is important for the employees.
  - would go out of its way to help employees.
  - generally has good intentions as far as the employees are concerned.
- **Employee trust:** Top management/the organisation
  - is true to its word.
  - can be trusted to make good decisions as far as the employees are concerned.
- **Employee communication:** Top management/the organisation
  - shares important information with the employees.
  - listens to the concerns of the employees.
  - is sincere in its efforts to communicate with the employees.
  - is sincere in its attempts to see the employee's point of view regarding the job.

Of further concern are issues which have been highlighted and are related directly to the trust aspect of top management/the organisation. For example, if the employees notice that top management cannot keep its word, and cannot be trusted to make good decisions as far as it concerns them, this will result in a serious break of trust between the parties and impact negatively on the operational performance of the banks. Thus, the banks need to take a closer look at the reasons for this situation. Remembering that communication plays an important role in building a healthy trust environment, employees need to be regularly and sincerely informed about what is happening within the bank (Zak 2017). Top management needs to take cognisance of the concerns of the employees. Unfortunately, these aspects appear to be relatively weak within the banks. Thus, the banks need to determine the reason for this situation, and then implement correcting steps. From the foregoing, it is clear that serious problems exist as far as the benevolence of top management/the organisation is concerned and that the banks need to evaluate the reasons for this situation without delay.

Organisational integrity is essential for the creation of a healthy trust climate within the company. If employees doubt the integrity of their top management/the organisation, serious problems will develop. This will have a negative impact on the smooth functioning of the organisation as employees could execute activities which might damage the organisation, for example, in the case of banks, give loans to clients who do not qualify. This view is shared by Fulmer and Gelfand (2012). The results indicate serious weaknesses in this regard. These weaknesses can be construed as barriers within the banks to create a high level of trust within the organisations. The barriers which have been identified appear in Table 10.9 and have been placed into subgroups, namely: justice, consistency and integrity.

Employees need to see that a strong sense of justice prevails within their banks. Thus, top management/the organisation must prove to them that they try to be fair in all of their actions. Unfortunately, from the results it is clear that this is not the case within the banks at present. This situation can result in serious disruption in the functioning of the banks and can also impact negatively on the banks image. It can also seriously affect the trust climate within the banks. Consequently, the banks need to address this situation without delay to avoid possible repercussions. It is important to note that consistency creates a stable and healthy work environment. This view is also shared by Fulmer and Gelfand (2012) and Jiang and Luo (2018). If employees experience this type of work environment, it will strengthen their trust in the organisation and also their commitment and job satisfaction. The results indicate however that there appears to be a serious weakness in these activities relating to consistency within the banks. Thus, the banks need to establish the root causes and address them properly to ensure a stable and healthy work environment for all of their employees.

**TABLE 10.9:** Barriers relating to the integrity of top management

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| <ul style="list-style-type: none"> <li>• <b>Justice:</b> Top management/the organisation <ul style="list-style-type: none"> <li>○ has a strong sense of justice.</li> <li>○ tries hard to be fair in dealings with others.</li> </ul> </li> <li>• <b>Consistency:</b> Top management/the organisation <ul style="list-style-type: none"> <li>○ is very consistent as far as its actions/behaviours are concerned.</li> <li>○ will stick to its word.</li> <li>○ will keep its word about rewards offered for the completion of a task.</li> </ul> </li> <li>• <b>Integrity:</b> Top management/the organisation <ul style="list-style-type: none"> <li>○ has a high level of integrity.</li> <li>○ acknowledges its own mistakes.</li> </ul> </li> </ul> |
|--|

One aspect of having integrity is for top management to acknowledge to their staff that they have made mistakes. This will indicate that their actions are guided by sound principles and that they have a high level of integrity. The result found pertaining to this aspect appears to be weak and thus negative. This situation will impact negatively on the general trust climate within the banks which will ultimately affect adversely the performance of the banks. The reasons for this situation need to be investigated and solutions found.

Part of creating a stable work environment is related to the predictability of its employees. Thus, the predictability of the top management of banks, in particular, is vital, as they are responsible for giving direction and guidance to the rest of the staff of the banks. The results indicate that the top management of the banks are not very strong on the aspect of predictability. Thus, weaknesses, which can be seen as barriers, exist within the banks in this area. These barriers appear in Table 10.10 and have been classified into the following groups: consistency, dependability and commitment.

**TABLE 10.10:** Barriers relating to the predictability of top management

- |  |
|--|
| <ul style="list-style-type: none"> <li>• <b>Consistency:</b> To management/the organisation             <ul style="list-style-type: none"> <li>○ treats employees in a consistent and predictable manner.</li> </ul> </li> <li>• <b>Dependability:</b> To management/the organisation             <ul style="list-style-type: none"> <li>○ can be relied upon to reward employees for their achievements.</li> <li>○ can be relied upon to keep their promises.</li> <li>○ does not mislead people like me.</li> </ul> </li> <li>• <b>Commitment:</b> Top management/the organisation             <ul style="list-style-type: none"> <li>○ keeps their commitment to their employees.</li> </ul> </li> </ul> |
|--|

Nothing creates more uncertainty within the workplace than when employees are not treated in a consistent and predictable manner. This sort of treatment will cause inevitable tension in the relationship between the parties and lead to distrust between them (Kutsyuruba & Walker 2017). The results indicate some concern regarding this aspect, and the banks need to address it without delay. The employees must also be able to depend on their top management. In this case, the top management team of their bank needs to deliver on their promises, to reward employees for their achievement, to refrain from misleading the people, and to keep their commitment. Again, the results in this area appear weak and need the attention of the banks. As top management can influence the trust climate either positively or negatively, the banks need to take a closer look at this group and address the problems found here.

Showing employees the necessary respect is important as it will indicate to them that top management/the organisation values their presence and contribution to the bank. This view is shared by McLeary and Cruise (2015) as well as Alemnew and Sharma (2017). It would appear from the results that serious problems exist in this regard which need to be addressed. These weaknesses, which the respondents have identified, and can be seen as barriers, are indicated in Table 10.11. These barriers have been categorised into two groups, namely: employee welfare and employee work environment.

As regards to the subgroup employee welfare, employees appreciate it when their supervisors, in this case the top management of the bank, cares about their well-being, and also shows a great deal of concern for them, while at the same time is willing to assist them when a special favour is needed. It would appear from the results that none of these activities are very strongly present within the banking sector at the moment. This is of great concern as employees will feel unwanted within their work environment. This will inevitably result in tension between the parties with a subsequent lack of trust. The banks need to understand the reason for this situation and rectify it without delay.

**TABLE 10.11:** Barriers relating to the respect of the top management

- |  |
|--|
| <ul style="list-style-type: none"> <li>• <b>Employee welfare:</b> Top management/the organisation <ul style="list-style-type: none"> <li>○ really cares about my well-being.</li> <li>○ shows a great deal of concern for me.</li> <li>○ is willing to help me when I need a special favour.</li> </ul> </li> <li>• <b>Employee work environment:</b> Top management/the organisation <ul style="list-style-type: none"> <li>○ will never take advantage of me.</li> <li>○ take my goals and values very much into consideration.</li> <li>○ comes to my assistance when I have a problem.</li> <li>○ would forgive an honest mistake on my part.</li> </ul> </li> </ul> |
|--|

For the subgroup employee work environment, the support employees receive from their superiors is important, especially in difficult times. Other aspects of note which can also assist greatly in building a high-trust organisation include the fact that the superiors (the top management of the bank) will never take advantage of the employees, take their goals and values into consideration when designing new policies for the company, assist when employees have problems, and are sincere in forgiving any honest mistakes made by employees. The results indicate that the foregoing actions are not strongly present within the banks, which is of concern. The presence

of these activities can greatly enhance the trust climate within the banks and assist in the general well-being of the banks. It is thus essential that the banks investigate the reasons for this present situation and take the necessary steps to address them.

The fair and just treatment of employees is essential if organisations are to have loyal and committed employees. Thus, organisational justice is essential (Yean & Yusof 2016). The results indicate that organisational justice is to a large extent weak within the banking sector. These weaknesses can be seen as barriers to the process of creating a high-level trust organisation. The concerned barriers in Table 10.12 have been classified into two subgroups, namely: employee fairness and employee unfairness.

**TABLE 10.12:** Barriers relating to the justice of the top management

- **Employee fairness:** Top management/the organisation
  - treats me fairly.
  - can be counted on to be fair.
  - is fair in its treatment of me.
- **Employee unfairness:** Top management/the organisation
  - often treat employees in an unfair manner.
  - usually do not do things in a fair manner.

Employees need to be treated fairly by their fellow employees as well as the organisation, if they are to function effectively and efficiently. The employees also need to know that their fellow employees can be counted on to be fair under all conditions. The results relating to these aspects within the banking sector appear weak. Thus, serious problems exist within the banks in this regard. If employees feel that the treatment which they receive is not fair, they may withhold their efforts from the organisation which can result in serious operational issues. The trust between the parties will also be placed under strain. The banks need to determine the reasons for this situation and apply remedial actions to improve the treatment of their staff as soon as possible, to avoid any negative repercussions. If organisations openly treat their employees in an unfair manner, and do not act in a fair manner, this environment can result in serious consequences for the organisation and impact negatively on the trust relationship between the parties. The results indicate serious shortcomings in this area within the banking sector of Ethiopia. Therefore, action by the banks needs to be undertaken without delay as this situation will impact negatively on the operational

success of the banks. It would appear that there is a behavioural problem with the top-level management group, as far as the treatment of their employees is concerned.

### **Interpretation**

It would appear that some barriers/problems regarding the application of trust management practices exist within the banking sector in Ethiopia. The areas of concern include: the trust drivers, the builders of trust, and the propensity of an individual to trust others. In the area of the willingness to trust/take risks in respect of the individual groups within the banks, some problems also appear to exist in relation to the top management group. In relation to the aspect of the belief in the trustworthiness of the different groups, some serious problems were identified here. It is important to remember that these last two components form the heart of the trust management process, and are thus critical to building, maintaining and repairing trust within an organisation. This view is also shared by Le and Lei (2018) and Özer and Zheng (2019). If individuals are not willing to trust/take risks and have doubt in the belief of the trustworthiness of the groups in the organisation, it is of serious concern. There are several groups where there appear to be problems. For co-workers/team members, it is as far as benevolence and predictability is concerned. In respect of the immediate supervisor, predictability is problematic, while in the case of the top management group, areas of concern are benevolence, integrity, predictability, justice and respect.

It is clear that despite problems being found with the co-workers/team members and the immediate supervisor, the biggest concern at present exists with the top management group in the banks. It is thus essential that, as a priority within the banks, this group needs to be looked at first regarding interventions to address the problems here.

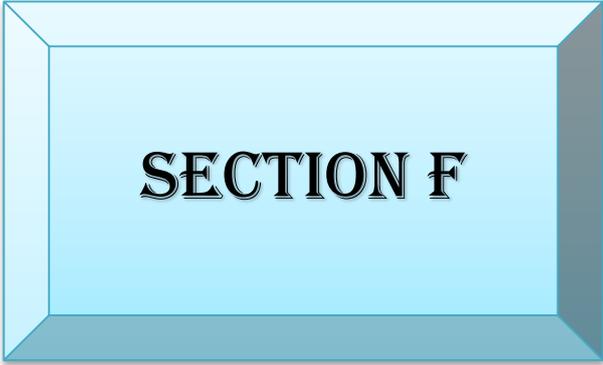
### **10.4 CHAPTER SUMMARY**

This chapter gave an overview of the statistical results that were relevant to this research and were interpreted to integrate the results of the empirical research with the literature study. The results provided supportive evidence for the stated research aims.

Two empirical research aims were achieved in this chapter. Firstly, to determine the scope and depth of trust management practices, as measured against the proposed trust management model, within the banking sector in Ethiopia, as manifested within the sample of respondents within the sector; and

Secondly, to identify the barriers which might exist, regarding the application of trust management practices, within the banking sector in Ethiopia, as manifested within the sample of respondents within the sector.

Chapter 11, the final chapter of the study will focus on: the drawing of conclusions, discussing the limitations of the study and making recommendations for the banking sector in Ethiopia on the basis of the results of this research.



**SECTION F**

**CONCLUSIONS, RECOMMENDATIONS AND  
LIMITATIONS OF THE STUDY**

# CHAPTER 11

## CONCLUSIONS, RECOMMENDATIONS AND LIMITATIONS OF THE STUDY

### 11.1 INTRODUCTION

In this chapter the final phase of the research project is addressed. Conclusions, as well as limitations of the literature review and empirical results, are provided. Besides, the recommendations for the practical application of the results for the banking sector in Ethiopia and for future research studies are discussed. The chapter concludes with a discussion of the overall contribution of the study on a theoretical, empirical and practical level.

### 11.2 CONCLUSIONS

In this section the focus is on the conclusions for the literature and empirical study, in accordance with the aims of the research as set out in Chapter 1.

#### 11.2.1 Conclusions relating to the literature review

The general aim of the research is to present an exploration and analyses of the concept of trust, its principles, practices and models and to develop a trust management model which will be tested within the banking sector in Ethiopia.

Conclusions were drawn on each of the specific aims.

#### Research aim 1:

The first aim, namely to conceptualise trust from a theoretical perspective, was achieved in Chapter 3.

The following conclusions are drawn:

Organisations need fully engaged employees in order to successfully co-ordinate organisational resources and ultimately achieve the organisational objectives and goals. To achieve this goal, the literature review indicates that to create fully engaged employees and benefit from the positive outcomes of engagement, a healthy trust environment is necessary (Rayton & Yalabik 2014; Welander *et al* 2017).

Trust is a phenomenon identified by several authors as something critical for the success of an organisation (Morreale & Shockley-Zalabak 2014; Reiersen 2019; Röttger 2018). Improved co-operation and co-ordination, employee engagement, positive attitudes, lower conflict, improved job satisfaction, higher productivity and greater commitment to the goals of the organisation are some of the benefits of trust at micro level (Altuntas & Baykal 2010; Hermawati 2014; Pučėtaitė, Lāmsā & Novelskaitė 2010; Rahayuningsih 2019; Röttger 2018; Semerciöz *et al* 2011). While at macro level it contributes to successful organisational change, strategic alliances, mergers and acquisitions (Fulmer & Gelfand 2012). Thus, it appears that trust is an important phenomenon in the context of organisations and is worthy of investigation (Röttger 2018).

This process takes place through a number of activities within the organisation. For example, employees need to build relationships with co-workers/team members, the immediate supervisor, and top management, in an organisation. Organisations also need to build relationships with their employees, as well as other stakeholders such as customers, suppliers and shareholders and the environment (Guinot & Chavi 2019; Nooteboom & Six 2003; Röttger 2018). An important aspect of these relationships is trust. Trust, as the literature review indicates, is an antecedent to most of the successful achievement of organisational goals (Röttger 2018). It is thus fair to conclude that managing trust is a contemporary reality, and a critical factor for organisations in the 21st century (Castelfranchi & Falcone 2010).

The literature review indicates that trust beliefs and behaviours are separate dimensions of a higher order-trust construct (Jones & Shah 2015; Reiersen 2017; Robbins 2016; Robson *et al* 2008). On the one hand, there is a view that employees' trust is seen as a belief an employee can hold regarding a trustee such as a co-worker/team member and the relationship with this person. These beliefs arise from an assessment of the trustworthiness aspects of the trustee in terms of his/her benevolence, integrity, competence, predictability, respect and justice (Alarcon *et al* 2018; Dietz & Den Hartog 2006; Mayer *et al* 1995; McLeary & Cruise 2015; Rahayuningsih 2019). On the other hand, there is a view that interpersonal trust has a behavioural component, meaning that trust behaviour represents a decision to take a form of action that allows the trustor's fate to be determined by the trustee

(Cummings & Bromily 1996; Lewis & Weigert 1985; Currall & Inkpen 2006; Reiersen 2017). It is thus fair to assert that trust beliefs and behaviours should be viewed as separate dimensions of a higher order-trust construct.

From the literature review, it is also clear that the interdependent nature of work tasks within organisations demands that employees build trusting relationships with their co-workers or team members (Grossman & Feitosa 2018). Furthermore, as employees seek credible and trustworthy leaders in their workplace (Yang *et al* 2009), employees continually observe the organisation to consider whether to trust the top management/the organisation (Bachmann *et al* 2015; Prateepausanont & Rurkkhum 2018). Thus, it would appear that co-workers/team members, the immediate supervisors, and top management/the organisation are important referents within organisations as far as trust is concerned. This view is also supported by Lumineau and Schilke (2018).

Other important aspects reviewed in the literature regarding the concept of trust are the individual and organisational antecedents. From the literature, a number of individual antecedents to trust can be identified, namely: personality aspects (such as state of mind and feelings, values, manners and status), education, experience, and family background (Searle *et al* 2011; Yilmaz & Atalay 2009; Yakovleva *et al* 2010; Evans & Van de Calseyde 2017). The main driver of interpersonal trust is however, the individual propensity to trust (Alarcon *et al* 2017; Mayer *et al* 1995). Personality aspects, namely: agreeableness, conscientiousness, resourcefulness, emotional stability, and extraversion, which are also known as the “big five”, are also antecedents of interpersonal trust (Martins 2002). It is also important to note that there are organisational antecedents of trust that have shown a positive relationship with employee trust. These include: leadership, human resource management (HRM) policies and practices, organisational justice, and control mechanisms (Searle *et al* 2011).

The literature further states that the existence of healthy trust relationships within an organisation leads to several positive outcomes for the organisation and its employees (Rahayuningsih 2019; Zak 2017). Some of the positive outcomes are: meeting company goals, retaining talented employees, higher productivity, less conflict, better relationships with clients, a more committed workforce, greater job satisfaction, a more

positive attitude among the staff, and improved co-operation and co-ordination amongst the staff (Altuntas & Baykal 2010; Hermawati 2014; Reina & Reina 2015; Röttger 2018; Semerciöz *et al* 2011; Zak 2017). Trust also impacts on several organisational outcomes such as: performance, knowledge sharing, innovation, organisational citizenship behaviours, and commitment, to mention but a few (Holten *et al* 2016; Nurhayati *et al* 2018; Searle *et al* 2011; Singh & Srivastava 2016). Trust is thus a key to positive relationships, constructive teamwork, encouraging leadership, and individual and organisational success.

Another important discourse regarding trust as indicated in the literature, is the issue of trust and distrust. From the review of the literature, it would appear that trust and distrust are separate but linked dimensions; that they are not opposite ends of a single continuum; and that elements that contribute to the growth and decline of trust are different from that of distrust (Kutsyuruba & Walker 2017; Lewicki *et al* 1998; Röttger 2018; Van De Walle & Six 2014). As low distrust is not the same as high trust, and high distrust is not the same as low trust, people can experience feelings of both trust and distrust at the same time, which is an indication of the distinct and separate nature of the constructs (Lewicki *et al* 1998).

The literature also indicates that trust does not come naturally, but that there is a need to carefully structure and manage it. As far as trust formation is concerned, the literature identifies two important approaches: calculative-based and emotion-based (Bigley & Pearce 1998). The calculative-based trust formation is based on the calculation of the probability that one individual would perform an action that is “beneficial, or at least not detrimental” to another individual: whereas the emotion-based formation is based on the idea that personal relationships play a central role in the creation of trust rather than other situational factors (Bigley & Pearce 1998:413; Gambetta 1988:217). There are people within organisations however who can initially form relatively high-trust relationships without there being any previous personal interaction history. This is known as swift trust. However, the majority of people develop trust gradually, based on their perceptions of others’ behaviour over time (Lewicki *et al* 2006).

## **Research aim 2:**

The second aim, namely to identify the basic principles and best practices of trust management, was achieved in Chapter 4.

The following conclusions are drawn:

The literature reveals that trust is a fragile resource that can easily be broken, damaged and ruined (Kutsyuruba & Walker 2017; Searle *et al* 2011). Therefore, it requires continuous care and protection to strengthen its existence within a relationship. It is also clear from the literature review that not only building trust is important, but the parties that are engaged in the trusting relationship, are also required to work diligently if they are to maintain trust. Although organisational efforts are put in place to establish and sustain trust, trust can evaporate in an instant due to various factors and distrust can surface. This is also known as the betrayal of trust which varies from minor unintentional or intentional to major unintentional or intentional actions. Both types of betrayal are devastating as they can negatively affect people's morale, productivity and overall effectiveness (Reina & Reina 2015). Since trust has a positive influence on individuals, groups and organisations, the restoration of a broken trust is important (Bachmann *et al* 2015; Gillespie & Dietz 2009; Kutsyuruba & Walker 2017). Four types of trust repair approaches exist, namely: attributional, social equilibrium, structural, and temporal approaches (Searle *et al* 2011).

It is emphasised in the literature that once the elements of trust are put in place, organisations need to establish mechanisms that can help drive trust and translate them into the workplace. The basic drivers of trust that are available for managers to use include: belong and connect, voice and recognition, significance and position, fairness, learn and challenge, choice and autonomy, security and certainty, and purpose (Taylor 2013; Working Families & Jacobs 2013). When these drivers are not properly practised in an organisation they can lead to a negative outcome (fear or threat), rather than a positive outcome (trust). Thus, organisations need to establish these drivers aggressively and continuously if they are to achieve engagement, energy release, increased well-being, and improved performance in the workplace (Unum 2013; Working Families & Jacobs 2013; Zak 2017).

In the context of organisations, the literature review indicates that trust has a strong relationship with organisational culture (Özer & Zheng 2019). The four types of cultures, namely: clan, adhocracy, hierarchy and market culture, can be found within organisations (Cameron & Quinn 2006; Dani *et al* 2006; Heinz 2019). Although it is more common to find one or more of the culture types dominating an organisation, human resource managers need to nurture the culture which best suits the organisation's own environment. Thus, the human resource managers need to reinforce the dominant or desired culture of the organisation (Cameron & Quinn 2006; Heinz 2019). The literature review reveals further that the interplay between trust and organisational culture can be explained in three ways, namely: culture as an antecedent to trust, culture as an outcome of trust, and trust as a core value in organisation culture, indicating an inextricable link between trust and organisation culture (Searle *et al* 2011).

The importance of trust in non-traditional workplaces that are often called the virtual work environment is also important to take note of. Virtual teams are basic components of virtual organisations in which members interact virtually with each other to accomplish a common goal (Ebrahim *et al* 2009). Virtual teams offer many opportunities for organisations in terms of human capital, structural capital, customer capital, and financial capital (Gignac 2005). Despite the advantages and benefits, the literature review indicates that virtual teams come with challenges, such as conflict management and prevention due to their own inherent characteristics (Kanawattanachai & Yoo 2002). The communication and connection between the team members contribute to the trust building process, however, they do not happen by chance within virtual teams as they often do with their traditional counterparts. The responsibility of the managers and the team leaders is thus high in terms of connecting the team members through building the foundations for trust, creating a level playing field, and building social capital (Costa *et al* 2017; Settle-Murphy 2013).

### **Research Aim 3:**

The third aim, namely to identify the building blocks of an efficient and effective trust management model was achieved in Chapters 5 and 6.

The literature indicates that scholars have developed several models of trust over the years to aid organisations to manage trust in their workplaces. Nine models of trust

that are available in the literature were found to be relevant to this study. Scholars designed these models by adopting either a cognitive or affective approach, or a combination of both approaches (Blanchard *et al* 2013; Castelfranchi & Falcon 2010; Martins 2002; Mayer *et al* 1995; Reynolds 1998; Shockley-Zalabak *et al* 2010; Working Families & Jacobs 2013). Others also consider the situation or environment or context within which the trusting process takes place (McLeary & Cruise 2015; Schultz 2006). In the light of this fact, these models were classified into four groups in this study, namely: cognitive, affective, combined (hybrid), and situational or context specific. These models all have strengths and weaknesses. The trust management model developed in this research capitalised on the strengths and weaknesses found in these models. The new integrated trust management model appears to be important to manage trust within organisations, including the banking sector in Ethiopia.

The building blocks of this model are the following:

- Challenges regarding trust and characteristics of trust (Step 1)
- Trust drivers (Step 2)
- The trustor: comprising mainly individual propensity to trust and his/her willingness to trust/take risks with other people (Step 3)
- Trust builders: comprising mainly trust of capacity, trust of character and trust of communication (Step 4)
- The trustee: co-workers/team members, management/leadership and organisation along with their trustworthiness aspects of benevolence, integrity, competence, predictability, justice and respect (Step 5)
- Trust busters (Step 6)
- Trust awareness training (Step 7)
- Repairing trust (Step 8)
- Maintaining trust (Step 9)
- Outcomes of trust - individual and organisational level (Steps 10 and 11)
- Evaluation/culture (Step 12)

Through a SEM technique this trust management model has been tested within the banking sector in Ethiopia. The relationships which exist between these building blocks were evaluated and statistically significant relationships were observed. The results indicate that the trust management model designed in this study is better-fitting and theoretically consistent (see Chapter 9).

## 11.2.2 Conclusions relating to the empirical results

The empirical aims of this study were to investigate the following:

### Research aim 1:

The first research aim, namely to determine the scope and depth of trust management practices, as measured against the proposed trust management model, within the banking sector in Ethiopia, as manifested within the sample of respondents within the sector, was achieved in Chapters 8 and 10.

The following conclusions are drawn:

*Step 1* of the explanatory framework/building blocks for the proposed trust management model comprises two important aspects, namely: trust challenges and trust characteristics. As far as trust challenges are concerned, the results seem to indicate that challenges regarding trust exist in some areas within the banks as the top management's effort to regularly (at least once a year) monitor these challenges does not seem to be very strong. In general, monitoring the challenges regarding trust exhibited a moderate scope and depth within the banks in Ethiopia. It is thus clear that these challenges can impact negatively on the effective and efficient functioning of the banks. It is worth noting that only organisations that can meet the challenges appear to build trust in the workplace (Elewa & Banan 2019; Shockley-Zalabak *et al* 2010). With respect to understanding the concept of trust, the results show that the respondents tend to have a strong agreement in this regard. The results found here are important for the banks as any trust building plan needs to take the trust characteristics into consideration (Challender *et al* 2019; Shockley-Zalabak & Ellis 2006).

