

TRUST AT THE WORKPLACE

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Abstract

Workplace trust is a very important part of knowledge management research. More and more businesses have to face the fact nowadays that trust is an important building block of corporate processes. However, many of them do not consider this important, and consequently do not deal with the losses arising from the lack of trust among staff. Thus, it is no coincidence that trust issues got into the focus of research on knowledge transfer, and they are surveyed by many scholars from different aspects.

The main purpose of this paper is to identify problems and their consequences, contradictions and their effects that arise due to trust and the lack of trust at the workplace. Trust relations at workplaces in Hungary have been surveyed and it was shown that managers do not care about the economic consequences of trust and/or its absence. Empirical research has proved that organizations have already recognized the need for knowledge management; however, trust as a cultural prerequisite is not a requirement in Hungarian organisations yet.

Key words: trust, knowledge management, knowledge sharing, empirical examination

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Introduction

Due to the accelerated pace of life and changes in our environment (both in private life and at work), businesses need to be prepared for continuous adaptation, change and new challenges. The spreading of business models based on relatively loose ties offering new opportunities to businesses, which phenomenon largely assumes the presence of trust, is bringing along increased knowledge and information retention within companies, which shows the presence of mistrust. The presence or non-presence of trust significantly influences corporate operations, resulting both in positive and negative impacts. Sharing the necessary knowledge today is the pillar of successful market presence, the basis for innovation. Its absence can bring about serious disadvantages for organizations. The above mentioned duality in behaviour, that can also be observed in our own environment, has led us to survey what

employees think about the effects, implications and causes of trust and mistrust at work and about how it influences the functioning of their knowledge management system. In the following we will present the most important theoretical knowledge related to the field and some of the results of our field research.

1 Knowledge sharing and organisational trust

Knowledge sharing

Davenport and Prusak (1998) think that knowledge sharing as a requirement is unnatural, since people think their individual knowledge is valuable and important. Knowledge accumulation and being suspicious about knowledge gained from others is therefore a natural thing. Thus, it is important to encourage people to transfer their knowledge and build trust (Vlasekova - Mura, 2017). Numerous international surveys have explored the relationship between knowledge sharing and trust. The results show a clear link between them, which means that in organizational cultures with a positive trust climate, knowledge transfer, sharing and the information flow between staff and executives are everyday routine practices. In the absence of trust the opposite is true.

About trust

Trust has been defined by several scholars in different ways, depending on from what aspect they have studied it (e.g. sociological, psychological or economic). According to the most accepted approach: trust is nothing more than a willingness to have a positive attitude towards the actions of others (Newman and Conrad, 1999).

Trust can also be perceived as a source of capital that creates new intellectual capital through the mechanism of exchanging and combining knowledge. As a consequence, trust is of particular importance, especially in an innovative environment (Smedlund, 2008). Trust is a feature of leadership abilities, which also determines relationships between executives and staff (Dittmar et al., 2007). Employees who trust their leaders and organization are creative, risk-taking and cooperative (Dittmar et al., 2007). According to Boon and Holmes (1991) trust changes over time as individuals feel more and more comfortable with each other, as they start to see and feel the other person's honesty and competence. Mayer and Gavin (2005) discuss trust in relation to the management's activity: they emphasise its impact on performance. Cook and Wall (1980) make a distinction between trust in the management and

trust between colleagues. Workplace trust has been shown to have a strong impact on a number of organizational phenomena such as job satisfaction, stress, organizational commitment, productivity, and what is important in the present study, on knowledge sharing. Abrams et al. (2003) suggest that trust leads to increased and comprehensive knowledge exchange, it makes knowledge exchange less costly and increases the likelihood that knowledge acquired from a colleague will be sufficiently understandable and profound to be useful.

Trust and its consequences

Building trust within organizations is not exactly the same as building trust among people (Branzei et al., 2007). On the basis of a number of papers on organizational culture and trust Alston and Tippett (2009) have also concluded that culture and trust play a distinctive role in the functioning of an organization. Organizational trust can be perceived as a multi-level phenomenon closely related to norms, values and the beliefs in organizational culture.

The existing research results make it clear that the functioning or non-functioning of knowledge sharing depends on how culture and trust is built and shaped within businesses (Van Dyne et al., 2000). Consequently, the challenge that managers face can be clearly defined.

Trust within businesses is of crucial importance for the management with a view to business performance, and it also has a strong impact on many other corporate processes. Where there is a lack of trust, people lose their self-confidence, and as a result, instead of doing the right thing, they are wasting their time in a distrustful environment and climate (Tan, & Lim, 2009). Therefore, trust is critical in terms of the creation of new ideas within an organization. Trust enables the flourishing of innovation, and mistrust suppresses innovation and risk-taking.

A climate of trust brings along better performance and a more efficient utilization of information. Furthermore, relationships based on trust result in closer cooperation, which can also be traced in the economic results and can be clearly shown in figures (Aryee et al., 2002). Consequently, the economic effects of trust are worth researching.

Knowing this, the question may well arise: if we know all this in theory, why does it not work in practice? Why are managers (and sometimes even employees) faced with new, unresolved situations, without the solving of which it is impossible to create the desired conditions: a

trust climate, which is the key to corporate success, the functioning of a knowledge management system, the smooth sharing of information and knowledge.

The above questions made us launch a research project, and compare Slovak and Hungarian businesses, researching the presence or lack of organizational trust as well as its causes and economic consequences. In the following we will present some results of our research.

2 Method of research

In 2016 we launched a complex survey to find out how trust is present in businesses, about its role and the effects of its presence or non-presence. The survey was conducted as a comparative study of two countries (Slovakia and Hungary). This paper focuses on the Hungarian results.

The research was based on a quantitative survey: an online questionnaire had to be filled out. We used the snowball method. The