*Step 2* of the explanatory framework/building blocks for the proposed trust management model consists of the drivers of trust component. It should be noted that satisfying the intrinsic drivers of trust within an organisation can lead employees to a positive outcome, i.e. trust (Working Families & Jacobs 2013; Zak 2017). The results indicate that the existence of the drivers of trust within the banks is only to a limited extent indicating a weakness in terms of scope and depth of this component. This may indicate that the trust drivers are not deeply embedded within the banks. It would thus appear that the banks have a problem as far as the drivers of trust is concerned.

*Step 3* of the explanatory framework/building blocks for the proposed trust management model comprises one of the key role-players in the trust process, i.e. trustor. The perception of the trustor (employee) with regard to trusting others is the propensity to trust which consists of two components, namely: individual propensity to trust and his/her willingness to trust/take risks with specific groups of people, i.e. co-workers/team members, immediate supervisor and top management/ the organisation. As far as individual propensity to trust is concerned, the results indicate that the respondents seem to have a low level of individual propensity to trust on both the general willingness to trust others and others reliability and integrity, exhibiting a weakness of this personality attribute at an individual employee level. As individual propensity to trust plays an important role in employee willingness to trust other people (Alarcon *et al*/2018; Schoorman *et al*/2007), respondents trust in their co-workers/team members, immediate supervisor and top management can be negatively influenced by this personality factor. As far as the willingness to trust/take risks is concerned, a moderate scope and depth has been indicated relating to co-workers/team members and the immediate supervisor whereas for the top management group it appears to be weak.

*Step 4* of the explanatory framework/building blocks for the proposed trust management model consists of the builders of trust. The results indicate that the builders of trust appear to be somewhat weak, indicating lack of proper scope and depth of trust building behaviours and actions within the banks. This can be seen as a problem for the banks since creating a work environment where trusting relationships exist would be difficult (Reina & Reina 2015).

*Step 5* of the explanatory framework/building blocks for the proposed trust management model consists of the other key role-player in the trust process, i.e. the trustee. In this study the trustee refers to co-workers/team members, immediate supervisor and top management. In the process of creating an organisation with a high level of trust, employees' relationship with these parties play an important role. In assessing the trustworthiness of these trustees and to trust/take risks with these parties, employees consider a number of trustworthiness aspects, namely: benevolence, integrity, competence, predictability, justice and respect (Dietz & Den Hartog 2006; McLeary & Cruise 2015; Schoorman *et al* 2007). Thus, as far as trustworthiness is concerned, it appears that there is a moderate scope and depth in

relation to the integrity and competence of co-workers/team members; the benevolence, integrity and competence of the immediate supervisor; and the competence of the top management. The weak trustworthiness aspects include: the benevolence and predictability of co-workers/team members; the predictability of the immediate supervisor; and the benevolence, integrity, predictability, justice and respect of the top management. In general, it would appear that the banks are in a problem situation with respect to the trustworthiness aspects of the trustees, namely: co-workers/team members, the immediate supervisor and top management. This is because employees' decision to trust on these parties is partly based on their perceived trustworthiness aspects (Röttger 2018).

*Step 6* of the explanatory framework/building blocks for the proposed trust management model consists of trust destroyers (busters) of trust. These are the behaviours that can undermine, damage or destroy trust within organisations (Blanchard *et al* 2013). Thus, organisations need to put as much effort as possible to eliminate these behaviours. Pertaining to this component, although there are some areas of weakness the banks need to address the results generally indicate that trust busters do not appear to prevail within the banks, and there exists no real threat in this regard.

*Step 7* of the explanatory framework/building blocks for the proposed trust management model comprises training in trust awareness. It is important to note that to create a healthy work environment, it is necessary that employees undergo training interventions relating to trust on a regular basis (Weinstein 2019). As far as this aspect is concerned, respondents indicated strong agreement. This appears to be an important opportunity for the banks to address some of the problems identified within the banks as they relate to trust management principles and practices as well as the barriers.

*Step 8* of the explanatory framework/building blocks for the proposed trust management model is concerned with trust repair. It is important to note that the process of trust repair can be difficult, but it is achievable (Bachmann *et al* 2015). With respect to this component, there is agreement amongst the respondents as to the need for a number of trust repair activities to be followed when a trust breakdown occurs. This appears to be a fertile ground for the banks in their effort to repair a broken trust in the workplace.

*Step 9* of the explanatory framework/building blocks for the proposed trust management model relates to maintaining a healthy trust relationship within the banks. Organisations need to be aware that if properly maintained trust helps organisations and employees to develop and succeed. However, when trust is not properly maintained organisations and relationships can collapse (Kutsyuruba & Walker 2017). With respect to this component, there appears a strong support from the respondents regarding the activities to be taken by the trustor and the trustee in order to maintain trust between the parties. This is a good opportunity for the banks in their effort to create a trust climate in the workplace.

*Step 10* of the explanatory framework/building blocks for the proposed trust management model relates to the positive outcomes of trust to the staff. As far as this component is concerned, respondents showed a strong agreement indicating that a healthy trust relationship within the banks can hold numerous benefits such as: a more positive attitude among the staff, greater job satisfaction, a more committed workforce, less conflict, and improved co-operation and co-ordination among the staff. These important work behaviours appear to take place within the organisation when employees build and maintain healthy trust relationships in the workplace (Searle *et al* 2011).

*Step 11* of the explanatory framework/building blocks for the proposed trust management model pertains to the positive outcomes of trust to the organisation. According to Özer and Zheng (2019), organisations can gain a number of positive outcomes if there exist healthy trust relationships in the workplace. In respect of this component, respondents showed a strong agreement indicating that a healthy trust relationship within the banks can bring a number of positive outcomes to the banks such as: meeting company goals, maintaining higher productivity, retaining talented employees, better relationships with clients, being more profitable, having large market share, growing faster, being more innovative, being more successful and having lower costs.

*Step 12*, the last step of the explanatory framework/building blocks for the proposed trust management model, relates to the type of organisational culture within the banks. With regard to this component, it appears that the market culture dominates the banking sector in Ethiopia followed closely by the hierarchy culture. The results are

consistent with the views of Cameron and Quinn (2006) who state that it is more common to find one or more of the types of culture dominating an organisation.

### **Research aim 2:**

The second aim, namely to identify the barriers which might exist, regarding the application of trust management practices, within the banking sector in Ethiopia, as manifested within the sample of respondents within the sector, was also achieved in Chapter 10.

The following conclusions are drawn:

Concerning the barriers relating to the *drivers of trust*, the following are identified. In respect of the *performance management of employees*, the following are highlighted: getting constructive feedback about their performance, thinking that the performance evaluations are fair, and lastly, thinking that the performance evaluations are appropriate. For *employee recognition*, the following are seen as problematic: receiving praise for the job well done and giving recognition for a job well done. In respect of *employee development*, the following are identified as barriers: giving opportunities for personal growth and providing challenging and stimulating work. For *employee job satisfaction*, the following problems are of concern: the majority of the employees in my bank are enthusiastic about their work, are proud of the work which they do, and are treated fairly. For *employee communication*, the barriers include: the majority of the employees in my bank are encouraged to speak openly with others, are encouraged to engage in the giving/receiving of feedback, and are given enough information to make the correct decisions about their work. One aspect related to *employee job security* is for employees to feel secure as far as their position are concerned. As far as *organisational structure and goal setting* are concerned, the following are identified as barriers: the majority of the employees in my bank have a good understanding of the informal structures within the bank, have a good understanding of the informal processes within the bank, and have an opportunity to participate in the goal setting process of the bank. The final aspect in respect of trust drivers concerns the *employee empowerment*. Aspects seen as barriers here include: the majority of the employees in my bank are encouraged to take action when faced with a problem, are empowered to make choices that will enable employees to achieve a healthy balance of work-life. According to Working Families and Jacobs (2013), the

role of trust drivers should not be undermined if the organisation has an interest in creating trusting relationships in the workplace. Maximising and embedding trust drivers in the workplace is important (Unum 2013).

Regarding the *builders of trust*, the following barriers are identified. In respect of *employee's actions*, the barriers include: to take responsibilities for their (the employees) mistakes, avoiding gossiping about others, avoiding unfair criticism of others, meeting with management on a periodic basis, and providing feedback in good faith. In respect of the *employee's perceptions*, which are also seen as barriers include: having a sound grasp of the promotion criteria for every position in the bank, thinking that the evaluation was done in a fair manner, thinking that they are treated fairly, thinking that their interests are taken care of, receiving feedback in good faith, and lastly, encouraging to take part in decision-making. It is important to note that trust, a critical component of any relationship (Lewicki & Brinsfield 2017), cannot be achieved without working consistently on trust building behaviours and actions (Reina & Reina 2015). Thus, these barriers are of great concern for the banks.

With respect to individual propensity to trust, the following are identified as barriers: all people are out to get as much as they can for themselves, I have little faith in other people keeping their promises, contrary to what they say, all people are interested primarily in their own welfare, and all people are concerned with their own well-being. According to Zeffane (2018), propensity to trust is an expression of individual's readiness and confidence that he/she will not be put at risk by the actions of other people. Thus, problems regarding this personality trait can have a detrimental effect on the individual's ability to trust others (Costa *et al* 2017). The barriers in this regard should not be undermined.

With respect to the *willingness to trust/take risks with the top management* group, the areas identified as barriers include: depend on it to handle an important issue on an employee's behalf, depend on it to back the employee up in difficult situations, share employee's personal feelings with it, discuss work-related problems with it, confide in it about personal issues affecting work, discuss with it how an employee honestly feel about his/her work, and share employee's personal beliefs with it. According to Kim (2019), employees want credible and trustworthy leaders to work with. If top management exhibits behaviours and actions that can harm its trustworthiness (e.g.

unable to fulfil expectations), employees may not be willing to trust/take risks with it. Thus, these barriers are worthy of getting attention.

As far as the *beliefs in the trustworthiness of co-workers/team members* are concerned, the following appear to be barriers in respect of *benevolence* since the respondents perceived them as lacking: places the bank's interest above their own, work to protect me, watch out for my back, and watch out for me. For *predictability*, the following related aspects have been highlighted as barriers: in times of uncertainty, they stick to the plan, and they behave in a consistent manner. Benevolence and predictability are important aspects of trustworthiness as far as co-workers/team members are concerned (Dietz & Den Hartog 2006; Schoorman *et al* 2007). Thus, problems in relation to these aspects can have adverse effects on building trust with these parties.

For the *beliefs about the trustworthiness of the immediate supervisor*, the following appear to be barriers. For the aspect of *predictability*, the following appear to be problematic: I know exactly what my current immediate supervisor will do in a difficult situation, my current immediate supervisor behaves in a very consistent manner, and my current immediate supervisor follows through with what he/she says. It should be noted that unpredictable (inconsistent) behaviour of the immediate supervisor can put employees under conditions of uncertainty and doubt. According to Reina and Reina (2015), it is only consistent behaviour of the parties that lifts trust relationships to a higher level.

For the *beliefs about the trustworthiness of the top management*, the following barriers or problems have been identified. In respect of the *benevolence*, the following are highlighted: is very concerned about the welfare of the employees, attaches great importance to the needs and desires of the employees, would not knowingly do anything to harm the employees, really looks out for what is important for the employees, would go out of its way to help employees, generally has good intentions as far as the employees are concerned, is true to his/her word, can be trusted to make good decisions as far as the employees are concerned, shares important information with the employees, listens to the concerns of the employees, is sincere in efforts to communicate with the employees, and lastly, is sincere in their attempts to see the employee's point of view regarding the job. Relating to the *integrity* of the top

management, the following are of concern (barriers): has a strong sense of justice, tries hard to be fair in dealings with others, is very consistent as far as its actions/behaviours are concerned, will stick to its word, will keep its word about rewards offered for the completion of a task, has a high level of integrity, and lastly, acknowledges its own mistakes. For the *predictability* component of the top management, the following barriers have been identified: treats employees in a consistent and predictable manner, can be relied upon to reward employees for their achievements, can be relied upon to keep their promises, does not mislead people like me, and lastly, keeps their commitment to their employees. The barriers relating to the *respect* component of top management, the following are highlighted: really cares about my well-being, shows a great deal of concern for me, is willing to help me when I need a special favour, will never take advantage of me, takes my goals and values very much into consideration, comes to my assistance when I have a problem, and lastly, would forgive an honest mistake on my part. For the component of *justice*, the following appear to be barriers: treats me fairly, can be counted on to be fair, is fair in its treatment of me, and the following when they do exist: often treats employees in an unfair manner, and usually do not do things in a fair manner. It is worth noting that a large number of barriers are identified as far as the trustworthiness aspects of top management are concerned. This appears to be a serious problem situation for the banks as employees' decision to trust the top management is partly based on the perceived trustworthiness of this group (Costa *et al* 2017; Röttger 2018).

### **11.3 LIMITATIONS**

The limitations regarding the literature review and the empirical study have been identified as indicated below.

#### **11.3.1 Limitations of the literature review**

The following limitations are evident in the literature review:

- Trust researchers recommend that the management of trust within organisations is essential in the development of successful businesses and getting good results. However, it would appear that none of the researchers provide a holistic model to manage trust successfully. It was thus not possible to compare the proposed trust management model developed in this research with other similar models.

- The literature review on the management of trust within different types of organisations are limited. Thus, no basis exists to identify specific characteristics within different types of organisations.
- Although aspects of the process to manage trust exists in the literature, they are limited to one or two of the building blocks of the total process such as the maintenance of trust, the builders or drivers of trust but with limited focus on aspects such as trust buster (destroyers).
- Although numerous studies within the trust area have been undertaken, the specific influence of the organisation culture on the management of trust is limited.

### **11.3.2 Limitations of the empirical study**

The following are the limitations encountered in this research in respect of the empirical study:

- Despite efforts made to increase the response rate for the benefit of the statistical analysis, it was possible to obtain only 405 usable questionnaires which gave a response rate of 53.8%. Although this was adequate from the perspective of the statistical methods used in the study, it was not large enough to confidently make generalisations for the overall population of employees in the banking sector in Ethiopia.
- It is important to note that only a limited number of employees were drawn from the different levels within the banks which could also have placed a limitation on the data collected. Perhaps larger samples from each of the different levels would have been beneficial.
- Only the largest banks were part of the study. Perhaps an investigation into the smaller banks might have provided a different perspective which could have influenced the final results of the study.
- The fit indices of the proposed model were not met, however, the values were not significantly far from the values of a good model fit.
- The use of a cross sectional design in this study seems to limit the inference of causal relationships between the components of the proposed model. Should this kind of inference be made, perhaps longitudinal research will need to be conducted.

Despite the above limitations of the empirical study, it should be noted that the results of the study make a valuable contribution to new knowledge within the field of trust management within organisations.

## **11.4 RECOMMENDATIONS**

In this section, recommendations for the banking sector in Ethiopia are made. Recommendations are also made in respect of future research to be undertaken.

### **11.4.1 Recommendations for the banking sector in Ethiopia**

It would appear that the future success of the banks within Ethiopia is tied directly to the level of commitment and engagement of their employees. A core component, which can be seen as the glue which binds all the stakeholders inextricably together, is the trust which exists between all the stakeholders within the banks. This trust does not exist on its own, but needs to be built, driven, maintained, repaired and protected against trust busters (destroyers). The management of the trust process within the banks is a vital activity. For this reason, a trust management model has been designed and tested and is proposed for use within the banking sector in Ethiopia. The banks are encouraged to implement the model without delay.

To be successful in this regard, the researcher is in agreement with Grossman (2019) who suggests the following six ways in which leaders at all levels can build trust in the workplace:

#### **1) Recognise that building trust takes hard work**

Leaders need to know that trust is a phenomenon that must be earned. This means that trust comes from a conscious effort to do what leaders say they will do, keep their promises and align their behaviour with their values, to mention but a few. It follows that building trust requires a lot of hard work from the leaders.

#### **2) Be honest and supportive**

Trust building requires leaders to tell the truth to their employees, rather than what employees want to hear. Leaders also need to understand the needs of their employees, communicate facts by considering employees' efforts and feelings, and provide employees with the necessary support.

### 3) Be quiet sometimes

To build trust within the banks, leaders need to listen and understand their employees, use a variety of feedback mechanisms, engage in dialogue with employees, and encourage employees to ask questions, get answers and voice their concerns. Furthermore, leaders need to apply what is shared from the internal stakeholders for future actions.

### 4) Be consistent

If leaders speak and behave with consistency, it will be less difficult for them to build trust with employees. Furthermore, consistently keeping commitments needs to be the core of leaders' behaviour in all the relationships they have within the banks. The consistency between their actions and behaviours is also important as it partly contributes to employees' trust in leaders.

### 5) Model the behaviour you seek

The leader's behaviour is a signal of the organisation culture which influences employee actions and has the potential to drive their results. If leaders believe that teamwork is important, they need to create collaboration across teams and functions, give credit for the work well done, and build an appreciative culture.

### 6) Build in accountability

When leaders acknowledge their mistakes as well as successes, employees see them as credible and be willing to follow their lead. Accountability within the banks can also be fostered by establishing processes that become part of organisation culture, for example, evaluation of any project, provision of status reports, as well as tracking deadlines and milestones.

Besides the involvement of leaders at all the levels within the organisation, the HRM Departments within the banks should attend to the following aspects in liaison with the line managers.

- The challenges and threats which the banking sector in Ethiopia is currently facing include: infrastructure, employee turnover, foreign currency shortages, entry of foreign banks, cyber security issues, and political and economic instabilities. The banks' strengths and weaknesses in these areas need to be determined and addressed.

- The banks need to provide urgent attention to the areas where the barriers of trust exist (see Research aim 2 above). These areas include the following: drivers of trust, builders of trust, individual propensity to trust, willingness to trust/take risks with the top management, and beliefs about the trustworthiness of co-workers/team members, the immediate supervisor and top management.
- In order to improve the situation in the light of the results of this study, the following staged implementation plan also needs to be implemented within the banks.

*Stage 1: Organise a trust management committee*

Trust management should be done under the supervision of the Human Resource Management Department, in conjunction with the line managers, within the banks. To facilitate the activities in this regard, a cross-functional trust management committee, under the chairpersonship of the Vice President: Human Resource Management of each bank needs to be formed within each of the banks with representatives of the various divisions/functions.

*Stage 2: Develop trust profile (undertake current assessment)*

It should be noted that the banks need to know where they are regarding the level of trust before they can take steps towards the improvement thereof. The trust management committee needs to have a clear picture of the trust climate within their banks in order to develop the right strategy to follow. This means that the committee will need to focus on the scope and depth of the project by making use of the components of the trust management model developed in this study. The current assessment can be undertaken internally by qualified staff members, or externally by consultancy firms. To achieve this goal, use can be made of the Organisational Trust Index (OTI) which appears in Appendix K.

*Stage 3: Design and implement the strategy*

Once the information has been obtained in Stage 2, the strategy to address the trust issues within the banks can be designed. This strategy will be formulated to build or rebuild trust firstly within the top-level management, and then will be cascaded down the hierarchy to the middle-level management, the lower-level management, and the non-management group at a co-worker/team member level. The trust building or rebuilding strategy will also cross-functionally embody key processes, and finally, the banks' clients/customers.

The core element of the implementation strategy is the provision of training in trust awareness. Major areas of the training intervention may include: training in the exploration of the whole concept of trust; how to build trust across a range of relationships; practical skills and techniques for building, maintaining and repairing trust; and self-trust, trust in co-workers, supervisors and top management; as well as employee skills training. The training program needs to be concluded by signing a contract of statement of values (credo) with the individual trainees.

#### *Stage 4: Evaluate the trust culture*

This stage is synonymous with Step 12 of the explanatory framework/building blocks for the proposed trust management model designed in this study. The aim here is to undertake a formal evaluation of the trust culture within the banks on a regular basis say twice a year, and to rectify deviations in this regard. This can be undertaken by the trust management committee together with the top management.

It is worth noting that the foregoing staged implementation plan should not be seen as a one-time activity, rather it is a set of activities to be undertaken in an iterative process based on the trust profile of the banks.

#### **11.4.2 Recommendations for future research**

Based on the theoretical and empirical results of the study, the following recommendations, in respect of possible future research in the trust management field, are made.

- Future research needs to further explore the network of relationships between the components of the proposed model for managing trust in the Ethiopian or global context.
- It is recommended that the factor “Co-workers/team members predictability” identified through exploratory factor analysis be reassessed in future studies to explain why the items indicated unacceptable Cronbach alpha value of less than 0.5.
- As stated in Chapter 9, the measurement and structural models discussed in SEM technique have not been conceptually stated and tested before this study. Thus, the fit indices applied to the model indicated a better-fitting and theoretically consistent model. However, the closer fit indices achieved in this study to the

acceptable threshold values, are indicative of a very promising model in the field of trust research. Future research needs to get a best-fitting and theoretically consistent model using another set of data.

### **11.5 OVERALL CONTRIBUTION OF THE STUDY ON A THEORETICAL, EMPIRICAL AND PRACTICAL LEVEL**

On a theoretical level, the contribution of this study has been of major importance. The theory as it relates to the concept of trust management was discussed in depth and the trust management models found in the field classified and their strengths and weaknesses identified. This will assist other researchers to understand the various concepts in the field properly and provide a sound basis on which further research in the field can be undertaken.

On an empirical level, the study has provided more clarity on the different constructs identified through the exploratory factor analysis undertaken as well as the fit between the construct identified from the structural equation modelling undertaken. This will enable future researchers to investigate these aspects further as well as closer in the future. It thus forms a sound foundation for further research in the future.

On a practical level, the study provided a well-developed trust management model which can be used within organisations. Guidelines on how to achieve this area are also provided in the study which will assist general managers as well as human resource managers regarding the proper management of this critical aspect in their organisations.

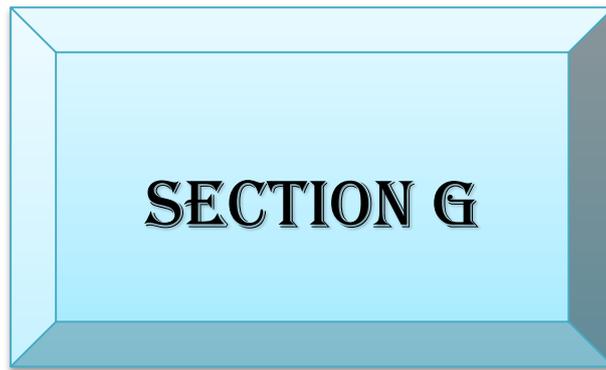
### **11.6 CHAPTER SUMMARY**

In this chapter, conclusions relating to the literature review and the empirical study, limitations of the literature review and empirical study, as well as recommendations to the banking sector in Ethiopia and future researchers are provided.

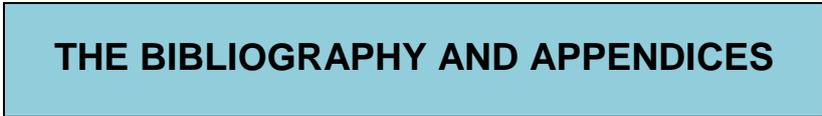
The general aim of the research formulated from the outset was to present an exploration and analyses of the concept of trust, its principles, practices and models and to develop a trust management model which will be tested within the banking sector in Ethiopia. More specifically, the aim of this research was to conceptualise trust

from a theoretical perspective, to identify basic principles and best practices of trust management, and to identify the building blocks of an efficient and effective trust management model. Furthermore, empirically to determine the scope and depth of trust management practices, as measured against the proposed trust management model, and to identify the barriers which might exist regarding the application of trust management practices within the banking sector in Ethiopia as manifested within the sample of respondents within the sector. This has been achieved successfully in this study.

This concludes the research project.



**SECTION G**



**THE BIBLIOGRAPHY AND APPENDICES**

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## LIST OF APPENDICES

## APPENDIX A

### Interpersonal trust index: Results of a worldwide survey

COUNTRY	YEAR	SOURCE	INDEX
ALBANIA	2002	Values Surveys EVS/WVS Waves 1-4 (1981 - 2004)	51,2
ALGERIA	2005	Global barometer – Round 1	45,3
ANDORRA	2005	World Values Survey Wave 5 (2005 – 2008)	40,8
ARGENTINA	2008	Latinobarometro 1995 – 2008	40,6
ARMENIA	1997	Values Surveys EVS/WVS Waves 1 - 4 (1981 - 2004)	51,8
AUSTRALIA	2005	World Values Survey Wave 5 (2005 - 2008)	92,4
AUSTRIA	1999	Values Surveys EVS/WVS Waves 1-4 (1981 - 2004)	70,2
AZERBAIJAN	1997	Values Surveys EVS/WVS Waves 1-4 (1981 - 2004)	44,2
BANGLADESH	2002	Values Surveys EVS/WVS Waves 1-4 (1981 - 2004)	47,7
BELARUS	2000	Values Surveys EVS/WVS Waves 1-4 (1981 - 2004)	85,2
BELGIUM	1999	Values Surveys EVS/WVS Waves 1-4 (1981 - 2004)	63,0
BENIN	2005	Globalbarometer – Round 1	56,2
BOLIVIA	2008	Latinobarometro 1995 – 2008	48,8
BOSNIA & HERZEGOVINA	2001	Values Surveys EVS/WVS Waves 1 - 4 (1981 - 2004)	32,4
BOTSWANA	2005	Globalbarometer – Round 1	12,3
BRAZIL	2008	Latinobarometro 1995 – 2008	17,5
BULGARIA	2006	World Values Survey Wave 5 (2005 – 2008)	50,9
BURKINA FASO	2007	World Values Survey Wave 5 (2005 – 2008)	33,6
CAMBODIA	2008	East-Asian barometer 2005 – 2008	15,6
CANADA	2006	World Values Survey Wave 5 (2005 – 2008)	85,9
CAPE VERDE	2005	Globalbarometer – Round 1	9,0
COLOMBIA	2008	Latinobarometro 1995 – 2008	30,9
COSTA RICA	2008	Latinobarometro 1995 – 2008	48,9
CROATIA	1999	Values Surveys EVS/WVS Waves 1 - 4 (1981 - 2004)	38,7
CYPRUS	2006	World Values Survey Wave 5 (2005 – 2008)	21,2
CZECH REPUBLIC	1999	Values Surveys EVS/WVS Waves 1 – 4 (1981 - 2004)	48,8
CHILE	2008	Latinobarometro 1995 – 2008	34,4
CHINA	2008	East-Asian barometer 2005 – 2008	120,9
DENMARK	1999	Values Surveys EVS/WVS Waves 1 – 4 (1981 - 2004)	131,9
DOMINICAN REPUBLIC	2008	Latinobarometro 1995 – 2008	74,7
ECUADOR	2008	Latinobarometro 1995 – 2008	72,7
EGYPT	2008	World Values Survey Wave 5 (2005 – 2008)	37,2
EL SALVADOR	2008	Latinobarometro 1995 – 2008	60,4
ESTONIA	1999	Values Surveys EVS/WVS Waves 1 – 4 (1981 - 2004)	48,4
ETHIOPIA	2007	World Values Survey Wave 5 (2005 – 2008)	55,2
FINLAND	2005	World Values Survey Wave 5 (2005 – 2008)	117,5
FRANCE	2006	World Values Survey Wave 5 (2005 – 2008)	37,9
GEORGIA	2008	World Values Survey Wave 5 (2005 – 2008)	38,2
GERMANY	2006	World Values Survey Wave 5 (2005 – 2008)	75,8

### Interpersonal trust index: Results of a worldwide survey (contd.)

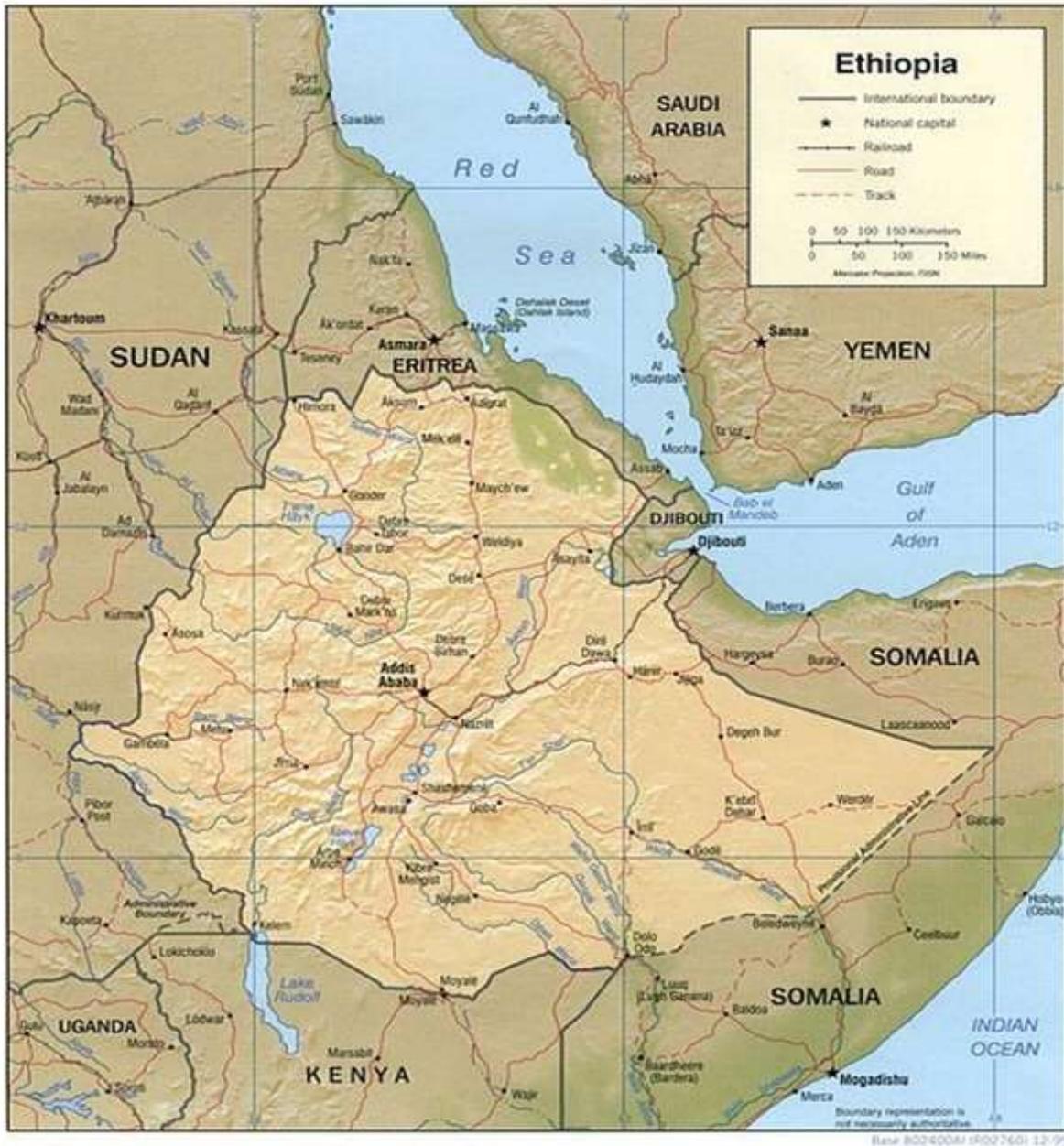
COUNTRY	Year	Source	Index
GHANA	2007	World Values Survey Wave 5 (2005 – 2008)	17.4
GREAT BRITAIN	2006	World Values Survey Wave 5 (2005 – 2008)	61.7
GREECE	1999	Values Surveys EVS/WVS Waves 1 – 4 (1981 - 2004)	54.6
GUATEMALA	2008	Latinobarometro 1995 – 2008	51.9
HONDURAS	2008	Latinobarometro 1995 – 2008	47.0
HONG KONG	2005	World Values Survey Wave 5 (2005 – 2008)	82.4
HUNGARY	1999	Values Surveys EVS/WVS Waves 1 – 4 (1981 - 2004)	44.8
ICELAND	1999	Values Surveys EVS/WVS Waves 1 – 4 (1981 - 2004)	83.0
INDIA	2006	World Values Survey Wave 5 (2005 – 2008)	52.5
INDONESIA	2006	East-Asian barometer 2005 – 2008	16.9
IRAN	2005	World Values Survey Wave 5 (2005 – 2008)	21.8
IRAQ	2006	World Values Survey Wave 5 (2005 – 2008)	82.6
IRELAND	1999	Values Surveys EVS/WVS Waves 1 – 4 (1981 - 2004)	72.1
ISRAEL	2001	Values Surveys EVS/WVS Waves 1 – 4 (1981 - 2004)	48.3
ITALY	2005	World Values Survey Wave 5 (2005 – 2008)	60.8
JAPAN	2005	World Values Survey Wave 5 (2005 – 2008)	79.6
JORDAN	2007	World Values Survey Wave 5 (2005 – 2008)	62.0
KENYA	2005	Global barometer – Round 1	20.0
KOREA (SOUTH)	2005	World Values Survey Wave 5 (2005 – 2008)	56.9
KUWAIT	2005	Global barometer – Round 1	48.5
KYRGYZSTAN	2003	Values Surveys EVS/WVS Waves 1 – 4 (1981 - 2004)	33.7
LATVIA	1999	Values Surveys EVS/WVS Waves 1 – 4 (1981 - 2004)	35.9
LEBANON	2005	Global barometer – Round 1	33.8
LESOTHO	2005	Global barometer – Round 1	32.7
LITHUANIA	1999	Values Surveys EVS/WVS Waves 1 – 4 (1981 - 2004)	52.8
LUXEMBOURG	1999	Values Surveys EVS/WVS Waves 1 – 4 (1981 - 2004)	53.9
MACEDONIA	2001	Values Surveys EVS/WVS Waves 1 – 4 (1981 - 2004)	29.5
MADAGASCAR	2005	Global barometer – Round 1	65.6
MALAWI	2005	Global barometer – Round 1	14.9
MALAYSIA	2006	World Values Survey Wave 5 (2005 – 2008)	17.7
MALI	2007	World Values Survey Wave 5 (2005 – 2008)	44.8
MALTA	1999	Values Surveys EVS/WVS Waves 1 – 4 (1981 - 2004)	42.2
MEXICO	2008	Latinobarometro 1995 – 2008	41.7
MOLDOVA	2006	World Values Survey Wave 5 (2005 – 2008)	36.7
MONGOLIA	2006	East-Asian barometer 2005 – 2008	21.4
MONTENEGRO	2001	Values Surveys EVS/WVS Waves 1 – 4 (1981 - 2004)	68.2
MOROCCO	2007	World Values Survey Wave 5 (2005 – 2008)	27.4
MOZAMBIQUE	2005	Global barometer – Round 1	56.0
NAMIBIA	2006	Global barometer – Round 1	57.8
NETHERLANDS	2006	World Values Survey Wave 5 (2005 – 2008)	90.6
NEW ZEALAND	2004	World Values Survey Wave 5 (2005 – 2008)	102.2

### Interpersonal trust index: Results of a worldwide survey (contd.)

COUNTRY	YEAR	SOURCE	INDEX
NICARAGUA	2008	Latinobarometro 1995 – 2008	46.1
NIGERIA	2005	Global barometer – Round 1	29.8
NORWAY	2007	World Values Survey Wave 5 (2005 – 2008)	148.0
PAKISTAN	2001	Values Surveys EVS/WVS Waves 1 – 4 (1981 - 2004)	65.0
PANAMA	2008	Latinobarometro 1995 – 2008	45.9
PARAGUAY	2008	Latinobarometro 1995 – 2008	22.7
PERU	2008	Latinobarometro 1995 – 2008	30.5
PHILIPPINES	2005	East-Asian barometer 2005 – 2008	20.1
POLAND	2005	World Values Survey Wave 5 (2005 – 2008)	40.9
PORTUGAL	1999	Values Surveys EVS/WVS Waves 1 – 4 (1981 - 2004)	21.9
PUERTO RICO	2001	Values Surveys EVS/WVS Waves 1 – 4 (1981 - 2004)	45.8
RUMANIA	2005	World Values Survey Wave 5 (2005 – 2008)	43.6
RUSSIA	2006	World Values Survey Wave 5 (2005 – 2008)	55.4
RWANDA	2007	World Values Survey Wave 5 (2005 – 2008)	10.2
SAUDI ARABIA	2003	Values Surveys EVS/WVS Waves 1 – 4 (1981 - 2004)	105.8
SENEGAL	2005	Global barometer – Round 1	54.2
SERBIA	2006	World Values Survey Wave 5 (2005 – 2008)	38.2
SINGAPORE	2006	East-Asian barometer 2005 – 2008	59.8
SLOVAKIA	1999	Values Surveys EVS/WVS Waves 1 – 4 (1981 - 2004)	33.4
SLOVENIA	2005	World Values Survey Wave 5 (2005 – 2008)	38.6
SOUTH AFRICA	2007	World Values Survey Wave 5 (2005 – 2008)	38.0
SPAIN	2007	World Values Survey Wave 5 (2005 – 2008)	40.9
SWEDEN	2006	World Values Survey Wave 5 (2005 – 2008)	134.5
SWITZERLAND	2007	World Values Survey Wave 5 (2005 – 2008)	107.4
TAIWAN	2006	East-Asian barometer 2005 – 2008	70.0
TANZANIA	2005	Global barometer – Round 1	27.6
THAILAND	2007	World Values Survey Wave 5 (2005 – 2008)	83.1
TRINIDAD & TOBAGO	2006	World Values Survey Wave 5 (2005 – 2008)	7.9
TURKEY	2007	World Values Survey Wave 5 (2005 – 2008)	10.2
UGANDA	2005	Global barometer – Round 1	33.8
UKRAINE	2006	World Values Survey Wave 5 (2005 – 2008)	60.0
UNITED STATES OF AMERICA	2006	World Values Survey Wave 5 (2005 – 2008)	78.8
URUGUAY	2008	Latinobarometro 1995 – 2008	54.2
VENEZUELA	2008	Latinobarometro 1995 – 2008	48.5
VIETNAM	2006	World Values Survey Wave 5 (2005 – 2008)	104.1
ZAMBIA	2007	World Values Survey Wave 5 (2005 – 2008)	28.1
ZIMBABWE	2001	Values Surveys EVS/WVS Waves 1 – 4 (1981 - 2004)	24.9

Source: Medrano, JO. 2013. *Interpersonal Trust* [online]. Available from: <http://www.jdsurvey.net/jds/jdsurveyMaps.jsp?Idioma=%20I&SeccionTexto=0404&NOID=104> [accessed: 17 September 2013].

ETHIOPIA SHADED RELIEF MAP



Source: University of Texas Libraries. 2014. *Perry-Castañeda Library Map Collection* [online]. Available from: [http://commons.wikimedia.org/wiki/File:Ethiopia\\_shaded\\_relief\\_map\\_1999,\\_CIA.jpg](http://commons.wikimedia.org/wiki/File:Ethiopia_shaded_relief_map_1999,_CIA.jpg) [accessed 30 September 2014].

## SOME STATISTICS ABOUT THE POPULATION, THE ECONOMY AS WELL AS THE GEOGRAPHY OF ETHIOPIA

### (i) POPULATION NUMBERS AS PER REGION/CITY IN ETHIOPIA (IN THOUSANDS)

REGION	CAPITAL	AREA (KM <sup>2</sup> )	POPULATION 2014 (ESTIMATE)
Addis Ababa	Addis Ababa	526.99	3 195
Afar	Semera	72 052.78	1 679
Amhara	Bahir Dar	154 708.96	20 019
Benishangul-Gumuz	Asosa	50 698.68	976
Dire Dawa	Dire Dawa	1 558.61	427
Gambella	Gambella	29 782.82	396
Harari	Harar	333.94	226
Oromia	Finfinne	284 538.00	32 816
Somali	Jigjiga	279 252.00	5 307
Southern Nations, Nationalities and People's Region (SNNPR)	Hawassa	105 887.18	17 836
Tigray	Mekelle	41 410.00	4 960
<b>TOTAL:</b>		<b>1 127 127 00</b>	<b>87 837</b>

Source: CSA (Central Statistics Agency). 2012. *Inter Census Population Survey (ICPS) 2012 projection report*. Addis Ababa: Central Statistics Authority

### (ii) RELIGION IN ETHIOPIA

RELIGION	PERCENTAGE
Ethiopian Orthodox	43.5%
Muslim	33.9%
Protestant	18.5%
Traditional religions	2.7%
Catholic	0.7%
Others	0.6%

Source: Central Intelligence Agency (CIA). 2014. *The world factbook* [online]. Available from: <https://www.cia.gov/library/publications/the-world-factbook/geos/et.html> [accessed: 30 September 2014].

### (iii) ETHNIC GROUPS IN ETHIOPIA (POPULATION IN MILLIONS ACCORDING TO 2007 CENSUS)

ETHNIC GROUP	POPULATION (IN MILLIONS)
Oromo	25.4 (34.4%)
Amhara	19.9 (27.0%)
Somali	4.59 (6.2%)
Tigray	4.49 (6.1%)
Sidama	2.95 (4.0%)
Gurage	1.86 (2.5%)
Welayta	1.68 (2.3%)
Afar	1.28 (1.7%)
Hadiya	1.27 (1.7%)
Gamo	1.10 (1.5%)
Others	9.30 (14.1%)

Source: CIA (Central Intelligence Agency). 2014. *The world factbook* [online]. Available from: <https://www.cia.gov/library/publications/the-world-factbook/geos/et.html> [accessed: 30 September 2014]; Central Statistics Agency (CSA). 2007. *National Population and Housing Census*. Addis Ababa: CSA.

## SOME STATISTICS ABOUT THE POPULATION, THE ECONOMY

## AS WELL AS THE GEOGRAPHY OF ETHIOPIA (Contd.)

### (iv) ETHNIC GROUPS IN ETHIOPIA (POPULATION IN MILLIONS ACCORDING TO 2007 CENSUS)

LANGUAGE	PERCENTAGE
Oromo	33.8%
Amharic	29.3%
Somali	6.2%
Tigrigna	5.9%
Sidamo	4.0%
Welaytta	2.2%
Gurage	2.0%
Afar	1.7%
Hadiyya	1.7%
Gamo	1.5%
Other	11.7%

Source: Central Intelligence Agency (CIA). 2014. *The world factbook* [online]. Available from: <https://www.cia.gov/library/publications/the-world-factbook/geos/et.html> [accessed 30 September 2014].

### (v) GENERAL STATISTICS

CLIMATE:	Tropical monsoon with wide topographic-induced variation.
TERRAIN:	High plateau with central mountain range divided by Great Rift Valley.
NATURAL RESOURCES:	Small reserves of gold, platinum, copper, potash, natural gas and hydropower.
NATURAL HAZARDS:	Geologically active Great Rift Valley susceptible to earthquakes, volcanic eruptions and frequent droughts.
ENVIRONMENT CURRENT AFFAIRS:	Deforestation, overgrazing, soil erosion, desertification, water shortages in some areas from water-intensive farming and poor management.
AGE STRUCTURE:	0-14 years: 44.2% (male 21,376,243/female 21,308,454) 15-24 years: 19.9% (male 9,557,462/female 9,692,275) 25-54 years: 29.2% (male 14,023,218/female 14,176,263) 55-64 years: 3.9% (male 1,826,602/female 1,919,212) 65 years and over: 2.8% (male 1,242,171/female 1,511,558) (2014 est.)
MEDIAN AGE:	Total: 17.6 years (Male: 17.4 years and Female: 17.7 years (2014 est.))
GROWTH RATE:	2.89% (2014 est.)
INFANT MORTALITY:	Total: 55.77 deaths/1,000 live births (Male: 63.77 deaths/1,000 live births and Female: 47.53 deaths/1,000 live births) (2014 est.)
LIFE EXPECTANCY AT BIRTH:	Total population: 60.75 years (Male: 58.43 years and Female: 63.15 years) (2014 est.)
FERTILITY RATE:	5.23 children born/woman (2014 est.)
NATIONALITY:	Noun: Ethiopian(s). Adjective: Ethiopian.
LITERACY:	Definition: age 15 and over can read and write Total population: 39% (male: 49.1% and female: 28.9%) (2007 est.)
BUDGET:	Revenues: \$6.702 billion Expenditures: \$8.042 billion (2013 est.)
ELECTRICITY PRODUCTION BY SOURCE:	Fossil fuel:1.3%, Hydro:97.6%, Other: 1.2%, Nuclear: 0%
INDUSTRIES:	Food processing, beverages, textiles, chemicals, metals processing and cement.
AGRICULTURE:	cereals, pulses, coffee, oilseed, cotton, sugarcane, potatoes, <i>khat</i> , cut flowers, hides, cattle, sheep, goats and fish
EXPORTS:	Coffee, <i>khat</i> , gold, leather products, live animals and oilseeds.
EXPORT PARTNERS:	China 13%, Germany 10.8%, US 8%, Belgium 7.7%, Saudi Arabia 7.6% (2012)
IMPORTS:	Food and live animals, petroleum and petroleum products, chemicals, machinery, motor vehicles, cereals and textiles.
IMPORT PARTNERS:	China 13.1%, US 11%, Saudi Arabia 8.4%, India 5.4% (2012)

Source: CIA (Central Intelligence Agency). 2014. *The world factbook* [online]. Available from: <https://www.cia.gov/library/publications/the-world-factbook/geos/et.html> [accessed 30 September 2014].

## MAJOR LEGISLATIONS IN THE BANKING SYSTEM OF ETHIOPIA

YEAR	TITLE OF THE PROCLAMATION	PROCLAMATION NO.	PURPOSE OF THE PROCLAMATION
The Imperial Period (Pre 1974)	Bank of Ethiopia Charter	29/1931	To establish Bank of Ethiopia after the liquidation of Bank of Abyssinia in order to qualify public interest to banking operation in the country.
	Monetary and Banking Proclamation	206/1963	To enact a new formal monetary and banking proclamation in the banking industry.
	Disposition of Assets and Liabilities of the State Bank of Ethiopia	207/1963	To divide assets and liabilities of State Bank of Ethiopia between National Bank of Ethiopia (NBE) and Commercial Bank of Ethiopia (CBE)
	National Bank of Ethiopia Charter	30/1963	To proclaim charter of NBE.
	Agricultural and Industrial Development S.C. Establishment	55/1970	To provide improved services to agricultural and other industries projects.
The Derg Period (1974 to 1991)	Housing and Savings Bank (HSB) Establishment	60/1975	To establish HSB by merging the Savings and Mortgage Corporation S.C. (SMCSC) and Imperial Saving and Home Ownership Public Association (ISHOPA).
	Monetary and Banking Proclamation	99/1976	To define the role of the NBE and repealed Proclamation No. 206 of 1963.
	Agricultural and Industrial Development Bank Re-establishment	158/1979	To re-establish the former Agricultural and Industrial Development Bank S.C. into Agricultural and Industrial Development Bank.
	Commercial Bank of Ethiopia Establishment	184/1980	To establish CBE by merging Addis Bank and Commercial Bank of Ethiopia S.C. and repeal Addis Bank Establishment Proclamation No. 69/1975.
The Post Derg Period (1991 – to date)	Monetary and Banking Proclamation	83/1994	To introduce financial sector reform by repealing Proclamation No.99/1976.
	Licensing and Supervision of Banking Business	84/1994	To participate private bankers in the new market-oriented economic policy of the country.
	Development Bank of Ethiopia (DBE) Establishment	200/1994	To establish DBE as a public enterprise by repealing Proclamation No. 158/1979.
	Commercial Bank of Ethiopia Establishment	202/1994	To establish CBE as a public enterprise by repealing Proclamation No. 184/1980.
	Construction and Business Bank (CBB) Establishment	203/1994	To establish CBB as a public enterprise by repealing Proclamation No. 60/1975.
	National Bank of Ethiopia Establishment (as Amended)	591/2008	To enable NBE undertake other activities that conforms to the proportional economic growth of Ethiopia.
	Banking Business Proclamation	592/2008	To ensure safety, soundness and stability of the banking system by having comprehensive law.

Source: The researcher's compilation of Banking Proclamations in Ethiopia. The details of each Proclamation are provided under the list of references.

APPENDIX E

**CAPITAL AND BRANCH NETWORK OF BANKING SYSTEM IN ETHIOPIA AS AT 30 JUNE 2016**

(Branches in number & capital in millions of Birr)

Banks	Branch Network								Capital			
	2014/15				2015/16				2014/15		2015/16	
	Regions	Addis Ababa	Total	% Share	Regions	Addis Ababa	Total	% Share	Total Capital	% Share	Total Capital	% Share
<b>1. Public Banks</b>												
Commercial Bank of Ethiopia	785	192	977	36.3	888	262	1150	36.1	10,716.4	34.8	13557.5	31.5
Construction & Business Bank	69	51	120	4.5	-	-	-	-	-	-	-	-
Development Bank of Ethiopia	31	1	32	1.2	106	4	110	3.5	2269.2	7.4	7500.8	17.4
<b>Total Public Banks</b>	<b>885</b>	<b>244</b>	<b>1129</b>	<b>41.9</b>	<b>994</b>	<b>266</b>	<b>1260</b>	<b>39.5</b>	<b>12985.5</b>	<b>42.1</b>	<b>21058.3</b>	<b>48.9</b>
<b>2. Private Banks</b>												
Awash International Bank SC	95	112	207	7.7	118	127	245	7.7	2,540.3	8.2	3,191.2	7.4
Dashen Bank SC	76	88	164	6.1	61	57	118	3.7	2,377.2	7.7	2,809.3	6.5
Bank of Abyssinia	64	72	136	5.1	84	92	176	5.5	1,594.3	5.2	1,838.2	4.3
Wegagen Bank SC	63	56	119	4.4	95	66	161	5.1	2,061.9	6.7	2,431.1	5.6
United Bank SC	62	66	128	4.8	70	74	144	4.5	1,475.0	4.8	1,814.7	4.2
Nib International Bank SC	50	65	115	4.3	69	86	155	4.9	1,925.3	6.2	2,253.9	5.2
Cooperative Bank of Oromia SC	106	35	141	5.2	139	45	184	5.8	1,058.7	3.4	1,182.7	2.7
Lion International Bank SC	50	38	88	3.3	75	46	121	3.8	601.6	2.0	787.2	1.8
Oromia International Bank SC	103	49	152	5.6	148	62	210	6.6	771.7	2.5	1,069.9	2.5
Zemen Bank SC	5	2	7	0.3	8	5	13	0.4	650.0	2.1	800.0	1.9
Buna International Bank SC	47	35	82	3.0	56	49	105	3.3	559.3	1.8	774.7	1.8
Berhan International Bank SC	32	39	71	2.6	43	45	88	2.8	622.3	2.0	805.9	1.9
Abay Bank SC	70	19	89	3.3	89	27	116	3.6	591.0	1.9	814.5	1.9
Addis International Bank SC	10	22	32	1.2	17	26	43	1.3	399.6	1.3	569.8	1.3
Debub Global Bank SC	13	9	22	0.8	17	11	28	0.9	202.6	0.7	270.9	0.6
Enat Bank SC	5	6	11	0.4	7	13	20	0.6	392.1	1.3	588.6	1.4
<b>Total Private Banks</b>	<b>851.0</b>	<b>713.0</b>	<b>1,564.0</b>	<b>58.1</b>	<b>1,096.0</b>	<b>831.0</b>	<b>1,927.0</b>	<b>60.5</b>	<b>17,822.8</b>	<b>57.9</b>	<b>22,002.5</b>	<b>51.1</b>
<b>3. Grand Total Banks</b>	<b>1,736</b>	<b>957</b>	<b>2,693</b>	<b>100</b>	<b>2,090.0</b>	<b>1,097</b>	<b>3,187</b>	<b>100.0</b>	<b>30,808.3</b>	<b>100.0</b>	<b>43,060.8</b>	<b>100.</b>

Source: National Bank of Ethiopia (NBE). 2016. *Annual report* [online]. Available from: <http://nbebank.com/admin/filesystem/index.php?news=173> [accessed 20 December 2016].

## PUBLIC AND PRIVATE HIGHER LEARNING INSTITUTIONS IN ETHIOPIA

Public Universities (# 45)	Private Universities and Colleges (# 62)
<p>Adama University, Addis Ababa University, Addis Ababa Science and Technology University, Aksum University, Ambo University, Arba Minch University, Assosa University, Bahir Dar University, Bule Hora University, Debre Birhan University, Debre Markos University, Debre Tabor University, Defense University College, Dilla University, Dire Dawa University, Ethiopian Civil Service University, Gondar University, Haramaya University, Hawassa University, Jigjiga University, Jimma University, Kotebe Metropolitan University, Madawalabu University, Mekelle University, Metu University, Mizan-Tepi University, Samara University, Telecommunications and IT College, Wachamo University, Welkite University, Wolaita Sodo University, Woldia university, Wollega University, Wollo University, Raya University, Debarik University, Enjibara University, Mekdela Amba University, Selale University, Dambi Dollo University, Oda Bultum University, Kebri Dehar University, Worabe University, Bonga University, and Jinka University</p>	<p>Abyssinia College, Addis Ababa Medical College, Addis College, Addis Continental Institute of Public Health, Admas University, Africa Beza University College, Africa Medical College, Agro Technical and Technology College, Alkan University College, Alpha University College, Dynamic International University College, Atlas University College, Ayer Tena Health Science College, Bethel Medical College, Blue Nile College, Central University College, CPU Business &amp; Information Technology College, Dandii Boru University College, Ecusta Higher Learning Institute, Ethiopia Adventist College, Ethiopis Distance Education College, GABST College, GAGE IT and Business College, Gamby College of Medical Sciences, Hamlin College of Midwives, Harambee College, Hayat Medical College, HiLCoE School of Computer Science and Technology, Hope University College, International Leadership Institute, Kea Med University College, Leadstar University college, Lucy College, Mekane Yesus Management &amp; Leadership College, Mekelle Institute of Technology, Micro Business College, Microlink Information Technology College, Mishqen College, Medco Bio Medical College, Myungsung Medical College, National College, New Generation University College, New Millennium University College, Nile College, Orbit Information Technology College, Pesc Information Systems College, Pharma Health Science College, Poly Institute of Technology, Rift Valley University College, Royal University College, Seamless College, Sheba University College, Soddo Christian Hospital, SRI SAI College, St. Lideta Health Science College, St. Mary's University College, Summit College, Tech-Zone Engineering and Business College, Tropical College of Medicine, Unity University, Universal University College, Victory College, Western Star College, and Yardstick International College of Distance and Open Learning</p>

Source: FDRE-MOE (2013:169-170)

**LIST OF CORE COURSES OF FIRST AND SECOND-DEGREE QUALIFICATIONS IN ACCOUNTING AND FINANCE,  
ECONOMICS, MANAGEMENT AND MARKETING IN ETHIOPIAN HIGHER INSTITUTIONS**

<b>Degree</b>	<b>Core Courses</b>	<b>Degree</b>	<b>Core Courses</b>
Bachelor of Arts (BA) Degree in Accounting and Finance	Accounting for Government & NFP Entities, Accounting Information Systems, Accounting Software Application, Advanced Accounting, Auditing I, Auditing II, Business Communication, Business Law, Cost Accounting, Financial Accounting I, Financial Accounting II, Financial Management I, Financial Management II, Financial Markets and Institutions, General psychology, Government Budgetary System and Control, Introduction to Computer & Basic Application in Accounting, Introduction to Management, Introduction to Statistics, Management Accounting, Mathematics for Management, Microeconomics I, Microeconomics II, Operations Research, Principles of Accounting I, Principles of Accounting II, Principles of Marketing, Professional Practice in Accounting & Finance, Project Analysis and Management, Research Methods, Risk Management and Insurance, Sophomore English, Statistics for Management, Strategic Management, and Tax Accounting	Bachelor of Science (BSC) Degree in Economics	Agricultural Economics I, Agricultural Economics II, Calculus for Economics, Development Economics & Economic Growth, Development Planning & Project Analysis II, Development Planning and Project Analysis, Econometrics, Economics of Industry, Ethiopian Economy, Fiscal Economics and Policy, Freshman English I, Freshman English II, Health and Education Economics, International Economics and Policy, Introduction to Computer, Introduction to Economics, Introduction to Population Studies, Introduction to Quantitative Methods I, Introduction to Quantitative Methods II, Introduction to Research Methods, Labour Economics, Linear Algebra for Economists, Macroeconomics I, Macroeconomics II, Microeconomics I, Microeconomics II, Monetary Economics and Policy, Natural Resource & Environment Economics, Principles of Accounting I, Principles of Accounting II, Rural Development, Sophomore English, Spoken English, Statistics for Economists, Transport Economics, and Urban and Regional Economics
Bachelor of Arts (BA) Degree in Management	Administrative and business communication, Agribusiness Management, Banking and Investment management, Basic computer application, Basic statistics, Business Ethics and social Responsibility, Business Law, Cost and Management Accounting I, Cost and Management Accounting II, Entrepreneurship and Small Business Management, Financial Management, General Psychology, Human Resource Management, International Marketing, Introduction to Logic, Introduction to Management, Leadership and Change Management, Management Information System, Management Thought, Managerial Economics, Materials Management, Mathematics for Management, Microeconomics, Operations Management, Operations Research, Organisational Behaviour, Principle of Accounting I, Principle of Accounting II, Principles of Marketing, Project Analysis and Management, Research Methods for Management, Research project in Management, Risk Management and Insurance, Sophomore English, Statistics for Management, Strategic Management, and System Analysis and Design.	Bachelor of Arts (BA) Degree in Marketing	Agricultural Marketing, Business Communication, Business Law, Business Mathematics, Business Statistics, Civics and Ethical Education, Communicative English Skill I, Communicative English Skill II, Consumer Behaviour, Entrepreneurship & Small Business Management, Import Export Policy and Procedure, Industrial Marketing, International marketing, Introduction to Computer, Introduction to Management, Introduction to Risk and Insurance, Macroeconomics I, Macroeconomics II, Management Information System, Marketing Management, Marketing Principles and Practice, Marketing Research, Microeconomics I, Principles of Accounting I, Principles of Accounting II, Professional Selling, Record Management, Sales Management, and Service Marketing.
Master of Business Administration (MBA)	Advanced Strategic Management, Business Research Methodology, Financial and Managerial Accounting, Financial Management, Financial Markets & Institutions, Human Resources Management, Information Processing & Management, International Business Management, and Management Theories & Practices, Marketing Management, Operations Management, Organisational Behaviour & Analysis, Project Analysis & Evaluation, Quantitative Analysis for Management Decision Making, and Thesis Research.	Master of Science (MSC) Degree in Economics	Econometric Methods, Economics of Growth and Development, Economics of Social Sector and Environment, Financial Markets and Institutions, International Trade and Finance, Macroeconomic Analysis, Microeconomic Analysis, Public Economics, Quantitative Methods for Economic Analysis, and Research Methods in Economics.

Source: University of Gondar. 2009. Curriculum of College of Business and Economics. University of Gondar.

**BANKING AND MANAGEMENT DEVELOPMENT TRAINING COURSES, TARGET TRAINEES AND DURATION IN ETHIOPIAN INSTITUTE OF FINANCIAL STUDIES (EIFS)**

TRAINING	COURSE TITLE	TARGET TRAINEES	DURATION
Banking	Project Finance	Commercial Bankers, Credit Analysts, Other Interested Professionals	10 half days
	Foreign Trade Finance	Heads and Employees of Foreign Trade Finance Departments in Ethiopian Banks	10 half days
	Bank Accounting	Financial Controllers, Accountants and Tax Advisors	10 half days
	Domestic Banking Practice	Front Line Staff Engaged in Domestic Banking Operations.	10 half days
	Housing Finance	Staff from Credit and Legal Department	10 half days
	Leasing	Bankers, Financial Controllers, Asset Managers, Accountants & Tax Advisors, Lessors & Lessees, Sales Personnel, Equipment Vendors	6 half days
	Fundamentals of Credit Appraisal	Middle Managers and Branch Managers of a Bank, Loan Officers, Credit Approval Staff	10 half days
	Basic Monetary Policy Instrument and Operations	Middle and Lower Level Staff	10 half days
	Payment Systems	Staff Members of Payment Systems; IT Personnel and Operational Staff; Policymakers; Central Bank Officials from Payment Systems, Banking, and Credit Departments; and Commercial Bankers.	10 half days
	Management of Foreign Exchange Reserves	Practitioners from the NBE; NBE Staff engaged in management of balance of payments; Junior to middle level professionals in the front, middle and back offices of the foreign exchange reserves.	8 half days
	Financial Sector Supervision	Employees of the Supervision Departments of the National Bank of Ethiopia; Employees of banks who have to ensure compliance with supervisory requirements	4 full days
Management Development	Risk Based Internal Audit	Internal Auditors	10 half days
	Bank Risk Management	Credit and Corporate Banking Staff; Corporate Strategy & Planning Personnel; Financial Control as well as Internal Control and Compliance Staff; Middle and Senior Level Officers Working in Investment, Treasury, Accounts; and other planning related departments staff at head office.	11 half days
	Marketing and Customer Relationship Management	Employees who are involved in product development; marketing communications, research and implementation; consultative customer relationship and sales role; and those who rely on other business units for the delivery of the product or service.	10 half days
	Change Management	Top and Middle Managers	4 half days
	Communicational Skills	Front-Office Employees	4 half days
	Leadership Skills	Top and Middle Managers	4 half days
	Financial Management	Managers and Officers, Directors in Accounting and Processing Department.	10 half days
	Human Resource Management	Division and District managers and Directors	10 half days
	Strategic Management	Senior Functionaries from Banks and Financial Services Companies – Heads of Departments, Branch Managers, General Managers	8 half days
	Management Information System	Middle Level Supervisors and Senior Mangers	10 half days
Corporate Governance	Top and Middle Managers of Ethiopian Financial Institutions	2 full days	

Source: National Bank of Ethiopia (NBE). 2014. *History of EIFS* [online]. Available from: <http://www.nbe.gov.et/financial/eifs.html> [accessed 10 October 2014].

APPNDIX I

MANAGEMENT DEVELOPMENT TRAINING, CONSULTANCY AND RESEARCH SERVICES BEING OFFERED BY  
ETHIOPIAN MANGEMENT INSTITUTE (EMI)

CORE SERVICE	COURSE TITLE	TARGET TRAINEES	DURATION (IN DAYS)
Regular Training Programme (with fixed registration and delivery dates)	Advanced Office Operation Management	Executive Assistants, Executive Secretaries & others	10-12
	Balanced Scorecard	Executive Managers, Process Owners, Planners and Analysts	5
	Basic Managerial Skills	First Line Managers	10-12
	Business Process Reengineering	Process Mangers/Directors, Team Leaders, Experts	5
	Customer Service	PR Officers, salespersons, Cashiers, Front Line Staffs & other	5
	Developing Execution Skills of Change Army	Leaders at all levels	4
	Employee Performance Management	Human Resource Managers, Process leaders	3
	Financial Accounting	Accountants	10-12
	Gender Development and Management	Organisational Leaders, Gender Experts, Planners	10-12
	Government Accounting	Accountants	10-12
	Human Resource Management	Leaders and people working in HRM area	10-12
	Internal Auditing	Internal Auditors	10-12
	Job Evaluation and Salary Scale Construction	HRM Officers	10-12
	Management Research Methods	Planners, Officers, Experts	5
	Managerial Communication	First Line Managers	5
	Managing Conflict in Organisation	Middle Level Managers	3
	Managing Organisational Ethics	Middle Level Managers	3
	Modern Records Management	Personnel Officers, Accounting Clerks,	10-12
	Performance Auditing	Auditors, Department Heads, Accountants	5
	Procurement and Property Management	Procurement and property administration officers	10-12
	Procurement of Goods (World Bank Approach)	Project managers, Procurement specialists	15-19
	Programme Budgeting	Top and Middle Level managers	5
	Project Monitoring and Evaluation	Project managers, Planners, Coordinators	5
	Project Cycle Management	Project planners, Managers	10-12
Public Policy Formulation and Implementation	Top and middle Level Managers and Practitioners	5	
Risk Management	Top level managers, Process owners	5	
Strategic Planning and management for non-business Sector	Board members, General managers, Planning officers, Department heads, Consultants	5	
Total Quality Management	Top management, Team leaders, Quality Assurance officers	10-12	
Training Management in Organisations	HR officers, Training mangers	5	
Training of Trainers	Trainers and Facilitators	10-12	
Tailor-made Training	Change Leadership	To be provided for organisations based on training need assessment conducted by the EMI or the client.	Depends on the identified training
	Change Management		
	Coaching and Mentoring		
	Consultancy Skills Development		
	Corporate Governance		
	Creative and Innovative Decision Making		
	Developing Organisational Culture		
	Development of Organisational Values		
Good Governance			

**MANAGEMENT DEVELOPMENT TRAINING, CONSULTANCY AND RESEARCH SERVICES BEING OFFERED BY  
ETHIOPIAN MANGEMENT INSTITUTE (EMI) (Contd.)**

CORE SERVICE	COURSE TITLE	TARGET TRAINEES	DURATION (IN DAYS)
Tailor-made Training	Team Building	To be provided for organisations based on training need assessment conducted by the EMI or the client.	Depends on the identified training
	Time and Stress Management		
	Transformational Leadership		
	Entrepreneurship and Business Planning		
Consultancy Services	Developing Benefit Packages	All potential clients	Depends on the scope of the consultancy service
	Developing Financial Manual		
	Developing HR Manual		
	Developing Physical Resources Manual		
	Developing Procurement Manual		
	Organisational Structure		
	Salary Scale Construction		
	Strategic Plan Development		
	Others as specified by the customer		
Research Services	Applied Researches	The EMI service users and other stakeholders	Depends on the scope of the research

Source: Ethiopian Management Institute (EMI). 2014. *Annual Training Catalogue*. Addis Ababa. Ethiopian Management Institute.

## CONTENTS OF THE ETHIOPIAN LABOUR PROCLAMATION NO. 377/2003

PARTS	CHAPTERS	SECTIONS
<b>PART ONE:</b> General		
<b>PART TWO:</b> Employment Relations	Chapter One: Contract of Employment	Section One: Formation of Contract of Employment Section Two: Duration of Contract of Employment Section Three: Obligation of the Parties Section Four: Modification of Contract of Employment Section Five: Temporary Suspension of Rights and Obligations
	Chapter Two: Termination of Employment Relation	Section One: Termination of Contract of Employment (by Law or by Agreement) Section Two: Termination of Contract of Employment at the Request of the Contracting Parties
	Chapter Three: Common Provision with Respect to Termination of Contract of Employment	Section One: Notice to terminate a Contract of Employment Section Two: Payment of Wages and other payments on termination of contract of Employment Section Three: Severance Pay and Compensation Section Four: Effects of Unlawful Termination of Contract of Employment
	Chapter Four: Special Contracts	Section One: Home Work Contract Section Two: Contract of Apprenticeship
<b>PART THREE:</b> Wages	Chapter One: Determination of Wages	
	Chapter Two: Mode and Execution of Payment	
<b>PART FOUR:</b> Hours of Work, Weekly Rest and Public Holidays	Chapter One: Hours of Work	Section One: Normal Hours of Work Section Two: Overtime
	Chapter Two: Weekly Rest	
	Chapter Three: Public Holidays	
<b>PART FIVE:</b> Leave	Chapter One: Annual Leave	
	Chapter two: Special Leave	
	Chapter Three: Sick Leave	
<b>PART SIX:</b> Working Conditions of Women and Young Workers	Chapter One: Working Condition of Women	
	Chapter Two: Working Condition of Young Workers	
<b>PART SEVEN:</b> Occupational Safety, Health and Working Environment	Chapter One: Preventive Measures	
	Chapter Two: Occupational Injuries	Section One: Liability Section Two: Degree of Disablement
	Chapter Three: Benefits in the case of Employment Injuries	Section One: General Section Two: Medical Benefits Section Three: Various Benefits of cash benefits

## CONTENTS OF THE ETHIOPIAN LABOUR PROCLAMATION NO. 377 OF 2003 (Contd.)

PARTS	CHAPTERS	SECTIONS
<b>PART EIGHT:</b> Collective Relations	Chapter One: Trade Union and Employers Association	
	Chapter Two: Collective Agreements	Section One: General Section Two: Condition of Validity of Collective Agreement Section Three: Scope of Application of a Collective Agreement
<b>PART NINE:</b> Labour Dispute	Chapter One: General	
	Chapter Two: Labour Courts	
	Chapter Three: Conciliation	
	Chapter Four: The Labour Relations Board	
	Chapter Five: Strike and Lockout	
<b>PART TEN:</b> Period of Limitation and Priority of Claims	Chapter One: Period of Limitation	
	Chapter Two: Priority of Claims	
<b>PART ELEVEN:</b> Enforcement of the Labour Law	Chapter One: Labour Administration	Section One: Employment Service Section Two: Labour Inspection Service
<b>PART TWELVE:</b> Penalty and Transitory Provisions	Chapter One: Penalty Provision	
	Chapter Two: Transitory Provisions	

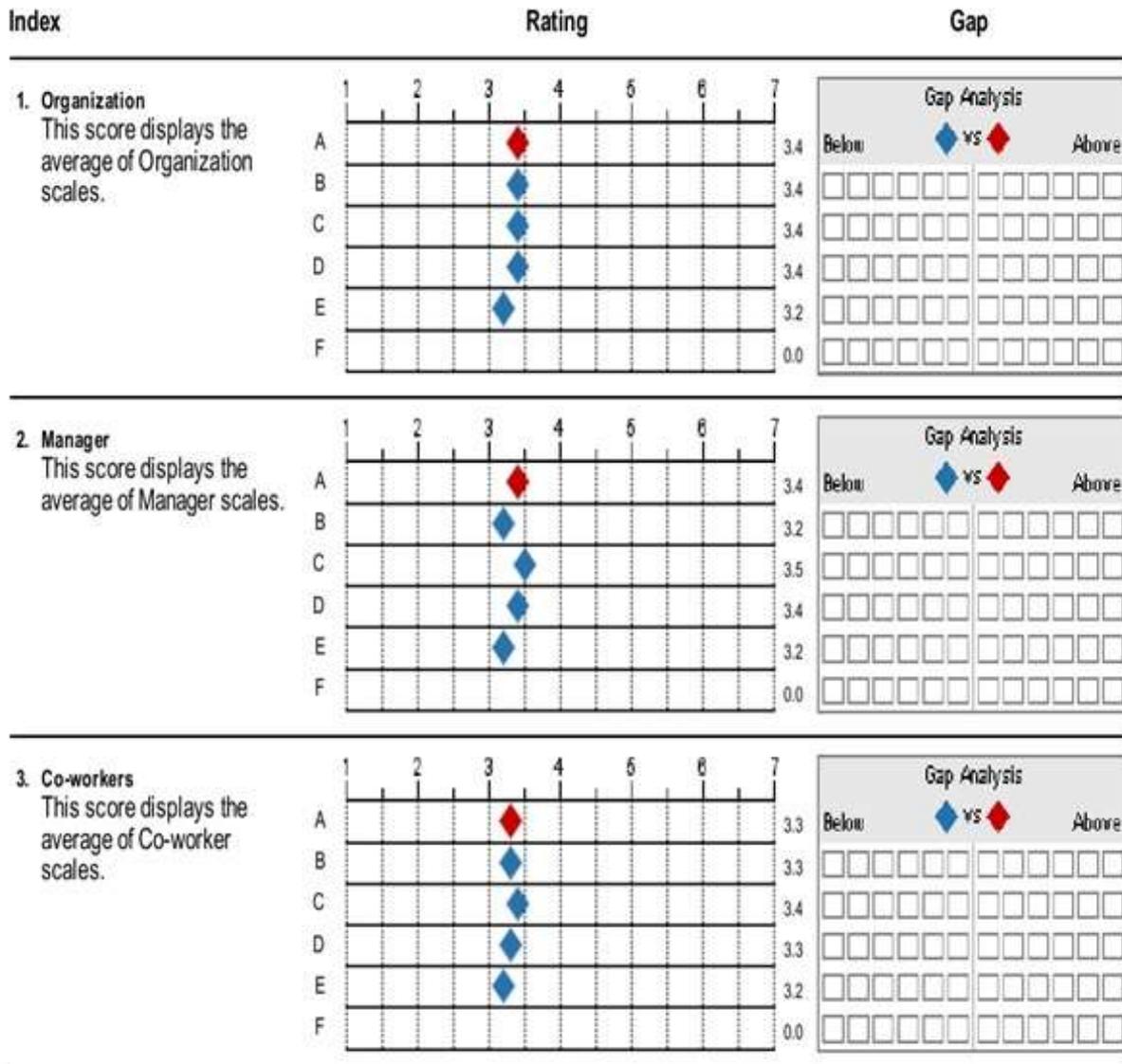
Source: Federal Democratic Republic of Ethiopia - House of Peoples Representatives (FDRE-HPR). 2004. Labour Proclamation No. 377 of 2003. *Federal Nagarit Gazette*. Addis Ababa: Berhanena Selam Printing Enterprise.

## An Example of Organisational Trust Index (OTI)

OTI Executive Summary Report on 2008/10/06

Page 1

### Overview of Indexes



Legend (Occupation) : A=ALL; B=Executive/Management; C=Sales Representative; D=Office Admin/Staff; E=Technical; F=Other

©2003-2004, Self Management Group

Source: Self-Management Group. 2008. *Organisational Effectiveness Survey* [online]. Available at: <https://www.selfmgmt.com/products/hr-tools-and-surveys/organizational-effectiveness-survey/> [accessed 13 January 2017]

**THE BREAKDOWN OF THE QUESTIONNAIRE AND THE SOURCES USED TO DEVELOP THE INDIVIDUAL ITEMS**

Section	Subsection	Source
<b>Section A:</b> Building an organisation with a high level of trust	<ul style="list-style-type: none"> <li>- What is trust?</li> <li>- Challenges regarding trust</li> <li>- Builders of trust</li> <li>- Drivers of trust</li> <li>- Destroyers (busters) of trust</li> </ul>	Literature review
	Performance of my bank	Paliszkiewicz (2010)
<b>Section B:</b> The process of trust	Individual propensity to trust	Ashleigh <i>et al</i> (2012)
	Beliefs about the trustworthiness of co-workers/team members	Adams and Sartori (2006), Blais and Thompson (2009), and Spreitzer and Mishra (1999)
	Willingness to trust/take risks with co-workers/team members	Gillespie (2003)
	Beliefs in the trustworthiness of the immediate supervisor	Adams and Sartori (2006), Blais and Thompson (2009), Ellis and Shockley-Zalabak (2001), McAllister (1995), Schoorman and Ballinger (2006), Schoorman <i>et al</i> (2007), Tyler (2003), and Tzafrir and Dolan (2004)
	Willingness to trust/take risks with immediate supervisor	Gillespie (2003)
	Belief in the trustworthiness of the top management/the organisation	Clark and Payne (1997), Cook and Wall (1980), Hon and Grunig (1999), Mayer and Davis (1999), McLeary and Cruise (2015), Robinson (1996), and Shockley-Zalabak <i>et al</i> (2000)
	Willingness to trust/take risks with top management/the organisation	Gillespie (2003)
<b>Section C:</b> Trust repair	Not applicable	Literature review
<b>Section D:</b> Maintaining trust		
<b>Section E:</b> Training in trust awareness		
<b>Section F:</b> Outcomes of trust		
<b>Section G:</b> Culture of the organisation		

## APPROVAL GRANTED BY QUESTIONNAIRE DEVELOPERS



Getachew Wagaw &lt;getuws@gmail.com&gt;

---

**Permission request**

5 messages

---

**Getachew Wagaw** <getuws@gmail.com>

Thu, Dec 15, 2016 at 10:49 PM

To: mja@soton.ac.uk

Dear Professor,

My name is Getachew Wagaw Temesgen, and I am currently busy with my doctoral degree in the Department of Human Resource Management at the University of South Africa (UNISA). The title of my dissertation is: "An integrated model for organisational trust in the banking sector of Ethiopia". As per the ethics policy of UNISA, there is a need to obtain the permission from the authors to use elements of their work, such as measuring instruments. This is therefore to kindly request your permission to use the propensity to trust scale found in your article entitled: "A new propensity to trust scale and its relationship with individual well-being: implications for HRM policies and practices" published in 2012 to establish to what extent the principles of trust are being applied in the banking sector in Ethiopia. In the scale, it is noted that items in italics, i.e. the first nine (9) items should be reverse-coded. May I know why and whether to write them otherwise is not advisable?

Thank you so much for your time and kindness!!

Regards

Getachew Wagaw Temesgen

---

**Ashleigh M.J.** <mja@soton.ac.uk>

Fri, Dec 16, 2016 at 8:48 AM

To: Getachew Wagaw [getuws@gmail.com](mailto:getuws@gmail.com)

Hi Getachew

Yes of course you can have permission to use my trust propensity questionnaire if you cite correctly and reference and acknowledge my paper. The reverse scores are there for reliability so in other words you give them the reverse score. So, the ones in italics instead of 1 represented strong disagreement and 7 represented strong agreement. With reverse scoring you still given them the 1-7 scale in that order but if they say 7 it means strong disagreement instead of normally strong agreement. So, Factor one in trusting others if you notice all the items are negative so in order for them to trust others you ideally want them to score high when reverse scoring as it would mean for example other people can be relied upon. You use reverse scoring when you state negative items instead of positive ones. If you notice all other items are positive statements so you use the normal Likert scale of 1-7 where 7 is strong agreement. Your supervisors should know this anyway which you should be discussing with them about this?

Hope this helps

Good luck with your data collection and I'd be pleased to know what results you get from your study.

Kind regards

Mel

Dr. Melanie J. Ashleigh

Associate Professor in Organisational Behaviour &amp; HRM

Room 4014 Building 2 Management School

University of Southampton

Southampton, SO14 6GG

Tel: 02380 594738

## APPROVAL GRANTED BY QUESTIONNAIRE DEVELOPERS (Contd.)



Getachew Wagaw <getuws@gmail.com>

---

### Permission Request

3 messages

---

**Getachew Wagaw** <getuws@gmail.com>  
To: spreitze@umich.edu

Wed, Aug 3, 2016 at 12:55 AM

Dear Professor,

My name is Getachew Wagaw Temesgen. I am a doctorate student at the University of South Africa (UNISA). Currently, I am working on my research project entitled: "An integrated model for organisational trust in the banking sector of Ethiopia". According to the ethics policy of UNISA, there is a need to obtain the permission from the authors to use elements of their work, such as measuring instruments.

This is therefore to kindly request your permission to use the measuring instruments found in your article entitled: "Trust and its substitutes' effects on managers' involving employees in decision making" published in 1999 to study trust within the Ethiopian banking sector. Your permission letter will be attached with the ethical clearance application form which will be submitted to the College of Economic and Management Sciences Ethics Review Committee.

Thank you for your time and kindness!!

Regards

Getachew Wagaw Temesgen

---

**Gretchen Spreitzer** <spreitze@umich.edu>  
To: Getachew Wagaw <getuws@gmail.com>

Wed, Aug 3, 2016 at 4:36 AM

Hello Getachew, thanks for your note. Looks like an interesting project. You have my permission to use these instruments. Best wishes to you!

Gretchen Spreitzer

Keith E. and Valerie J. Alessi Professor of Business Administration  
Director, Center for Positive Organisations  
Professor of Management and Organisations  
Ross School of Business  
Ann Arbor, MI 48109-1234  
(734) 936.2835  
<http://webuser.bus.umich.edu/spreitze/>

---

## APPROVAL GRANTED BY QUESTIONNAIRE DEVELOPERS (Contd.)



Getachew Wagaw <getuws@gmail.com>

---

### Permission

### Request

4 messages

---

**Getachew Wagaw** <getuws@gmail.com>  
To: bizdjm@nus.edu.sg

Wed, Aug 3, 2016 at 12:38 AM

Dear Professor,

My name is Getachew Wagaw Temesgen. I am a doctorate student at the University of South Africa (UNISA). Currently, I am working on my research project entitled: "An integrated model for organisational trust in the banking sector of Ethiopia". According to the ethical policy of UNISA, the researcher needs to obtain the permission from the authors to use elements of their work, such as measuring instruments.

This is therefore to kindly request your permission to use the measuring instruments found in your article entitled: "Affect and cognition-based trust as foundations for interpersonal cooperation in organisations" published in 1995 to investigate trust within the Ethiopian banking sector. Your permission will be submitted with the ethical clearance application form to the Ethics Review Committee of the College of Economic and Management Sciences.

Thank you for your time and kindness!!

Regards

Getachew Wagaw Temesgen

---

**Daniel J McAllister** <mcallister@nus.edu.sg>  
To: Getachew Wagaw <getuws@gmail.com>

Sun, Aug 7, 2016 at 1:30 AM

Dear Getachew,

Thank you for your follow-up message. You are welcome to use the measures published in my 1995 manuscript, and I wish you every success with your dissertation. Please do note that my measures may be less appropriate for a study focused on an 'integrative model of organisational trust' (e.g., as reflected in the framework proposed by Mayer, Davis and Schoorman, 1995). I would be happy to provide more focused feedback after reviewing your research design - my concern is with ensuring that you get results that will contribute to the literature. The assumptions underlying the 'integrative model' and my own approach are very different.

Best regards,

Dan McAllister

**McALLISTER, Daniel J.:** National University of Singapore :: Department of Management & Organisation, NUS Business School, Mochtar Riady Building, BIZ 1, Storey 8, 15 Kent Ridge Drive, Singapore 119245:: 65-6516 1009(DID) :: 65-6775 5571 (Fax)  
:: [bizdjm@nus.edu.sg](mailto:bizdjm@nus.edu.sg) <<mailto:bizdjm@nus.edu.sg>> (E) :: [www.nus.edu.sg](http://www.nus.edu.sg) <<http://www.nus.edu.sg>> (W) :: *Company Registration No: 200604346E*

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**APPROVAL GRANTED BY QUESTIONNAIRE DEVELOPERS (Contd.)**



Getachew Wagaw <getuws@gmail.com>

---

**Request an article and permission to use it**

4 messages

---

**Getachew Wagaw** <getuws@gmail.com>  
To: n.gillespie@business.uq.edu.au

Wed, Aug 3, 2016 at 1:56 AM

Dear Professor,

My name is Getachew Wagaw Temesgen. I am a doctorate student at the University of South Africa (UNISA). Currently, I am working on a research project entitled: "An integrated model for organisational trust in the banking sector of Ethiopia". According to the ethics policy of UNISA, there is a need to obtain the permission from the authors to use elements of their work, such as measuring instruments.

This is therefore to kindly request your permission to use the measuring instruments found in your article entitled: "Measuring trust in working relationships: the behavioural trust inventory" published in 2003 to test trust within the Ethiopian banking sector. Would you please send me the article and its permission to use? Your permission will be submitted together with the ethical clearance application form to the Ethics Review Committee of the College of Economic and Management Sciences.

Thank you for your time and kindness!!

Regards

Getachew Wagaw Temesgen

---

**Nicole Gillespie** <n.gillespie@business.uq.edu.au>  
To: Getachew Wagaw <getuws@gmail.com>

Fri, Aug 5, 2016 at 8:15 PM

Hi GW,

Thanks for your interest in using the BTI. Please find attached the inventory, validation paper and other resources that you may find useful.

I would be interested in hearing about your results in due course. Please stay in touch!

Best regards, Nicole

---

**APPROVAL GRANTED BY QUESTIONNAIRE DEVELOPERS (Contd.)**



Getachew Wagaw Temesgen  
Human Resource Management  
University of South Africa  
Addis Ababa, Ethiopia, P.O. Box 10439  
Africa

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Date: November 30, 2016  
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**File: Getachew, Temesgen (author)**

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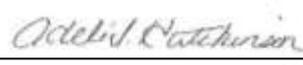
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**ACCEPTED AND AGREED TO BY:**

**PERMISSION GRANTED ON ABOVE TERMS:**

  
\_\_\_\_\_  
Applicant

  
\_\_\_\_\_  
for the American Psychological Association

\_\_\_\_\_  
December 2, 2016  
Date

\_\_\_\_\_  
November 30, 2016  
Date

\_\_\_\_\_ I wish to cancel my request for permission at this time.

## APPROVAL GRANTED BY QUESTIONNAIRE DEVELOPERS (Contd.)



Getachew Wagaw <getuws@gmail.com>

---

### Permission Request

3 messages

---

**Getachew Wagaw** <getuws@gmail.com>  
To: tom.tyler@yale.edu

Wed, Aug 3, 2016 at 1:00 AM

Dear Professor,

My name is Getachew Wagaw Temesgen. I am a doctorate student at the University of South Africa (UNISA). Currently, I am working on my research project entitled "An integrated model for organisational trust in the banking sector of Ethiopia." According to the rules of the Ethics Policy of UNISA, there is a need to obtain the permission from the authors to use elements of their work, such as measuring instruments.

This is therefore to kindly request your permission to use the measuring instruments found in your article entitled "Trust within organisations" published in 2003 to test trust within the Ethiopian banking sector. I will scan and attach your permission with the ethical clearance application form, which will be submitted to the College of Economic and Management Sciences Ethics Review Committee.

Thank you for your time and kindness!!

Regards

Getachew Wagaw Temesgen

---

**Tyler, Tom** <tom.tyler@yale.edu>  
To: Getachew Wagaw <getuws@gmail.com>

Wed, Aug 3, 2016 at 4:30 AM

I am happy to give you permission to use the instruments.

Tom Tyler

---

**APPROVAL GRANTED BY QUESTIONNAIRE DEVELOPERS (Contd.)**



Getachew Wagaw <getuws@gmail.com>

---

**Permission Request**

5 messages

---

**Getachew Wagaw** <getuws@gmail.com>  
To: stzafir@univ.haifa.ac.il

Wed, Aug 3, 2016 at 1:49 AM

Dear Professor,

My name is Getachew Wagaw Temesgen. I am a doctorate student at the University of South Africa (UNISA). Currently, I am working on my research project entitled: "An integrated model for organisational trust in the banking sector of Ethiopia". According to the ethics policy of UNISA, there is a need to obtain the permission from the authors to use elements of their work, such as measuring instruments.

This is therefore to kindly request your permission to use the measuring instruments found in your article entitled: "A scale for measuring manager–employee trust" published in 2004 to test trust within the Ethiopian banking sector. Your permission will be submitted together with the ethical clearance application form to the Ethics Review Committee of the College of Economic and Management Sciences.

Thank you for your time and kindness!!

Regards

Getachew Wagaw Temesgen

---

**Shay Tzafir** <stzafir@univ.haifa.ac.il>  
To: Getachew Wagaw <getuws@gmail.com>

Mon, Aug 15, 2016 at 12:39 AM

Dear Getachew Wagaw

You have my permission to use the measurement. It has already published and the published own the IP.

BW

Shay

Shay Tzafir, PhD  
Associate Professor  
Associate Editor Journal of Managerial Psychology  
Faculty of Management  
University of Haifa

---

## APPROVAL GRANTED BY QUESTIONNAIRE DEVELOPERS (Contd.)



Getachew Wagaw <getuws@gmail.com>

---

### Permission Request

3 messages

---

**Getachew Wagaw** <getuws@gmail.com>  
To: pshockle@uccs.edu

Wed, Aug 3, 2016 at 1:05 AM

Dear Professor,

My name is Getachew Wagaw Temesgen. I am a doctorate student at the University of South Africa (UNISA). Currently, I am working on my research project entitled: "An integrated model for organisational trust in the banking sector of Ethiopia". According to the ethics policy of UNISA, there is a need to obtain permissions from the authors to use elements of their work, such as measuring instruments.

This is therefore to kindly request your permission to use the measuring instruments found in your article entitled: "Organisational trust: what it is means, why it matters" published in 2000 to test trust within the Ethiopian banking sector. Your permission will be submitted together with the ethical clearance application form to the Ethics Review Committee of the College of Economic and Management Sciences.

Thank you for your time and kindness!!

Regards

Getachew Wagaw Temesgen

---

**Pam Shockley Zalabak** <pshockle@uccs.edu>  
To: Getachew Wagaw <getuws@gmail.com>

Wed, Aug 3, 2016 at 5:03 AM

You have my permission for use. Please send me the results of your study upon completion.

---

APPROVAL GRANTED BY QUESTIONNAIRE DEVELOPERS (Contd.)



GW Temesgen <getuws@gmail.com>

---

**RE: Public Inquiry: D10967 FW: Permission request**

1 message

---

**Thompson, Megan** <Megan.Thompson@drdc-rddc.gc.ca>

Tue, Feb 28, 2017 at 1:04 PM

To: "getuws@gmail.com" <getuws@gmail.com>

Cc: "Browning, Steve (DWAN)" <Stephen.Browning2@forces.gc.ca>, "TERRY.CAMPBELL@forces.gc.ca" <TERRY.CAMPBELL@forces.gc.ca>, "MICHAEL.MARGOLIAN@forces.gc.ca" <MICHAEL.MARGOLIAN@forces.gc.ca>, "lindsay.tessier@forces.gc.ca" lindsay.tessier@forces.gc.ca

Hello:

Thank-you for your request to use the trust scales. The measures you are seeking to use/cite were developed under contract to the Department of National Defence. You are welcome to use these for research purposes, as long as the citation for the scale is used in any publications. The original scale development work was included in the DRDC Contract Report "Adams, B.D. & Sartori, J. (2006). *Validating the Trust in Teams and Trust in Leaders Scales*. DRDC No. CR-2006-008, Defence Research & Development, Toronto, ON." I have also included a subsequent 2009 technical report that re-analyzed this scale. Note that these Trust in Teams and Trust in Leaders scales were constructed for and validated using military personnel. This scale development effort was predicated on existing trust scales from the organisational literature which may be more suitable for your research in the banking field. As such I might also suggest that you access the contract by Adams also cited in the report attached. Please let me know if you have difficulties finding them and I can provide them to you. I hope that this is of some help to you. Best of luck with your research!

*Cheers,*

*Megan*

Megan M. Thompson, Ph.D.,

Defence Scientist, Toronto Research Centre

Defence Research and Development Canada / Government of Canada

[megan.thompson@drdc-rddc.gc.ca](mailto:megan.thompson@drdc-rddc.gc.ca) /Tel:416-635-2040/ TTY:1-800-467-9877

Scientifique de la défense, Centre de recherches Toronto

Recherche et développement pour la défense Canada / Gouvernement du Canada

[megan.thompson@drdc-rddc.gc.ca](mailto:megan.thompson@drdc-rddc.gc.ca) /Tél. : 416-635-2040/ ATS : 1-800-467-9877

DRDC is an agency of the Department of National Defence / RDDC est une agence du ministre de la Défense nationale

**From:** Getachew Wagaw [<mailto:getuws@gmail.com>]

**Sent:** 18-Feb-17 01:16

**To:** +ADM(PA) Info@ADM(PA)@Ottawa-Hull

**Subject:** Permission request

Dear Sir/Madam,

My name is Getachew Wagaw Temesgen, and I am currently busy with my doctoral degree in the Department of Human Resource Management at the University of South Africa (UNISA). The title of my dissertation is: "An integrated model for organisational trust in the banking sector of Ethiopia". As per the ethics policy of UNISA, a student must obtain permission from the authors to use elements of their work, such as measuring instruments. This is therefore to kindly request your permission to use the scale found in the study entitled: "Validating the trust in teams and trust in leaders' scales" which was published in 2006. The front page of the study is attached herewith. The primary purpose of the study is the development of a trust model for the banking sector of Ethiopia.

Thank you so much for your co-operation!!

Kind regards

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## APPROVAL GRANTED BY QUESTIONNAIRE DEVELOPERS (Contd.)



Getachew Wagaw <getuws@gmail.com>

---

### Permission request

3 messages

---

**Getachew Wagaw** <getuws@gmail.com>  
To: ann-renee.blais@drdc-rddc.gc.ca

Wed, Dec 28, 2016 at 10:53 PM

Dear Dr. Ann-Renée Blais,

My name is Getachew Wagaw Temesgen, and I am currently busy with my doctoral degree in the Department of Human Resource Management at the University of South Africa (UNISA). The title of my dissertation is: "An integrated model for organisational trust in the banking sector of Ethiopia". As per the ethics policy of UNISA, there is a need to obtain permission from the authors to use elements of their work, such as measuring instruments.

This is therefore to kindly request your permission to use the scale found in your article entitled: "The trust in teams and trust in leaders' scale: a second look at their psychometric properties and item selection" published in 2009 to establish to what extent the principles of trust are being applied in the banking sector in Ethiopia. Your permission will be submitted together with the ethical clearance application form to the Ethics Review Committee of the College of Economic and Management Sciences.

Thank you so much for your time and kindness!!

Best regards

Getachew Wagaw Temesgen

---

**Blais, Ann-Renee** <Ann-Renee.Blais@drdc-rddc.gc.ca>  
To: Getachew Wagaw <getuws@gmail.com>

Thu, Dec 29, 2016 at 6:42 AM

Hello,

Yes, of course, you have my permission.

Best of luck!

---

## APPROVAL GRANTED BY QUESTIONNAIRE DEVELOPERS (Contd.)



Getachew Wagaw <getuws@gmail.com>

---

### Permission request

7 messages

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**Getachew Wagaw** <getuws@gmail.com>  
To: carvellmcleary@yahoo.com

Wed, Dec 28, 2016 at 11:50 PM

Dear Sir,

My name is Getachew Wagaw Temesgen, and I am currently busy with my doctoral degree in the Department of Human Resource Management at the University of South Africa (UNISA). The title of my dissertation is: "An integrated model for organisational trust in the banking sector of Ethiopia". As per the ethics policy of UNISA, there is a need to obtain the permission from the authors to use elements of their work, such as measuring instruments. This is therefore to kindly request your permission to use the scale found in your article entitled: "A context-specific model of organisational trust: an examination of cognitive and socio-affective trust determinants in unique cultural settings" published in 2015 to establish to what extent the principles of trust are being applied in the banking sector in Ethiopia.

Thank you so much for your time and kindness!!

Regards

Getachew Wagaw Temesgen

---

Thu, Dec 29, 2016 at 9:58 AM

**Carvell McLeary** <carvellmcleary@yahoo.com>  
Reply-To: Carvell McLeary <carvellmcleary@yahoo.com>  
To: Getachew Wagaw <getuws@gmail.com>

Hi Getachew.

Congratulations on your progress so far with your PhD. You have permission to utilize the measuring instrument of organisational trust in advancing your work. I am only happy to assist if you need further assistance. Please keep me informed on your work and findings. Are you doing a traditional format thesis or one with multiple papers? How many employees/sample are you targeting?

Carvell Newton (Son of McLeary)

Kingston, Jamaica

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## APPROVAL GRANTED BY QUESTIONNAIRE DEVELOPERS (Contd.)



Getachew Wagaw <getuws@gmail.com>

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### Permission request

4 messages

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**Getachew Wagaw** <getuws@gmail.com>  
To: publications@aom.pace.edu

Fri, Jan 27, 2017 at 9:45 PM

Dear Sir/Madam,

My name is Getachew Wagaw Temesgen, and I am currently busy with my doctoral degree in the Department of Human Resource Management at the University of South Africa (UNISA). The title of my dissertation is: "An integrated model for organisational trust in the banking sector of Ethiopia". As per the ethics policy of UNISA, there is a need to obtain permission from the authors to use elements of their work, such as measuring instruments. This is therefore to kindly request the permission of AOM to use the scale found in the following article:

Schoorman, FD, Mayer, RC & Davis, JH. 2007. An integrative model of organisational trust: past, present, and future. *Academy of Management Review*, 32(2):344-354.

The primary purpose of this study is the development of a trust model for the banking sector within Ethiopia.

Thank you so much for your time and kindness!!

Regards

Getachew Wagaw Temesgen

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**AOM Permissions** <permissions@aom.org>  
To: getuws@gmail.com

Mon, Jan 30, 2017 at 7:14 AM

We are happy to grant you a one-time non-exclusive use of the scale in your dissertation, free of charge.

Best wishes,

**From:** publications@aom.org [mailto:publications@aom.org] **On Behalf Of** Getachew Wagaw  
**Sent:** Saturday, January 28, 2017 12:45 AM **To:** publications@aom.pace.edu  
**Subject:** Permission request

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## APPROVAL GRANTED BY QUESTIONNAIRE DEVELOPERS (Contd.)



Getachew Wagaw <getuws@gmail.com>

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### Permission request

5 messages

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**Getachew Wagaw** <getuws@gmail.com>  
To: kellis@mail.uccs.edu

Wed, Jan 25, 2017 at 5:05 AM

Dear Professor,

My name is Getachew Wagaw Temesgen, and I am currently busy with my doctoral degree in the Department of Human Resource Management at the University of South Africa (UNISA). The title of my dissertation is: "An integrated model for organisational trust in the banking sector of Ethiopia". As per the ethics policy of UNISA, there is a need to obtain permission from the authors to use elements of their work, such as measuring instruments.

This is therefore to kindly request your permission to use the measuring items found in your article entitled: "Trust in top management and immediate supervisor: The relationship to satisfaction, perceived organisational effectiveness, and information receiving" published in 2001. The primary purpose of this study is the development of a trust model for the banking sector within Ethiopia.

Thank you so much for your time and kindness!!

Regards

GW Temesgen

---

**Getachew Wagaw** <getuws@gmail.com>  
To: pshockle@uccs.edu

Fri, Feb 10, 2017 at 9:55 PM

Dear Professor,

Would you please look at the forwarded message which I initially sent to Prof Ellis for her permission? So far, I received no response from her. Can you help me in this regard?

Kind regards

GW Temesgen

---

**Pam Shockley Zalabak** <pshockle@uccs.edu>  
To: Getachew Wagaw <getuws@gmail.com>

Sat, Feb 11, 2017 at 6:09 AM

You have my permission to use the measures as long as they are cited appropriately.

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## APPROVAL GRANTED BY QUESTIONNAIRE DEVELOPERS (Contd.)



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### Permission request

3 messages

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**Getachew Wagaw** <getuws@gmail.com>  
To: lhon@jou.ufl.edu

Wed, Jan 25, 2017 at 5:20 AM

Dear Professor,

My name is Getachew Wagaw Temesgen, and I am currently busy with my doctoral degree in the Department of Human Resource Management at the University of South Africa (UNISA). The title of my dissertation is: "An integrated model for organisational trust in the banking sector of Ethiopia". As per the ethics policy of UNISA, there is a need to obtain the permission from the authors to use elements of their work, such as measuring instruments.

This is therefore to kindly request your permission to use the measuring items found in your article entitled: "Guidelines for measuring relationships in public relations" published in 1999. The primary purpose of this study is the development of a trust model for the banking sector within Ethiopia.

Thank you so much for your time and kindness!!

Regards

Getachew Wagaw Temesgen

---

**Hon,Linda L** <lhon@jou.ufl.edu>  
To: Getachew Wagaw <getuws@gmail.com>

Wed, Jan 25, 2017 at 5:25 AM

Hello Getachew. Yes, please feel free to use this instrument. It was published on the IPR website, so it is in the public record. Please just cite the monograph.

Best wishes,

Linda Hon

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## APPROVAL GRANTED BY QUESTIONNAIRE DEVELOPERS (Contd.)



Getachew Wagaw <getuws@gmail.com>

### Permission Request

3 messages

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**Getachew Wagaw** <getuws@gmail.com>  
To: sandra.robinson@sauder.ubc.ca

Tue, Aug 2, 2016 at 11:33 PM

Dear Professor,

My name is Getachew Wagaw Temesgen. I am a doctoral student at the University of South Africa (UNISA). Currently, I am working on my research project entitled: "An integrated model for organisational trust in the banking sector of Ethiopia". According to the ethics policy of UNISA, there is a need to obtain permission from the authors to use elements of their work such as, for example, measuring instruments.

This is therefore to kindly request your permission to use the measuring instruments found in your article entitled: "Trust and breach of the psychological contract" published in 1996 in order to assess trust within the Ethiopian banking sector. Your permission will be submitted together with the ethical clearance application form to the Ethics Review Committee of the College of Economic and Management Sciences.

Thank you for your time and kindness!!

Best Regards

Getachew Wagaw Temesgen

---

**Robinson, Sandra** <sandra.robinson@sauder.ubc.ca>  
To: Getachew Wagaw <getuws@gmail.com>

Wed, Aug 3, 2016 at 10:12 AM

Yes, you have my permission to use any of my scales. Good luck with your research!

Warm regards,

Sandra Robinson

---

## APPROVAL GRANTED BY QUESTIONNAIRE DEVELOPERS (Contd.)



Getachew Wagaw <getuws@gmail.com>

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### Permission request

3 messages

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**Getachew Wagaw** <getuws@gmail.com>  
To: m.c.clark@shu.ac.uk

Wed, Aug 10, 2016 at 12:25 AM

Dear Professor,

My name is Getachew Wagaw Temesgen. I am a doctoral student at the University of South Africa (UNISA). Currently, I am working on my research project entitled: "An integrated model for organisational trust in the banking sector of Ethiopia". According to the ethics policy of UNISA, there is a need to obtain permission from the authors to use elements of their work, such as measuring instruments.

This is therefore to kindly request your permission to use the measuring instruments found in your article entitled: "The Nature and Structure of Workers' Trust in Management" published in 1997 to test trust within the Ethiopian banking sector. Your permission will be submitted together with the ethical clearance application form to the Ethics Review Committee of the College of Economic and Management Sciences.

Thank you for your time and kindness!!

Regards

Getachew Wagaw Temesgen

---

**Clark, Murray** <M.C.Clark@shu.ac.uk>  
To: Getachew Wagaw <getuws@gmail.com>

Wed, Aug 10, 2016 at 3:53 AM

Dear Getachew,

Thank you for your email. I am very happy for you to use the measurement instrument reported in our paper in JOB in 1997. Thank you for your interest. I am also attaching the revised follow up study questionnaire for our 2006 Risk Analysis Paper, incorporating Butler's 1991 JoM instrument.

Best wishes

Murray

**Dr Murray Clark**  
**PhD Programme Leader, Sheffield Business School**  
tel: +44 (0)114 225 5241 mob: +44 (0)7702 503 935  
email: m.c.clark@shu.ac.uk

## APPROVAL GRANTED BY QUESTIONNAIRE DEVELOPERS (Contd.)



Getachew Wagaw <getuws@gmail.com>

---

### Permission request

3 messages

---

**Getachew Wagaw** <getuws@gmail.com>  
To: Joanna\_paliszkiewicz@sggw.pl

Wed, Jan 25, 2017 at 5:29 AM

Dear Professor,

My name is Getachew Wagaw Temesgen, and I am currently busy with my doctoral degree in the Department of Human Resource Management at the University of South Africa (UNISA). The title of my dissertation is: "An integrated model for organisational trust in the banking sector of Ethiopia". As per the Ethics Policy of UNISA, there is a need to obtain the permission from the authors to use elements of their work, such as measuring instruments.

This is therefore to kindly request your permission to use the measuring items found in your article entitled: "Organisational trust – a critical review of the empirical research. Proceedings of 2010 International conference on technology innovation and industrial management" published in 2010. The primary purpose of this study is the development of a trust model for the banking sector within Ethiopia.

Thank you so much for your time and kindness!!

Regards

Getachew Wagaw Temesgen

---

**Joanna Paliszkiewicz** <joanna\_paliszkiewicz@sggw.pl>  
To: Getachew Wagaw <getuws@gmail.com>

Wed, Jan 25, 2017 at 11:05 AM

Dear Getachew Wagaw

It is great pleasure to me to hear that my publication was interesting for you. You can use this instrument. More articles about trust and links to it you can find at my internet page <http://joanna.paliszkiewicz.pl>

Please, contact me, if you will have any questions.

Good luck with your research,

Best regards,

Joanna Paliszkiewicz  
Dr. Joanna Paliszkiewicz, prof. of WULS  
Warsaw University of Life Sciences

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## APPROVAL GRANTED BY QUESTIONNAIRE DEVELOPERS (Contd.)



Getachew Wagaw <getuws@gmail.com>

---

### Permission request

3 messages

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**Getachew Wagaw** <getuws@gmail.com>  
To: kdpaine@painepublishing.com

Mon, Dec 5, 2016 at 3:12 AM

Dear Katie Delahaye Paine,

My name is Getachew Wagaw Temesgen, and I am currently busy with my doctoral degree in the Department of Human Resource Management at the University of South Africa (UNISA). The title of my dissertation is: "An integrated model for organisational trust in the banking sector of Ethiopia". As per the ethics policy of UNISA, there is a need to obtain permission from the authors to use elements of their work, such as measuring instruments.

This is therefore to kindly request your permission to use part of your work found in your article entitled: "Guidelines for measuring trust in organisations" published in 2013 to establish to what extent the principles of trust are being applied in the banking sector in Ethiopia.

Thank you for your time and kindness!!

Regards

Getachew Wagaw Temesgen

---

**KDPaine@painepublishing.com** <kdpaine@painepublishing.com>  
To: Getachew Wagaw <getuws@gmail.com>

Mon, Dec 5, 2016 at 3:52 AM

Yes, but make sure you credit both me, Katie Delahaye Paine, CEO Paine Publishing as well as the Institute for Public Relations Measurement Commission.

Katie Delahaye Paine  
CEO  
Paine Publishing, LLC  
Founding Member, IPR Measurement Commission  
Member, The Conclave on Social Media Measurement Standards  
Board Member, Society for New Communications Research  
51A Durham Point Road  
Durham, NH 03824 USA  
603-682-0735  
Fax: 520-303-9566  
Twitter: @queenofmetrics  
Facebook: Katie Paine  
Skype: KDPaine  
LinkedIn: <https://www.linkedin.com/in/kdpaine>

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## APPROVAL GRANTED BY QUESTIONNAIRE DEVELOPERS (Contd.)



GW Temesgen <getuws@gmail.com>

---

### Permission request

4 messages

---

**Getachew Wagaw** <getuws@gmail.com>  
To: ballinger@virginia.edu

Mon, Feb 13, 2017 at 5:26 AM

Dear Professor,

My name is Getachew Wagaw Temesgen, and I am currently busy with my doctoral degree in the Department of Human Resource Management at the University of South Africa (UNISA). The title of my dissertation is: "An integrated model for organisational trust in the banking sector of Ethiopia". As per the ethics policy of UNISA, a student must obtain permission from the authors to use elements of their work, such as measuring instruments.

This is therefore to kindly request your permission to use the scale found in your working paper entitled: "Leadership, trust and client service in veterinary hospitals" which was published in 2007. The primary purpose of my study is the development of a trust model for the banking sector of Ethiopia.

Thank you so much for your co-operation!!

Kind regards

Getachew Wagaw Temesgen

---

**Ballinger, Gary (gab4qu)** <gab4qu@comm.virginia.edu>  
To: Getachew Wagaw <getuws@gmail.com>

Fri, Feb 17, 2017 at 4:40 AM

I do apologize for the delay in responding. You certainly may use the scale, and I do wish you the very best of good fortune in your research.

Thanks for reaching out, and I do hope everything goes very well.

Best regards,

Gary Ballinger

Gary A. Ballinger, Ph.D.  
Associate Professor of Commerce  
McIntire School of Commerce  
University of Virginia  
Rouss & Robertson Halls, Room 351  
PO Box 400173  
Charlottesville, VA 22904  
E-mail: [ballinger@virginia.edu](mailto:ballinger@virginia.edu)  
Phone: [\(434\) 243-2273](tel:(434)243-2273) (office)

## COVER LETTER

**Mr. Getachew Wagaw Temesgen**

Postal address: P.O. Box 10439  
Addis Ababa  
Ethiopia

Student no.: 49024264

Cell no.: +251912027739

Fax no.: +251581141240

E-mail: getuws@gmail.com

### TO WHOM IT MAY CONCERN

Dear Sir/Madam

#### **Questionnaire: Trust in the Banking Sector of Ethiopia**

My name is Getachew Wagaw Temesgen, and I am currently busy with my doctoral degree in the Department of Human Resource Management at the University of South Africa (Unisa). The title of my dissertation is as follows:

#### **An integrated model for organisational trust in the Banking Sector of Ethiopia**

My supervisor is Professor P.A. Grobler (cell no.: +27824497501).

Worldwide, the banking sector plays an important role in the economy of a country. For example, it contributes to the economic growth of a country by mobilising savings for capital formation, facilitates trade, develops the country's infrastructure by providing money for houses, offices, buildings, hospitals and schools to mention but a few. It also helps to develop the industrial and agriculture capacity of the country through loans to entrepreneurs and farmers. Thus, without banks, individual transactions would be expensive and difficult, evaluating and monitoring borrowers would be impossible, and the cost of borrowing would be high.

There is no doubt that the use of technology in the banking sector since the 1980s has had a major impact on how banks operate today. Aspects such as internet banking, telephone banking, and the use of automatic bank tellers, have all radically changed the methods of service delivery to clients. Despite all these developments, the banks remain a people-intensive sector.

To keep abreast of the latest developments, employees need to be trained on a regular basis. Besides this, the work environment also needs to be conducive to creating motivated, well-disciplined and passionate employees. Good leadership and managerial skills are required to realise these goals. There also needs to be a climate of trust between the employees and the



employer, otherwise it will not be possible to provide an effective and efficient service to the clients.

According to Currall and Inkpen (2006:236), trust can be defined as “the decision to rely on another party (i.e. person, group, or organisation) under a condition of risk”. The amount of risk that one is willing to take is indicative of the level of trust that exists.

Hence, the ability to build and manage trust within an organisation such as a bank is vital for both the survival and the growth of a bank.

I am currently conducting a survey of trust involving a selected number of public and private banks in Ethiopia with the primary objective of designing an integrated model for organisational trust in the banking sector of Ethiopia. Your bank is one of the banks selected for participation in this survey.

As an employee in the banking sector of Ethiopia you are hereby invited to participate in this very important survey. The questionnaire should not take more than **45 minutes** of your time to complete. Due to the length of the questionnaire, it is recommended that you complete one or two sections of the questionnaire at a time. Both the completed questionnaire and the attached consent form should be returned to me via either the post, fax, or e-mail. The relevant contact information can be found at the top of page one of this letter.

Please return both the completed questionnaire and the consent form no later than **26 June 2017**. If you use the postal system, please place the questionnaire in the sealable envelop attached.

If you have any questions about either the study or the questionnaire, please do not hesitate to contact me. I look forward to receiving your response.

Yours faithfully

Mr. Getachew Wagaw Temesgen

Professor P.A. Grobler  
Supervisor  
Department of Human Resource Management  
University of South Africa (Unisa)  
Pretoria  
Republic of South Africa



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(The above is for office purposes only, and not for the identification of the respondent.)

## CONSENT FORM

Informed consent for participation in an academic research study.

Department of Human Resource Management, UNISA

**TITLE OF THE STUDY:** An integrated model for organisational trust in the banking sector of Ethiopia

**Research conducted by** Mr. Getachew Wagaw Temesgen

Student no.: 49024264

Cell no.: +251912027739

Dear Participant

You are invited to participate in an academic research study conducted by Getachew Wagaw Temesgen, a doctoral student from the Department of Human Resource Management at the University of South Africa (UNISA). You have been invited to participate in this study as you are employed in the banking sector of Ethiopia.

The primary purpose of this study is the development of a trust model for the banking sector of Ethiopia.

**Please take note of the following:**

- Your name will not appear in the research, and your answers to the questionnaire will be treated as strictly **confidential**.
- Your participation in this study is of the utmost importance to me. You may, however, choose not to participate, and you may also stop participating at any time without any negative consequences.
- The results of the study will be used for academic purposes only, and may be published in an academic journal at a later stage. You will be provided with a summary of our findings upon request.



- The questionnaire should take approximately **45 minutes** to complete.
- For the purpose of confidentiality, you will be provided with a sealable envelop in which you must please return the completed questionnaire to me.
- For the purposes of publication, records will be kept for a period of five years, after which they will be permanently destroyed (hard copies will be shredded, and electronic versions will be permanently deleted from the hard drive of the computer).
- You will **not be reimbursed or receive any incentive** for participating in this study.

**Please sign the form to indicate that you:**

- have read and understood the information provided above.
- consent to voluntarily participate in the study.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date



QUESTIONNAIRE

# Survey of Trust within the Banking Sector of Ethiopia

Please complete the questions on the pages that follow  
and return them to the researcher no later than  
**26 June 2017.**

**Researcher**

Mr. Getachew Wagaw Temesgen  
P.O. Box: 10439, Addis Ababa, Ethiopia  
Student No.: 49024264  
Cell No.: +251912027739  
Fax No.: +251581141240  
E-mail address: getuws@gmail.com

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(For office use only)

# QUESTIONNAIRE

## Trust in the Banking Sector of Ethiopia

### How to complete the questionnaire

This questionnaire was designed to make it as easy and as fast as possible to complete. Most questions can be answered by simply ticking boxes; very little information will need to be looked up. The questionnaire contains questions relating to trust within your bank. It will take no more than **45 minutes** of your time to complete. Due to the length of the questionnaire, it is recommended that you complete one or two sections of the questionnaire at a time.

Both the questionnaire and the consent form should be returned to the researcher either via post, fax, or e-mail no later than **26 June 2017**.

**Thank you for your co-operation – it is greatly appreciated!!**

## Section A

### • Building an Organisation with a High Level of Trust

#### What is Trust?

It is universally agreed that trust is a multi-dimensional concept. Please indicate to what extent you agree with the statements that follow (each of which is explained in brackets) by ticking (✓) the most applicable block.

Characteristics of Trust	Strongly Disagree	Disagree	Neither Agree nor Disagree (Neutral)	Agree	Strongly Agree	Do not know
<b>(1) Trust is multi-levelled in nature</b> (Trust is the result of interactions involving co-workers, teams, organisational and inter-organisational alliances.)	1	2	3	4	5	6
<b>(2) Trust has its roots in the culture of an organisation</b> (Trust is closely related to the norms, values, and beliefs [culture] of the organisation.)	1	2	3	4	5	6
<b>(3) Trust is gained through communication</b> (Trust results from communication characterised by accurate information, explanations for decisions made, and sincere and appropriate openness of expression.)	1	2	3	4	5	6
<b>(4) Trust is dynamic in nature</b> (Trust is constantly changing, going through repeated phases of building, destabilisation and dissolving.)	1	2	3	4	5	6
<b>(5) Trust is multidimensional in nature</b> (Trust encompasses multiple factors at the cognitive, emotional and behavioural levels, all of which affecting an individual's perception of trust.)	1	2	3	4	5	6

#### Challenges regarding Trust

Please tick (✓) the most applicable block.

Top management of my bank regularly (at least once a year): monitors	Strongly Disagree	Disagree	Neither Agree nor Disagree (Neutral)	Agree	Strongly Agree	Do not know
(1) <b>the external environment</b> to identify changes in, for example, technology, threats posed by competitors, and other global changes that can have an impact on the effectiveness of the bank.	1	2	3	4	5	6

Top management of my bank regularly (at least once a year): monitors	Strongly Disagree	Disagree	Neither Agree nor Disagree (Neutral)	Agree	Strongly Agree	Do not know
(2) changes in the productivity levels within the bank.	1	2	3	4	5	6
(3) the trust levels within the bank.	1	2	3	4	5	6
(4) the policies of the bank to ensure that any redundant policies are removed.	1	2	3	4	5	6
(5) the practices/procedures of the bank to ensure that any redundant practices/procedures are removed.	1	2	3	4	5	6
(6) the culture within the bank.	1	2	3	4	5	6
(7) the strategies of the bank.	1	2	3	4	5	6
(8) the structure of the bank, such as						
(a) the reporting lines.	1	2	3	4	5	6
(b) the distribution of authority/responsibility.	1	2	3	4	5	6
(c) the job content.	1	2	3	4	5	6
(9) the clients' perception of the bank.	1	2	3	4	5	6
(10) the complaints-and-grievance procedure of the bank.	1	2	3	4	5	6
(11) the turnover rate of staff in the bank.	1	2	3	4	5	6
(12) the competitive position of the bank.	1	2	3	4	5	6
(13) the plan for improving communication within the bank.	1	2	3	4	5	6
(14) the plan for improving the trust levels within the bank.	1	2	3	4	5	6

### Builders of Trust

Please tick (√) the most applicable block.

The majority of the employees in my bank	Strongly Disagree	Disagree	Neither Agree nor Disagree (Neutral)	Agree	Strongly Agree	Do not know
(1) think that there is an atmosphere of honest co-operation in the bank.	1	2	3	4	5	6
(2) have clear expectations regarding the aims of the organisation.	1	2	3	4	5	6
(3) are willing to share their knowledge with others.	1	2	3	4	5	6
(4) openly take responsibility for their mistakes.	1	2	3	4	5	6
(5) avoid gossiping about others.	1	2	3	4	5	6
(6) avoid unfair criticism of others.	1	2	3	4	5	6
(7) are willing to take part in training.	1	2	3	4	5	6
(8) meet management on periodic basis.	1	2	3	4	5	6
(9) have a sound grasp of their work responsibilities.	1	2	3	4	5	6
(10) have a sound grasp of the promotion criteria for every position in the bank.	1	2	3	4	5	6
(11) think that evaluation is done in a fair manner.	1	2	3	4	5	6

The majority of the employees in my bank	Strongly Disagree	Disagree	Neither Agree nor Disagree (Neutral)	Agree	Strongly Agree	Do not know
(12) have a good relationship with their co-workers.	1	2	3	4	5	6
(13) think that they are treated fairly.	1	2	3	4	5	6
(14) think that their interests are taken care of.	1	2	3	4	5	6
(15) think that teamwork is encouraged and preferred.	1	2	3	4	5	6
(16) are encouraged to take part in decision-making.	1	2	3	4	5	6
(17) abide by the bank's confidentiality code.	1	2	3	4	5	6
(18) receive feedback in good faith.	1	2	3	4	5	6
(19) provide feedback in good faith.	1	2	3	4	5	6
(20) accept the authority that their peers may have.	1	2	3	4	5	6
(21) behave in a consistent manner.	1	2	3	4	5	6
(22) keep to agreements.	1	2	3	4	5	6

### Drivers of Trust

Please tick (√) the most applicable block.

The majority of the employees in my bank	Strongly Disagree	Disagree	Neither Agree nor Disagree (Neutral)	Agree	Strongly Agree	Do not know
(1) get constructive feedback about their performance.	1	2	3	4	5	6
(2) have an opportunity to participate in the goal-setting process of the bank.	1	2	3	4	5	6
(3) think that the performance evaluations are fair.	1	2	3	4	5	6
(4) think that the performance evaluations are appropriate.	1	2	3	4	5	6
(5) receive praise for a job well done.	1	2	3	4	5	6
(6) are given recognition for a job well done.	1	2	3	4	5	6
(7) (a) think that teamwork is encouraged.	1	2	3	4	5	6
(b) think that teamwork is practiced in the bank.	1	2	3	4	5	6
(8) are given adequate opportunities for professional growth.	1	2	3	4	5	6
(9) are given challenging and stimulating work.	1	2	3	4	5	6
(10) see a clear connection between their work and the goals of the bank.	1	2	3	4	5	6
(11) are encouraged to take action when faced with a problem.	1	2	3	4	5	6
(12) are empowered to make their own choices that will enable them to achieve a healthy balance work-life.	1	2	3	4	5	6
(13) think the work that they do to be meaningful in nature.	1	2	3	4	5	6

The majority of the employees in my bank	Strongly Disagree	Disagree	Neither Agree nor Disagree (Neutral)	Agree	Strongly Agree	Do not know
(14) are enthusiastic about their work.	1	2	3	4	5	6
(15) are proud of the work that they do.	1	2	3	4	5	6
(16) have a good understanding of the informal structures within the bank.	1	2	3	4	5	6
(17) have a good understanding of the informal processes within the bank.	1	2	3	4	5	6
(18) are given enough information to make the correct decisions about their work.	1	2	3	4	5	6
(19) are given challenging but achievable goals.	1	2	3	4	5	6
(20) are given a sense of ownership as far as the goals and mission of the bank are concerned.	1	2	3	4	5	6
(21) think that there is a culture of teamwork in the bank.	1	2	3	4	5	6
(22) are encouraged to speak openly with others.	1	2	3	4	5	6
(23) are encouraged to engage in the giving/receiving of feedback.	1	2	3	4	5	6
(24) feel secure as far as their position is concerned.	1	2	3	4	5	6
(25) are encouraged to keep on learning.	1	2	3	4	5	6
(26) are treated fairly.	1	2	3	4	5	6
(27) are familiar with the strategic goals of the bank.	1	2	3	4	5	6
(28) understand the strategic goals of the bank.	1	2	3	4	5	6
(29) are regularly informed of the mission of the bank.	1	2	3	4	5	6
(30) understand the directly connection between their work and the overall success of the bank.	1	2	3	4	5	6
(31) think that their contributions are valued.	1	2	3	4	5	6

### Destroyers (Busters) of Trust

Please tick (✓) the most applicable block.

The following may be said to be typical of my bank.	Strongly Disagree	Disagree	Neither Agree nor Disagree (Neutral)	Agree	Strongly Agree	Do not know
(1) The majority of the bank's employees work under strictly-controlled conditions.	1	2	3	4	5	6
(2) The operation of the bank is veiled in secrecy.	1	2	3	4	5	6
(3) There is a great deal of dishonesty among the majority of the bank's employees.	1	2	3	4	5	6
(4) The majority of the bank's employees tend to ignore the authority that their peers may have.	1	2	3	4	5	6

The following may be said to be typical of my bank.	Strongly Disagree	Disagree	Neither Agree nor Disagree (Neutral)	Agree	Strongly Agree	Do not know
(5) There is a lack of confidence among the majority of the bank's employees.	1	2	3	4	5	6
(6) There is no proper flow of information between the different job levels in the bank.	1	2	3	4	5	6
(7) The majority of the bank's employees take credit for the work of others.	1	2	3	4	5	6
(8) The majority of the bank's employees often fail to tell the truth, with the intention to deceive or confuse others.	1	2	3	4	5	6
(9) The majority of the bank's employees seem to have a volatile personality.	1	2	3	4	5	6
(10) The majority of the bank's employees seem to have a hidden agenda.	1	2	3	4	5	6
(11) The majority of the bank's employees struggle to fulfil their duties.	1	2	3	4	5	6
(12) The bank is unable to meet the expectations of its workers.	1	2	3	4	5	6
(13) There is a lack of proper communication within the bank.	1	2	3	4	5	6
(14) The bank's policies are of an inconsistent nature.	1	2	3	4	5	6
(15) The bank's practices are of an inconsistent nature.	1	2	3	4	5	6
(16) The bank fails to deliver on its promises.	1	2	3	4	5	6

### Performance of my bank

Please tick (✓) the most applicable block.

Compared with its competitors, my bank	Strongly Disagree	Disagree	Neither Agree nor Disagree (Neutral)	Agree	Strongly Agree	Do not know
(1) is more profitable.	1	2	3	4	5	6
(2) has a larger market share.	1	2	3	4	5	6
(3) is growing at a faster rate.	1	2	3	4	5	6
(4) is more innovative.	1	2	3	4	5	6
(5) is more successful.	1	2	3	4	5	6
(6) has lower costs.	1	2	3	4	5	6

## Section B

### • The Process of Trust

#### Individual Propensity to Trust

Please tick (✓) the most applicable block.

To what extent do you agree with the following statements about trusting other people?	Strongly Disagree	Disagree	Neither Agree nor Disagree (Neutral)	Agree	Strongly Agree	Do not know
(1) All people are out to get as much as they can for themselves.	1	2	3	4	5	6
(2) All people are unreliable.	1	2	3	4	5	6
(3) I have little faith in other people keeping their promises.	1	2	3	4	5	6
(4) Contrary to what they say, all people are interested primarily in their own welfare.	1	2	3	4	5	6
(5) In these competitive times, I have to be alert, otherwise others will take advantage of me.	1	2	3	4	5	6
(6) All people who are friendly towards me, are disloyal behind my back.	1	2	3	4	5	6
(7) All people lie in order to get ahead.	1	2	3	4	5	6
(8) All people are concerned with their own well-being.	1	2	3	4	5	6
(9) All people let you down.	1	2	3	4	5	6
(10) All people can be relied upon to do what they say that they will do.	1	2	3	4	5	6
(11) People in authority are likely to say what they really believe.	1	2	3	4	5	6
(12) All people are honest when answering public opinion polls.	1	2	3	4	5	6
(13) Experts can be relied upon to tell what they know and what they do not know.	1	2	3	4	5	6
(14) All people always tell the truth.	1	2	3	4	5	6
(15) All people do what they say that they will do.	1	2	3	4	5	6
(16) All people live by the idea that honesty is the best policy.	1	2	3	4	5	6

## Beliefs about the Trustworthiness of Co-workers/Team Members

Please tick (✓) the most applicable block.

<i>Please indicate to what extent you agree with the statements below as far as the majority of your current co-workers/team members are concerned. There are no right or wrong answers. We are interested in your honest opinions.</i>	Strongly Disagree	Disagree	Neither Agree nor Disagree (Neutral)	Agree	Strongly Agree	Do not know
<ul style="list-style-type: none"> <li><b>Benevolence</b> (belief that the other party wishes to do good)</li> </ul> The majority of my current co-workers/team members	1	2	3	4	5	6
(1) support me, even when times are tough.	1	2	3	4	5	6
(2) have my best interests in mind.	1	2	3	4	5	6
(3) wish to protect me.	1	2	3	4	5	6
The majority of my current co-workers/team members	1	2	3	4	5	6
(4) work to protect me.	1	2	3	4	5	6

<b>Please indicate to what extent you agree with the statements below as far as the majority of your current co-workers/team members are concerned. There are no right or wrong answers. We are interested in your honest opinions.</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neither Agree nor Disagree (Neutral)</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Do not know</b>
(5) watch my back.	1	2	3	4	5	6
(6) watch out for me.	1	2	3	4	5	6
(7) are there for me when I need them.	1	2	3	4	5	6
(8) place the bank's interests above their own.	1	2	3	4	5	6
(9) share important information with me.	1	2	3	4	5	6
<ul style="list-style-type: none"> <li><b>Integrity</b> (involves adherence to a set of principles acceptable to the other party, encompassing honesty, fair treatment and avoidance of hypocrisy)</li> </ul> As far as the majority of my current co-workers/team members are concerned,						
(1) I believe that they are people of integrity.	1	2	3	4	5	6
(2) I believe that they have strong ethics.	1	2	3	4	5	6
(3) I believe that they can be depended on to be fair.	1	2	3	4	5	6
(4) I feel confident that they are people of integrity.	1	2	3	4	5	6
(5) I have faith in their integrity.	1	2	3	4	5	6
(6) I believe that they are honourable people.	1	2	3	4	5	6
(7) I believe that they keep their promises.	1	2	3	4	5	6
(8) I believe that they tell the truth.	1	2	3	4	5	6
(9) I believe that they practise what they preach.	1	2	3	4	5	6
(10) I believe that they express their true feelings about important issues.	1	2	3	4	5	6
<ul style="list-style-type: none"> <li><b>Competence</b> (refers to the other party's having the necessary skills and knowledge to carry out his/her obligations)</li> </ul> In my opinion, the majority of my current co-workers/team members						
(1) are highly-skilled people.	1	2	3	4	5	6
(2) are capable of doing their job.	1	2	3	4	5	6
(3) are competent people.	1	2	3	4	5	6
(4) have the necessary ability.	1	2	3	4	5	6
(5) know what they are doing.	1	2	3	4	5	6
(6) are qualified to do their job.	1	2	3	4	5	6
<ul style="list-style-type: none"> <li><b>Predictability</b> (relates specifically to consistency and regularity of behaviours)</li> </ul> As far as the majority of my current co-workers/team members are concerned,						
(1) I can guess what they are likely to do.	1	2	3	4	5	6
(2) I cannot predict what they are likely to do.	1	2	3	4	5	6
(3) I know what to expect from them.	1	2	3	4	5	6
(4) I usually know how they will react.	1	2	3	4	5	6
(5) in times of uncertainty, they stick to the plan.	1	2	3	4	5	6
(6) they behave in a consistent manner.	1	2	3	4	5	6

## Willingness to Trust/take Risks

Please tick (✓) the most applicable block.

<i>Please indicate how willing you are to engage in each of the following behaviours with the majority of your co-workers/ team members. There are no right or wrong answers. We are interested in your honest opinions.</i>	Definitely will not	Probably will not	Possibly will (Neutral)	Probably will	Very Probably will	Definitely will
(1) <b>Rely</b> on their collective task related skills/abilities.	1	2	3	4	5	6
(2) <b>Depend</b> on them to handle an important issue on your behalf.	1	2	3	4	5	6
(3) <b>Rely</b> on them to give an accurate representation of your work to others.	1	2	3	4	5	6
(4) <b>Depend</b> on them to back you up in difficult situations.	1	2	3	4	5	6
(5) <b>Rely</b> on their collective work-related judgements.	1	2	3	4	5	6
(6) <b>Share</b> your personal feelings with them.	1	2	3	4	5	6
(7) <b>Discuss</b> work-related problems or difficulties with them that could be used to your disadvantage.	1	2	3	4	5	6
(8) <b>Confide</b> in them about personal issues affecting your work.	1	2	3	4	5	6
(9) <b>Discuss</b> with them how you honestly feel about your work - even negative feelings and frustration.	1	2	3	4	5	6
(10) <b>Share</b> your personal beliefs with them.	1	2	3	4	5	6

## Belief in the Trustworthiness of the Immediate Supervisor

Please tick (✓) the most applicable block.

<i>Please indicate to what extent you agree with the statements below as far as your current immediate supervisor is concerned. There are no right or wrong answers. We are interested in your honest opinions.</i>	Strongly Disagree	Disagree	Neither Agree nor Disagree (Neutral)	Agree	Strongly Agree	Do not know
<ul style="list-style-type: none"> <li><b>Benevolence</b> (belief that your supervisor wishes to do good).</li> </ul> My current immediate supervisor						
(1) watches my back.	1	2	3	4	5	6
(2) is genuinely concerned about my well-being.	1	2	3	4	5	6
(3) is likely to protect me if necessary.	1	2	3	4	5	6
(4) makes me feel valued.	1	2	3	4	5	6
(5) is sincere as far as his/her motivations are concerned.	1	2	3	4	5	6
(6) has my best interest in mind.	1	2	3	4	5	6

<b>Please indicate to what extent you agree with the statements below as far as your current immediate supervisor is concerned. There are no right or wrong answers. We are interested in your honest opinions.</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neither Agree nor Disagree (Neutral)</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Do not know</b>
(7) does not retaliate when mistakes have been made.	1	2	3	4	5	6
(8) takes account of my needs.	1	2	3	4	5	6
(9) is willing to forgive me if I make a mistake.	1	2	3	4	5	6
<ul style="list-style-type: none"> <li> <b>Integrity</b> (involves adherence to a set of principles acceptable to the other party, encompassing honesty, fair treatment and avoidance of hypocrisy) </li> </ul>						
My current immediate supervisor						
(1) acts in a fair manner.	1	2	3	4	5	6
(2) is an honest person.	1	2	3	4	5	6
(3) can be depended on to be fair.	1	2	3	4	5	6
(4) in risky situations, tells the truth.	1	2	3	4	5	6
(5) is a person of poor ethics.	1	2	3	4	5	6
(6) will keep his/her word.	1	2	3	4	5	6
(7) can be relied upon in times of uncertainty.	1	2	3	4	5	6
(8) puts his/her words into action.	1	2	3	4	5	6
(9) gives me an honest explanation for decisions made.	1	2	3	4	5	6
<ul style="list-style-type: none"> <li> <b>Competence</b> (refers to the other party's having the necessary skills and knowledge to carry out his/her obligations) </li> </ul>						
My current immediate supervisor						
(1) is good at his/her job.	1	2	3	4	5	6
(2) has my confidence as far as his/her abilities are concerned.	1	2	3	4	5	6
(3) is a highly-skilled person.	1	2	3	4	5	6
(4) performs, even in stressful situation.	1	2	3	4	5	6
(5) knows what he/she is doing.	1	2	3	4	5	6
(6) is a capable person as far as his/her job is concerned.	1	2	3	4	5	6
(7) approaches his/her job with professionalism and dedication.	1	2	3	4	5	6
<ul style="list-style-type: none"> <li> <b>Predictability</b> (relates specifically to consistency and regularity of behaviour) </li> </ul>						
(1) I usually know how my current immediate supervisor will react.	1	2	3	4	5	6
(2) I can anticipate my current immediate supervisor's actions before he/she does them.	1	2	3	4	5	6
(3) I can anticipate what my current immediate supervisor will do.	1	2	3	4	5	6
(4) I know exactly what my current immediate supervisor will do in a difficult situation.	1	2	3	4	5	6
(5) I can rely on my current immediate supervisor to behave in a predictable manner.	1	2	3	4	5	6
(6) My current immediate supervisor behaves in a very consistent manner.	1	2	3	4	5	6
(7) My current immediate supervisor follows through with what he/she says.	1	2	3	4	5	6

## Willingness to Trust/take Risks

Please tick (✓) the most applicable block.

<i>Please indicate how willing you are to engage in each of the following behaviours with your current immediate supervisor. There are no right or wrong answers. We are interested in your honest opinions.</i>	Definitely will not	Probably will not	Possibly will (Neutral)	Probably will	Very Probably will	Definitely will
(1) <b>Rely</b> on his/her task related skills/abilities.	1	2	3	4	5	6
(2) <b>Depend</b> on him/her to handle an important issue on your behalf.	1	2	3	4	5	6
(3) <b>Rely</b> on him/her to give an accurate representation of your work to others.	1	2	3	4	5	6
(4) <b>Depend</b> on him/her to back you up in difficult situations.	1	2	3	4	5	6
(5) <b>Rely</b> on his/her work-related judgements.	1	2	3	4	5	6
(6) <b>Share</b> your personal feelings with him/her.	1	2	3	4	5	6
(7) <b>Discuss</b> work-related problems or difficulties with him/her that could be used to your disadvantage.	1	2	3	4	5	6
(8) <b>Confide</b> in him/her about personal issues affecting your work.	1	2	3	4	5	6
(9) <b>Discuss</b> how you honestly feel about your work- even negative feelings and frustration.	1	2	3	4	5	6
(10) <b>Share</b> your personal beliefs with him/her.	1	2	3	4	5	6

## Belief in the Trustworthiness of the Top Management/the Organisation

Please tick (✓) the most applicable block.

<i>Please indicate to what extent you agree with the statements below as far as they pertain to top management/ the organisation. There are no right or wrong answers. We are interested in your honest opinions.</i>	Strongly Disagree	Disagree	Neither Agree nor Disagree (Neutral)	Agree	Strongly Agree	Do not know
<ul style="list-style-type: none"> <li><b>Benevolence</b> (belief that the other party wishes to do good)</li> </ul>						
Top management/the organisation						
(1) is very concerned about the welfare of the employees.	1	2	3	4	5	6
(2) attaches great importance to the needs and desires of the employees.	1	2	3	4	5	6
(3) would not knowingly do anything to harm the employees.	1	2	3	4	5	6

<b>Please indicate to what extent you agree with the statements below as far as they pertain to top management/ the organisation. There are no right or wrong answers. We are interested in your honest opinions.</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neither Agree nor Disagree (Neutral)</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Do not know</b>
(4) really looks out for what is important for the employees.	1	2	3	4	5	6
(5) would go out of its way to help employees.	1	2	3	4	5	6
(6) generally has good intentions as far as the employees are concerned.	1	2	3	4	5	6
(7) is sincere in its attempts to see the employees' point of view regarding the job.	1	2	3	4	5	6
(8) can be relied upon to do what is best for the long-term survival of the bank.	1	2	3	4	5	6
(9) can be trusted to make good decisions as far as the employees are concerned.	1	2	3	4	5	6
(10) shares important information with the employees.	1	2	3	4	5	6
(11) listens to the concerns of the employees.	1	2	3	4	5	6
(12) is true to its word.	1	2	3	4	5	6
(13) is sincere in its efforts to communicate with the employees.	1	2	3	4	5	6
<ul style="list-style-type: none"> <li><b>Integrity</b> (involves adherence to a set of principles acceptable to the other party, encompassing honesty, fair treatment and avoidance of hypocrisy)</li> </ul>						
Top management/the organisation						
(1) has a strong sense of justice.	1	2	3	4	5	6
(2) will stick to its word.	1	2	3	4	5	6
(3) tries hard to be fair in dealings with others.	1	2	3	4	5	6
(4) is very consistent as far as its actions/behaviours are concerned.	1	2	3	4	5	6
(5) has good values.	1	2	3	4	5	6
(6) seems to be guided by sound principles.	1	2	3	4	5	6
(7) has a high level of integrity.	1	2	3	4	5	6
(8) is honest when communicating about jobs.	1	2	3	4	5	6
(9) will keep its word about rewards offered for the completion of a task.	1	2	3	4	5	6
(10) truthfully communicate the future plans of the bank.	1	2	3	4	5	6
(11) will be consistent in applying the rules.	1	2	3	4	5	6
(12) acknowledges its own mistakes.	1	2	3	4	5	6
<ul style="list-style-type: none"> <li><b>Competence</b> (refers to the other party's having the necessary skills and knowledge for carrying out its obligations)</li> </ul>						
Top management/the organisation						
(1) is very capable of performing its job.	1	2	3	4	5	6
(2) is known to be successful at the thing that it tries to do.	1	2	3	4	5	6
(3) are sufficiently informed of the work that needs to be done.	1	2	3	4	5	6
(4) is very skilful.	1	2	3	4	5	6
(5) has specialised capabilities that can enhance the performance of the bank.	1	2	3	4	5	6
(6) is well qualified to perform its job.	1	2	3	4	5	6
(7) can be trusted to make sensible decisions regarding the future of the bank.	1	2	3	4	5	6
(8) gives direction and clarification before the bank takes action.	1	2	3	4	5	6

<b>Please indicate to what extent you agree with the statements below as far as they pertain to top management/ the organisation. There are no right or wrong answers. We are interested in your honest opinions.</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neither Agree nor Disagree (Neutral)</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Do not know</b>
<ul style="list-style-type: none"> <li><b>Predictability</b> (relates specifically to consistency and regularity of behaviours) Top management/the organisation</li> </ul>						
(1) treats employees in a consistent and predictable manner.	1	2	3	4	5	6
(2) can be relied upon to reward employees for their achievements.	1	2	3	4	5	6
(3) keeps its commitments to its employees.	1	2	3	4	5	6
(4) does not mislead people like me.	1	2	3	4	5	6
(5) can be relied upon to keep its promises.	1	2	3	4	5	6
<ul style="list-style-type: none"> <li><b>Respect</b> (consideration for myself and others) Top management/the organisation</li> </ul>						
(1) is willing to help me when I need a special favour.	1	2	3	4	5	6
(2) shows a great deal of concern for me.	1	2	3	4	5	6
(3) will never take advantage of me.	1	2	3	4	5	6
(4) really cares about my well-being.	1	2	3	4	5	6
(5) takes my goals and values very much into consideration.	1	2	3	4	5	6
(6) comes to my assistance when I have a problem.	1	2	3	4	5	6
(7) would forgive an honest mistake on my part.	1	2	3	4	5	6
<ul style="list-style-type: none"> <li><b>Justice</b> (just behaviour or treatment) Top management/the organisation</li> </ul>						
(1) treats me fairly.	1	2	3	4	5	6
(2) can be counted on to be fair.	1	2	3	4	5	6
(3) is fair in its treatment of me.	1	2	3	4	5	6
(4) (according to most people working here) often treat employees in an unfair manner.	1	2	3	4	5	6
(5) usually do not do things in a fair manner.	1	2	3	4	5	6

## Willingness to Trust/take Risks

Please tick (✓) the most applicable block.

<b>Please indicate how willing you are to engage in each of the following behaviours with top management/ the organisation. There are no right or wrong answers. We are interested in your honest opinions.</b>	<b>Definitely will not</b>	<b>Probably will not</b>	<b>Possibly will (Neutral)</b>	<b>Probably will</b>	<b>Very Probably will</b>	<b>Definitely will</b>
(1) <b>Rely</b> on its task related skills/abilities.	1	2	3	4	5	6
(2) <b>Depend</b> on it to handle an important issue on your behalf.	1	2	3	4	5	6
(3) <b>Rely</b> on it to give an accurate representation of your work to others.	1	2	3	4	5	6
(4) <b>Depend</b> on it to back you up in difficult situations.	1	2	3	4	5	6

<i>Please indicate how willing you are to engage in each of the following behaviours with top management/ the organisation. There are no right or wrong answers. We are interested in your honest opinions.</i>	Definitely will not	Probably will not	Possibly will (Neutral)	Probably will	Very Probably will	Definitely will
(5) <b>Rely</b> on its work-related judgements.	1	2	3	4	5	6
(6) <b>Share</b> your personal feelings with it.	1	2	3	4	5	6
(7) <b>Discuss</b> work-related problems with it that could be used to your disadvantage.	1	2	3	4	5	6
(8) <b>Confide</b> in it about personal issues affecting your work.	1	2	3	4	5	6
(9) <b>Discuss</b> with it how you honestly feel about your work (even mentioning negative feelings and frustration).	1	2	3	4	5	6
(10) <b>Share</b> your personal beliefs with it.	1	2	3	4	5	6

## Section C

### • Trust Repair

Please tick (✓) the most applicable block.

<i>If your trust has been broken, to what extent do you agree with the statements below regarding the restoration of broken trust?</i>	Strongly Disagree	Disagree	Neither Agree nor Disagree (Neutral)	Agree	Strongly Agree	Do not know
(1) Acknowledge that there has been a violation of trust (awareness of the problem).	1	2	3	4	5	6
(2) Determine the nature of the violation (cause of the event).	1	2	3	4	5	6
(3) Determine if the betrayal is of a major intentional (e.g. sabotaging the data system) or unintentional (e.g. delegating without giving authority), or a minor intentional (e.g. gossiping) or unintentional (e.g. not keeping agreements) nature.	1	2	3	4	5	6
(4) Admit that the event destroyed the trust that existed.	1	2	3	4	5	6
(5) Allow your feelings to surface (give yourself time alone, say "no" to quitting).	1	2	3	4	5	6
(6) Get support from a trusted advisor, friend, colleague (share your feelings).	1	2	3	4	5	6
(7) Put the experience in a larger context (e.g.: Why did it happen? What extenuating circumstances are there? What options are available? What lessons can be learnt?)	1	2	3	4	5	6
(8) Take responsibility (e.g.: What could have been done differently? How can this be avoided in the future?)	1	2	3	4	5	6
(9) Offer to make reparations.	1	2	3	4	5	6
(10) Forgive yourself and others.	1	2	3	4	5	6
(11) Let it go and move on.	1	2	3	4	5	6

## Section D

### • Maintaining Trust

Please tick (✓) the most applicable block.

<i>To what extent do you agree with the statements below as far as they pertain to maintaining a healthy trust relationship within the bank?</i>	Strongly Disagree	Disagree	Neither Agree nor Disagree (Neutral)	Agree	Strongly Agree	Do not know
<i>The trustor and the trustee need to:</i>						
(1) inspire trust between them.	1	2	3	4	5	6
(2) show integrity in their actions.	1	2	3	4	5	6
(3) have the necessary technical competence to do their job.	1	2	3	4	5	6
(4) be committed to the relationship.	1	2	3	4	5	6
(5) be committed to their job.	1	2	3	4	5	6
(6) communicate the fact that trust matters.	1	2	3	4	5	6
(7) behave in a proper manner, such as keeping commitments.	1	2	3	4	5	6
(8) be accountable for their actions.	1	2	3	4	5	6
(9) improve their relationship.	1	2	3	4	5	6
(10) show loyalty towards each other.	1	2	3	4	5	6
(11) correct wrongs existing between them.	1	2	3	4	5	6
(12) create transparency between them.	1	2	3	4	5	6
(13) demonstrate respect for each other.	1	2	3	4	5	6
(14) be straight with each other.	1	2	3	4	5	6
(15) have a strong sense of shared purpose.	1	2	3	4	5	6
(16) get their employees to work together.	1	2	3	4	5	6
(17) create a culture in which tolerance and co-operation are highly valued.	1	2	3	4	5	6
(18) get everybody to participate in discussions.	1	2	3	4	5	6
(19) empower their employees to make their own decisions.	1	2	3	4	5	6
(20) communicate with each other in an authentic manner.	1	2	3	4	5	6
(21) teach everyone in the organisation how things work.	1	2	3	4	5	6
(22) make sure that the reward systems are aligned with the values/goals of the organisation.	1	2	3	4	5	6
(23) encourage innovation within the organisation.	1	2	3	4	5	6
(24) invest in their people by acknowledging their abilities.	1	2	3	4	5	6

## Section E

### • Training in Trust awareness

Please tick (✓) the most applicable block.

<b><i>To create a healthy work environment, it is necessary that employees undergo training interventions relating to trust on a regular basis. To what extent do you agree that the bank should provide the following training interventions relating to trust?</i></b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neither Agree nor Disagree (Neutral)</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Do not know</b>
<b>Training in</b>						
(1) the exploration of the whole concept of trust - what it is, how it works, how it can break and how to rebuild and restore it.	1	2	3	4	5	6
(2) how to build trust across a range of relationships and interactions - for example, involving co-workers, the immediate supervisor and top management/the organisation.	1	2	3	4	5	6
(3) understanding how and why you make the decisions that you make each day and why you feel the way that you feel and how it impacts on your perspective of trust.	1	2	3	4	5	6
(4)						
(a) conflict-management skills.	1	2	3	4	5	6
(b) decision-making skills.	1	2	3	4	5	6
(c) stress-management skills.	1	2	3	4	5	6
(d) communication skills.	1	2	3	4	5	6
(e) problem-solving skills.	1	2	3	4	5	6
(f) interrelationship skills.	1	2	3	4	5	6
(g) time-management skills.	1	2	3	4	5	6
(h) anger-management skills.	1	2	3	4	5	6
(i) ethics-management skills.	1	2	3	4	5	6
(5) practical skills and techniques for building and restoring trust.	1	2	3	4	5	6
(6) self-trust, trust in co-workers, supervisors and top management/the organisation.	1	2	3	4	5	6

## Section F

### • Outcomes of Trust

Please tick (√) the most applicable block.

<b><i>The existence of healthy trust relationships within organisations can lead to a number of positive outcomes for the organisation. To what extent do you agree with the following list of items in this regard?</i></b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neither Agree nor Disagree (Neutral)</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Do not know</b>
(1) Meeting company goals.	1	2	3	4	5	6
(2) Retaining talented employees.	1	2	3	4	5	6
(3) Higher productivity.	1	2	3	4	5	6
(4) Less conflict.	1	2	3	4	5	6
(5) Better relationships with clients.	1	2	3	4	5	6
(6) A more committed workforce.	1	2	3	4	5	6
(7) Greater job satisfaction.	1	2	3	4	5	6
(8) A more positive attitude among the staff.	1	2	3	4	5	6
(9) Improved co-operation/co-ordination among the staff.	1	2	3	4	5	6

## Section G

### • Culture of the Organisation

Please indicate which one of the four types of organisational culture described below **best** represents the culture within your bank. **Mark (√) only one type of culture in the applicable block.**

#### The Clan Culture

1

This working environment is a sociable one. People have a great deal in common, and the organisation is like one big family. The executives are seen as mentors, or may even be father figures. The organisation is held together by commitment and tradition. There is great involvement. The organisation emphasizes durable human-resource development and connects fellow workers by morals. Success is identified within the framework of addressing the needs of the clients and caring for the people. The organisation encourages teamwork, participation, and consensus.

- **Leader type:** facilitator, mentor, team builder
- **Value drivers:** commitment, communication, development
- **Theory of effectiveness:** effective human-resource development and involvement
- **Quality improvement strategy:** empowerment, team-building, employee participation, human-resource development, open communication

#### The Adhocracy Culture

2

This is an energetic and creative working environment where employees take risks and leaders are innovators and risk takers. Experimentation and innovation are the bonding materials within the organisation. Prominence is emphasized. The long-term goal is to grow and create new resources. The availability of new products or services is seen as an achievement. The organisation encourages individual ingenuity and freedom.

- **Leader type:** innovator, entrepreneur, visionary
- **Value drivers:** innovative outputs, change, agility
- **Theory of effectiveness:** effective innovativeness, vision, and new resources
- **Management theory:** surprise and delight, creating new standards, anticipating needs, continuous improvement, finding creative solutions

#### The Market Culture

3

This is a results-based organisation with the emphasis on the completion of work and getting things done. People are competitive and goal-oriented. Leaders are hard drivers, producers, and competitors at the same time. They are tough and have high expectations. The importance of winning keeps the organisation together. Reputation and success are most important. The long-term focus is on rival activities and reaching goals. Success is defined in terms of market penetration and stock. Competitive prices and market leadership are key. The organisational style is based on competition.

- **Leader type:** hard driver, rival, producer
- **Value drivers:** market share, goal achievement, profitability
- **Theory of effectiveness:** aggressive, competition and customer focus
- **Quality improvement strategy:** measuring client preferences, improving productivity, creating external partnerships, improving competitiveness, getting customers and suppliers to participate

#### The Hierarchy Culture

4

This is a formalised and structured work environment. What people do is decided by procedures. Leaders are proud of their efficiency-based co-ordination. Keeping the organisation functioning effortlessly is most crucial. Formal rules and policy keep the organisation together. The lasting goals are stability and results, paired with the efficient and smooth execution of tasks. Success is defined in terms of dependable delivery, smooth planning, and low costs. The human-resource management has to guarantee work and values in a predictable manner.

- **Leader type:** co-ordinator, monitor, organizer
- **Value drivers:** efficiency, timeliness, consistency, and uniformity
- **Theory of effectiveness:** control and efficiency with capable processes
- **Quality improvement strategy:** error detection, measurement, process control, systematic problem-solving, quality tools

Please use the space below to provide general comments or additional information that you may deem appropriate.

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**Section H**

• **Demographic and Personal Information**

(1) Please indicate the type of ownership of the bank where you are employed.

Government-owned	1
Privately-owned	2

(2) At which one of the following do you work?

Head Office	1
Branch	2

(3) Please indicate your gender.

Male	1
Female	2

(4) What type of position do you currently occupy in the bank?

Full-time employee	1
Part-time employee	2
Other (please specify) .....	3

(5) Please indicate your age.

18-25 years	1	41-50 years	4
26-30 years	2	51-60 years	5
31-40 years	3	61 years and older	6

(6) How long have you been working at this particular bank?

Years		Months	
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(7) Please indicate which one of the following titles **best** describes your position in the bank.

Board of Directors	1	Branch Manager	6
President/CEO	2	Assistant Branch Manager	7
Vice-President (Operations Management/Systems & E-Banking/Administration & Finance/Marketing & Business Development/Resources & Facilities Management/ other similar position)	3	Section Head	8
		Principal Officer	9
		Supervisor	10
		Senior Officer	11
Departmental Director/Manager	4	Other (please specify) .....	13
Deputy Departmental Director/Manager	5		

(8) Please indicate the **highest** educational qualification obtained.

Completed preparatory school	1
Completed high school	2
Post-high school certificate	3
Post-high school diploma	4
First degree	5
Master's degree	6
Ph.D. degree	7

(9) If you hold a university degree/diploma, in which one of the following main academic fields did you obtain your **highest** qualification?

Business Studies (including Banking and Financial Management)	1	Law	5
Economics	2	Engineering	6
Social or Behavioural Sciences	3	Natural Sciences	7
Humanities/Art/Languages	4	Other	8

**Thank you very much for taking the time  
to complete this questionnaire!!**

## FOLLOW-UP LETTER

25 May 2017

Dear Sir/Madam

I refer to the survey on trust in the banking sector of Ethiopia delivered to you in early May 2017. According to our record, we have not yet received your response. It is important to note that the success of this study will depend upon your participation. The questionnaire will take no more than 45 minutes of your time.

Accordingly, you are hereby requested to complete the questionnaire, which is currently in your possession, and return it to the data collector no later than 26 June 2017.

Your co-operation in this regard would be highly appreciated!

Yours faithfully

Getachew Wagaw Temesgen  
(Researcher)



**ETHICAL CLEARANCE APPROVAL LETTER****DEPARTMENT OF HUMAN RESOURCE MANAGEMENT RESEARCH, ETHICS AND  
INNOVATION COMMITTEE**

13 April 2017

Ref #: **2017\_HRM\_007**

Name of applicant: Mr Getachew Wagaw

Temesgen

Student #: 4902426-4

**Decision: Ethics approval**

Dear Mr Getachew Wagaw Temesgen

**Name:** Mr Getachew Wagaw Temesgen 49024264@mylife.unisa.ac.za:(+251) 12027739)**Proposal:** An Integrated Model for Organisational Trust in the Banking Sector of Ethiopia**Qualification:** D. Com Business Management

Thank you for the application for research ethics clearance to the Department of Human Resource Management Research, Ethics and Innovation Committee for the above-mentioned research. Final approval is granted for the duration of the project.

**Full approval:** The application was reviewed in compliance with the Unisa Policy on Research Ethics by the Department of Human Resource Management Research, Ethics and Innovation Committee on 13<sup>th</sup> of April 2017 and full approval of the projects is granted.

The proposed research may now commence with the provision that:

- 1) The researchers will ensure that the research project adheres to the values and principles expressed in the UN/SA Policy on Research Ethics.
- 2) Any adverse circumstance arising in the undertaking of the research project that is relevant to the ethicality of the study, as well as changes in the methodology, should be communicated in writing to the Department of Human Resource Management Research, Ethics and Innovation Committee. An amended application could be requested if there are substantial changes from the existing proposal, especially if those changes affect any of the study-related risks for the research participants
- 3) The researcher will ensure that the research project adheres to any applicable national legislation, professional codes of conduct, institutional guidelines and scientific standards relevant to the specific field of study.

**Note:**

*The reference number (top right corner of this communique) should be clearly indicated on all forms of communication (e.g. Webmail, E-mail messages, letters) with the intended research participants, as well as with the Department of Human Resource Management Research, Ethics and Innovation Committee*

Kind regards,

Prof I Potgieter  
DREG Chair  
Department of Human Resource Management  
visseil@unisa.ac.za.



Prof MT Mogale  
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PEARSON PRODUCT-MOMENT CORRELATION OF THE FACTORS (n=405)

Factor		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1	Trust characteristics	1																	
2	Company operational activities	.101*	1																
3	Company internal & external threats	.096	.575**	1															
4	Company challenges	.110*	.611**	.631**	1														
5	Company policies/ practices/ procedures	.124*	.445**	.472**	.415**	1													
6	Employee understanding	.063	.491**	.492**	.507**	.432**	1												
7	Employee receptivity	.154**	.402**	.409**	.438**	.251**	.615**	1											
8	Employee participation	.216**	.479**	.509**	.505**	.330**	.622**	.625**	1										
9	Employee culture	.062	.416**	.459**	.374**	.282**	.594**	.578**	.590**	1									
10	Employee recognition	-.007	.462**	.475**	.542**	.377**	.711**	.527**	.505**	.464**	1								
11	Employee empowerment	.059	.435**	.373**	.430**	.348**	.668**	.572**	.541**	.443**	.709**	1							
12	Strategic employee orientation	.061	.413**	.300**	.341**	.270**	.518**	.447**	.523**	.370**	.497**	.618**	1						
13	Employee meaningfulness	.099*	.451**	.385**	.406**	.274**	.524**	.549**	.453**	.472**	.615**	.662**	.484**	1					
14	Employee team cohesion	.106*	.394**	.358**	.354**	.233**	.417**	.506**	.567**	.429**	.491**	.610**	.490**	.570**	1				
15	Informal employee cohesion	.069	.232**	.193**	.137**	.173**	.303**	.247**	.270**	.306**	.324**	.419**	.297**	.363**	.309**	1			
16	Inconsistent company policies and practices	-.050	-.239**	-.147**	-.240**	-.194**	-.295**	-.245**	-.299**	-.118*	-.309**	-.420**	-.217**	-.287**	-.300**	-.082	1		
17	Employee disloyalty	-.055	-.033	.064	-.044	.051	-.003	-.147**	-.217**	-.034	-.023	-.174**	-.133**	-.156**	-.253**	.009	.610**	1	
18	Employee dysfunctionality	.016	.096	.123*	-.009	.035	.052	.042	.045	.080	.018	.020	.109*	.101*	.112*	.151**	.292**	.339**	1

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\* . Correlation is significant at the 0.01 level (2-tailed).

**PEARSON PRODUCT-MOMENT CORRELATION OF THE FACTORS (n=405) (Contd.)**

Factor		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
19	Company competitiveness	.095	.259**	.302**	.206**	.216**	.269**	.225**	.291**	.184**	.179**	.209**	.365**	.146**	.245**	.198**	-.176**	-.111*	.050
20	General employee trust on others	-.077	.212**	.252**	.219**	.137**	.362**	.304**	.203**	.350**	.339**	.332**	.294**	.283**	.267**	.161**	.040	.266**	.295**
21	Employee distrust in others	-.084	.051	.127*	.068	.059	.089	.029	-.068	.047	.086	.009	.049	.045	-.033	.063	.373**	.550**	.223**
22	Employee opportunism	-.012	.042	.033	-.023	.021	-.002	.010	.017	.051	-.062	-.025	.065	.022	-.001	.014	.170**	.244**	.189**
23	Employee trust in co-workers/ team members	.047	.161**	.230**	.188**	.072	.291**	.321**	.339**	.332**	.257**	.338**	.308**	.293**	.320**	.182**	-.129**	-.060	.120*
24	Co-workers/ team members sacrifice	.016	.122*	.134**	.144**	.041	.206**	.259**	.255**	.216**	.180**	.230**	.236**	.200**	.248**	.117*	-.059	-.052	.159**
25	Co-workers/ team members integrity	.098*	.197**	.264**	.209**	.148**	.312**	.396**	.378**	.397**	.309**	.406**	.373**	.394**	.391**	.220**	-.197**	-.155**	.075
26	Co-workers/ team members competency	.110*	.197**	.187**	.138**	.111*	.257**	.291**	.281**	.274**	.214**	.337**	.299**	.363**	.306**	.223**	-.188**	-.129**	.030
27	Co-workers/ team members consistency	.126*	.185**	.166**	.171**	.139**	.283**	.289**	.269**	.270**	.254**	.340**	.372**	.322**	.277**	.229**	-.045	.024	.110*
28	Co-workers/ team members dependability	.086	.143**	.178**	.152**	.165**	.229**	.253**	.226**	.211**	.196**	.258**	.262**	.236**	.211**	.053	-.065	-.047	-.011
29	Co-workers/ team members confidentiality	.106*	.200**	.240**	.158**	.188**	.250**	.258**	.183**	.215**	.220**	.267**	.207**	.227**	.181**	.181**	-.026	.042	.115*
30	Employee trust in supervisor	.063	.230**	.316**	.298**	.184**	.395**	.309**	.330**	.227**	.420**	.439**	.263**	.287**	.267**	.129**	-.236**	-.021	.059
31	Supervisor's integrity	.062	.189**	.244**	.222**	.163**	.295**	.263**	.268**	.175**	.345**	.341**	.237**	.277**	.272**	.141**	-.154**	-.054	.095
32	Supervisor's honesty	.097	.136**	.192**	.166**	.147**	.308**	.239**	.299**	.165**	.299**	.377**	.279**	.242**	.202**	.123*	-.206**	-.112*	.023
33	Supervisor's competency	.091	.176**	.227**	.203**	.146**	.335**	.322**	.352**	.268**	.345**	.383**	.258**	.305**	.236**	.183**	-.261**	-.126*	.036
34	Supervisor's consistency	.075	.149**	.151**	.111*	.077	.242**	.238**	.214**	.192**	.226**	.312**	.275**	.210**	.249**	.162**	-.037	.048	.143**
35	Supervisor's predictability	.088	.242**	.291**	.275**	.200**	.419**	.413**	.371**	.303**	.446**	.485**	.311**	.365**	.272**	.184**	-.212**	-.030	.054
36	Supervisor's confidentiality	.067	.204**	.208**	.190**	.147**	.313**	.236**	.255**	.281**	.288**	.382**	.226**	.324**	.252**	.154**	-.153**	-.045	.059

\*. Correlation is significant at the 0.05 level (2-tailed).  
 \*\*. Correlation is significant at the 0.01 level (2-tailed).

**PEARSON PRODUCT-MOMENT CORRELATION OF THE FACTORS (n=405) (Contd.)**

Factors		19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36
19	Company competitiveness	1																	
20	General employee trust on others	.200**	1																
21	Employee distrust in others	.013	.415**	1															
22	Employee opportunism	.073	.132**	.456**	1														
23	Employee trust in co-workers/ team members	.183**	.218**	-.049	.081	1													
24	Co-workers/ team members sacrifice	.059	.207**	-.078	.023	.545**	1												
25	Co-workers/ team members integrity	.212**	.209**	-.084	.043	.632**	.449**	1											
26	Co-workers/ team members competency	.214**	.146**	-.060	.082	.486**	.333**	.633**	1										
27	Co-workers/ team members consistency	.245**	.193**	.031	.057	.506**	.280**	.523**	.466**	1									
28	Co-workers/ team members dependability	.158**	.137**	.023	-.017	.335**	.233**	.415**	.320**	.349**	1								
29	Co-workers/ team members confidentiality	.086	.134**	.021	-.024	.319**	.199**	.378**	.315**	.281**	.384**	1							
30	Employee trust in supervisor	.174**	.241**	.001	-.035	.384**	.215**	.423**	.294**	.323**	.317**	.293**	1						
31	Supervisor's integrity	.156**	.183**	-.038	-.015	.372**	.265**	.389**	.376**	.342**	.288**	.248**	.697**	1					
32	Supervisor's honesty	.181**	.132**	-.069	-.050	.259**	.180**	.327**	.183**	.293**	.276**	.191**	.602**	.517**	1				
33	Supervisor's competency	.232**	.151**	-.106*	-.026	.228**	.173**	.355**	.346**	.283**	.260**	.178**	.628**	.574**	.662**	1			
34	Supervisor's consistency	.206**	.224**	.034	.054	.229**	.173**	.251**	.159**	.276**	.239**	.234**	.356**	.324**	.273**	.314**	1		
35	Supervisor's predictability	.200**	.273**	-.024	-.005	.289**	.193**	.364**	.235**	.327**	.339**	.284**	.611**	.501**	.610**	.650**	.596**	1	
36	Supervisor's confidentiality	.149**	.187**	.000	-.030	.187**	.106*	.339**	.215**	.252**	.292**	.376**	.532**	.402**	.436**	.447**	.326**	.519**	1

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\* . Correlation is significant at the 0.01 level (2-tailed).

**PEARSON PRODUCT-MOMENT CORRELATION OF THE FACTORS (n=405) (Contd.)**

Factors		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
37	Supervisor's dependability	.080	.222**	.182**	.223**	.164**	.288**	.262**	.304**	.249**	.296**	.383**	.229**	.312**	.246**	.078	-.247**	-.096	-.049
38	Employee trust in top management/ the organisation	.057	.250**	.252**	.324**	.156**	.380**	.348**	.305**	.261**	.444**	.510**	.304**	.456**	.320**	.231**	-.335**	-.092	.053
39	Top management/ the organisation's integrity	.051	.387**	.336**	.419**	.211**	.442**	.373**	.396**	.317**	.469**	.544**	.401**	.446**	.368**	.247**	-.396**	-.164**	.023
40	Top management/ the organisation's fairness	.066	.292**	.248**	.307**	.123*	.380**	.365**	.303**	.260**	.417**	.471**	.355**	.451**	.331**	.207**	-.249**	-.057	.071
41	Top management/ the organisation's competency	.090	.358**	.277**	.361**	.158**	.333**	.282**	.357**	.232**	.378**	.427**	.309**	.371**	.310**	.197**	-.326**	-.185**	.010
42	Top management/ the organisation's consistency	.051	.273**	.249**	.311**	.173**	.401**	.321**	.301**	.291**	.416**	.470**	.298**	.415**	.281**	.198**	-.373**	-.131**	.029
43	Top management/ the organisation's consideration	-.044	.218**	.271**	.316**	.114*	.402**	.290**	.219**	.284**	.431**	.456**	.255**	.318**	.221**	.188**	-.257**	.002	.009
44	Top management/ the organisation's justice	.009	.184**	.176**	.253**	.069	.346**	.250**	.218**	.187**	.411**	.459**	.212**	.333**	.262**	.160**	-.332**	-.142**	-.054
45	Top management/ the organisation's confidentiality	.044	.243**	.284**	.268**	.167**	.366**	.288**	.249**	.306**	.342**	.401**	.276**	.322**	.242**	.168**	-.094	.055	.120*
46	Top management/ the organisation's dependability	.031	.252**	.254**	.295**	.179**	.348**	.311**	.299**	.255**	.365**	.397**	.250**	.287**	.222**	.201**	-.228**	-.102*	.043
47	Employee trust accommodation	.104*	.131**	.000	.066	.032	.145**	.159**	.182**	.168**	.130**	.144**	.133**	.140**	.154**	.107*	-.027	-.055	.076
48	Employee trust violation acknowledgement	.059	.016	-.075	.041	.009	-.006	.001	.034	.008	-.001	.076	.070	.074	.015	.110*	.010	-.030	.066
49	Trustor/ trustee co-operation	.196**	.067	-.019	.031	.038	.060	.096	.123*	.016	.015	.083	.139**	.028	.082	.068	-.036	-.078	.071
50	Trustor/ trustee integrity	.255**	.070	-.010	.037	.033	.054	.112*	.169**	.097	.000	.067	.138**	.073	.107*	.090	-.029	-.154**	.027
51	Trustor/ trustee characteristics	.238**	.077	-.015	.017	.026	.029	.128*	.153**	.043	.020	.088	.122*	.123*	.122*	.110*	-.060	-.182**	.007
52	Employee skills training	.191**	.020	-.060	.023	.034	.031	.093	.048	.001	.029	.042	.066	.023	.041	.102*	-.027	-.072	-.015
53	Trust training for employees	.216**	.082	.003	.108*	.103*	.063	.102*	.123*	.022	.036	.080	.065	.018	.063	.087	-.041	-.074	.025
54	Trust outcomes	.225**	-.029	-.031	.017	.008	.000	.060	.108*	.035	-.023	.035	.096	.044	.006	.018	-.011	-.105*	-.032

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\* . Correlation is significant at the 0.01 level (2-tailed).

**PEARSON PRODUCT-MOMENT CORRELATION OF THE FACTORS (n=405) (Contd.)**

Factors		19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36
37	Supervisor's dependability	.184**	.114*	-.073	-.051	.270**	.147**	.336**	.346**	.315**	.336**	.256**	.563**	.496**	.520**	.603**	.307**	.565**	.603**
38	Employee trust in top management/ the organisation	.250**	.317**	.047	.012	.278**	.175**	.375**	.276**	.354**	.292**	.189**	.472**	.436**	.411**	.410**	.331**	.472**	.413**
39	Top management/ the organisation's integrity	.329**	.294**	.014	.034	.331**	.204**	.368**	.292**	.349**	.272**	.206**	.448**	.370**	.367**	.430**	.351**	.496**	.371**
40	Top management/ the organisation's fairness	.233**	.354**	.132**	.094	.231**	.147**	.356**	.279**	.292**	.278**	.250**	.436**	.396**	.357**	.374**	.297**	.444**	.334**
41	Top management/ the organisation's competency	.355**	.211**	-.038	.021	.324**	.187**	.326**	.290**	.326**	.194**	.128**	.407**	.391**	.397**	.468**	.329**	.470**	.323**
42	Top management/ the organisation's consistency	.222**	.276**	.002	.024	.263**	.156**	.341**	.278**	.278**	.263**	.140**	.403**	.410**	.373**	.407**	.290**	.465**	.365**
43	Top management/ the organisation's consideration	.187**	.318**	.110*	.037	.200**	.133**	.274**	.245**	.215**	.289**	.118*	.438**	.386**	.398**	.410**	.308**	.482**	.364**
44	Top management/ the organisation's justice	.181**	.166**	-.076	-.038	.199**	.102*	.257**	.225**	.217**	.220**	.123*	.330**	.329**	.334**	.366**	.282**	.416**	.238**
45	Top management/ the organisation's confidentiality	.220**	.299**	.099*	.004	.198**	.136**	.225**	.202**	.277**	.303**	.229**	.360**	.310**	.233**	.272**	.297**	.371**	.438**
46	Top management/ the organisation's dependability	.209**	.110*	-.115*	-.073	.240**	.145**	.258**	.256**	.294**	.334**	.253**	.410**	.352**	.333**	.375**	.281**	.386**	.319**
47	Employee trust accommodation	.115*	.084	-.089	.068	.138**	.178**	.172**	.177**	.250**	.019	.151**	.130**	.102*	.107*	.146**	.240**	.167**	.122*
48	Employee trust violation acknowledgement	.043	.008	-.045	.072	.042	.058	.094	.097	.100*	.071	.045	.067	.026	.082	.074	.171**	.099*	0.064
49	Trustor/ trustee co-operation	.064	-.048	-.143**	.013	.151**	.129**	.115*	.082	.096	.095	.177**	.115*	0.047	.121*	.144**	.134**	.130**	.102*
50	Trustor/ trustee integrity	.017	-.071	-.183**	.018	.115*	.125*	.163**	.107*	.099*	.101*	.142**	.071	0.043	.135**	.135**	.097	.098*	.048
51	Trustor/ trustee characteristics	.081	-.100*	-.212**	-.015	.115*	.174**	.196**	.180**	.161**	.115*	.142**	.065	0.067	.149**	.174**	.136**	.121*	.048
52	Employee skills training	.123*	-.056	-.134**	-.033	.125*	.092	.143**	.130**	.092	.028	.112*	.053	0.092	.098*	.089	.147**	.102*	-.004
53	Trust training for employees	.075	-.063	-.166**	-.012	.114*	.078	.133**	.139**	.134**	.017	.121*	.102*	0.089	.131**	.120*	.084	.105*	.035
54	Trust outcomes	-.019	-.081	-.165**	-.033	.044	.064	.098*	.152**	.082	.100*	.100*	.033	-.021	.079	.079	.104*	.093	.058

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\* . Correlation is significant at the 0.01 level (2-tailed).

**PEARSON PRODUCT-MOMENT CORRELATION OF THE FACTORS (n=405) (Contd.)**

Factors		37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	
37	Supervisor's dependability	1																		
38	Employee trust in top management/ the organisation	.418**	1																	
39	Top management/ the organisation's integrity	.411**	.687**	1																
40	Top management/ the organisation's fairness	.390**	.812**	.702**	1															
41	Top management/ the organisation's competency	.365**	.614**	.775**	.572**	1														
42	Top management/ the organisation's consistency	.380**	.670**	.737**	.637**	.677**	1													
43	Top management/ the organisation's consideration	.363**	.669**	.650**	.624**	.561**	.765**	1												
44	Top management/ the organisation's justice	.307**	.574**	.617**	.557**	.532**	.688**	.700**	1											
45	Top management/ the organisation's confidentiality	.319**	.472**	.467**	.390**	.394**	.494**	.542**	.384**	1										
46	Top management/ the organisation's dependability	.386**	.476**	.520**	.431**	.473**	.571**	.534**	.488**	.686**	1									
47	Employee trust accommodation	.141**	.134**	.209**	.179**	.188**	.154**	.116*	.164**	.072	.109*	1								
48	Employee trust violation acknowledgement	.130**	.147**	.140**	.174**	.116*	.095	.098*	.109*	.041	.118*	.489**	1							
49	Trustor/ trustee co-operation	.094	.010	.062	-.003	.100*	.050	-.011	-.019	.050	.114*	.300**	.245**	1						
50	Trustor/ trustee integrity	.062	-.051	.062	-.002	.085	-.003	-.080	-.049	-.046	.062	.329**	.275**	.741**	1					
51	Trustor/ trustee characteristics	.056	.024	.078	.017	.101*	.008	-.085	-.018	-.061	.067	.330**	.280**	.626**	.758**	1				
52	Employee skills training	.038	-.011	.115*	.007	.101*	.096	.059	.053	-.009	.113*	.273**	.156**	.486**	.430**	.436**	1			
53	Trust training for employees	.072	-.003	.103*	.008	.114*	.119*	.073	.049	-.009	.125*	.291**	.144**	.521**	.424**	.416**	.732**	1		
54	Trust outcomes	.010	.033	.104*	.019	.105*	.069	.063	.074	-.036	.121*	.218**	.121*	.433**	.475**	.445**	.476**	.498**	1	

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\*.. Correlation is significant at the 0.01 level (2-tailed).

**PEARSON PRODUCT-MOMENT CORRELATION OF THE SECTIONS AND  
SUB-SECTIONS OF THE QUESTIONNAIRE (n=405)**

Sections and sub-sections	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1 Challenges regarding trust	1													
2 Builders of trust	.623**	1												
3 Drivers of trust	.565**	.733**	1											
4 Destroyers (busters) of trust	-.092	-.150**	-.191**	1										
5 Individual propensity to trust	.165**	.193**	.185**	.446**	1									
6 Benevolence (Co-workers/team members)	.186**	.368**	.357**	-.017	.094	1								
7 Willingness to trust/take risks (co-workers/team members)	.267**	.327**	.327**	-.004	.073	.366**	1							
8 Integrity (Immediate supervisor)	.256**	.337**	.390**	-.118*	.031	.340**	.343**	1						
9 Predictability (Immediate supervisor)	.262**	.400**	.429**	-.025	.135**	.279**	.371**	.556**	1					
10 Willingness to trust/take risks (Supervisor)	.267**	.365**	.384**	-.136**	.037	.219**	.424**	.593**	.542**	1				
11 Integrity (Top Management/the organisation)	.382**	.452**	.552**	-.193**	.225**	.272**	.329**	.462**	.482**	.452**	1			
12 Willingness to trust TM	.326**	.396**	.412**	-.055	.087	.218**	.364**	.377**	.409**	.447**	.526**	1		
13 Repairing trust	.039	.111*	.143**	.006	.020	.134**	.099*	.105*	.215**	.145**	.219**	.104*	1	
14 Maintaining trust	.043	.108*	.120*	-.068	-.126*	.172**	.173**	.124*	.150**	.087	.039	.037	.375**	1
15 Training in trust awareness	.054	.070	.078	-.048	-.115*	.123*	.090	.127*	.132**	.041	.063	.058	.264**	.546**
16 Trust characteristics	.136**	.134**	.085	-.040	-.078	.034	.116*	.093	.092	.082	.064	.042	.093	.254**
17 Performance of the bank	.306**	.283**	.297**	-.113*	.124*	.133**	.146**	.195**	.227**	.185**	.300**	.234**	.089	.060
18 Integrity (Co-workers/team members)	.252**	.440**	.456**	-.131**	.069	.607**	.476**	.407**	.347**	.377**	.392**	.261**	.152**	.173**
19 Competence Co-workers	.196**	.327**	.380**	-.133**	.069	.460**	.381**	.310**	.222**	.310**	.309**	.247**	.156**	.133**
20 Predictability (Co-workers/team members)	.205**	.331**	.393**	.029	.123*	.438**	.378**	.361**	.339**	.315**	.345**	.310**	.198**	.130**
21 Benevolence (Immediate supervisor)	.316**	.372**	.392**	-.101*	.091	.334**	.367**	.740**	.547**	.611**	.478**	.417**	.112*	.096
22 Competence Supervisor	.232**	.375**	.372**	-.165**	.004	.226**	.263**	.713**	.547**	.583**	.433**	.348**	.125*	.167**
23 Benevolence (Top Management/the organisation)	.302**	.384**	.492**	-.180**	.166**	.254**	.288**	.485**	.453**	.464**	.818**	.516**	.163**	-.005
24 Competence (Top Management/the organisation)	.356**	.352**	.433**	-.231**	.082	.285**	.193**	.452**	.450**	.383**	.720**	.469**	.174**	.107*
25 Predictability (Top Management/the organisation)	.311**	.394**	.451**	-.224**	.131**	.234**	.241**	.447**	.426**	.416**	.739**	.576**	.142**	.023
26 Respect (Top Management/the organisation)	.281**	.365**	.406**	-.121*	.207**	.187**	.244**	.450**	.446**	.406**	.688**	.586**	.123*	-.061
27 Justice (Top Management/the organisation)	.208**	.300**	.398**	-.240**	.020	.167**	.205**	.381**	.394**	.303**	.633**	.470**	.157**	-.031
28 Trust outcomes	-.010	.053	.039	-.061	-.128**	.062	.120*	.038	.110*	.039	.063	.039	.193**	.502**

\*\* Correlation is significant at the 0.01 level (2-tailed).

\* Correlation is significant at the 0.05 level (2-tailed).

**PEARSON PRODUCT-MOMENT CORRELATION OF THE SECTIONS AND  
SUB-SECTIONS OF THE QUESTIONNAIRE (n=405) (Contd.)**

	15	16	17	18	19	20	21	22	23	24	25	26	27	28
1 Challenges regarding trust	-													
2 Builders of trust	-													
3 Drivers of trust	-													
4 Destroyers (busters) of trust	-													
5 Individual propensity to trust	-													
6 Benevolence (Co-workers/team members)	-													
7 Willingness to trust/take risks (co-workers/team members)	-													
8 Integrity (Immediate supervisor)	-													
9 Predictability (Immediate supervisor)	-													
10 Willingness to trust/take risks (Supervisor)	-													
11 Integrity (Top Management/the organisation)	-													
12 Willingness to trust TM	-													
13 Repairing trust	-													
14 Maintaining trust	-													
15 Training in trust awareness	1													
16 Trust characteristics	.218**	1												
17 Performance of the bank	.107*	.095	1											
18 Integrity (Co-workers/team members)	.148**	.098*	.212**	1										
19 Competence Co-workers	.144**	.110*	.214**	.633**	1									
20 Predictability (Co-workers/team members)	.121*	.126*	.245**	.523**	.466**	1								
21 Benevolence (Immediate supervisor)	.082	.063	.174**	.423**	.294**	.323**	1							
22 Competence Supervisor	.112*	.091	.232**	.355**	.346**	.283**	.628**	1						
23 Benevolence (Top Management/the organisation)	-.008	.057	.250**	.375**	.276**	.354**	.472**	.410**	1					
24 Competence (Top Management/the organisation)	.115*	.090	.355**	.326**	.290**	.326**	.407**	.468**	.614**	1				
25 Predictability (Top Management/the organisation)	.116*	.051	.222**	.341**	.278**	.278**	.403**	.407**	.670**	.677**	1			
26 Respect (Top Management/the organisation)	.071	-.044	.187**	.274**	.245**	.215**	.438**	.410**	.669**	.561**	.765**	1		
27 Justice (Top Management/the organisation)	.055	.009	.181**	.257**	.225**	.217**	.330**	.366**	.574**	.532**	.688**	.700**	1	
28 Trust outcomes	.523**	.225**	-.019	.098*	.152**	.082	.033	.079	.033	.105*	.069	.063	.074	1

\*\* Correlation is significant at the 0.01 level (2-tailed).

\* Correlation is significant at the 0.05 level (2-tailed).

THESIS EDITOR REPORT

PO Box 42  
Riebeeck West  
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South Africa  
September 4th, 2019

Mr GW Temesgen  
UNISA

Dear Getachew,

Here is my short report:

For your thesis, my primary concern was to edit for use of language. This was not too onerous as your English is of a high standard. I always try to put myself in the shoes of a reader, these are the sort of suggestions I make to improve the readability of a thesis:

- Omit repetitions: in your thesis I suggested omitting the explanatory text after your very informative Figures.
- Use abbreviations: but this was not really applicable in your thesis.
- Make small formatting changes: These can help the reader to follow a line of argument more easily. This is why I suggested using bullet points/numbers/letters in some parts of your thesis and the use of **bold** and *italics* in others.
- State your Insights: Once results have been listed I want Insights to be very clearly stated. These should not be hidden in a long paragraph. I hope that you have been able to reveal your Insights for all your readers to see.

I hope that this is helpful for you and your supervisor.

Regards,

Ann Bytheway

ORIGINALITY REPORT

A PROPOSED TRUST  
MANAGEMENT MODEL FOR  
ORGANISATIONS: THE CASE  
OF THE ETHIOPIAN BANKING  
SECTOR

*by* Getachew Temesgen

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Submission date: 07-Oct-2020 12:59PM (UTC+0200)

Submission ID: 1407917273

File name: FOR\_ORGANISATIONS\_THE\_CASE\_OF\_THE\_ETHIOPIAN\_BANKING\_SECTOR.docx (11.29M)

Word count: 153355

Character count: 851655

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## A PROPOSED TRUST MANAGEMENT MODEL FOR ORGANISATIONS: THE CASE OF THE ETHIOPIAN BANKING SECTOR

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### ORIGINALITY REPORT

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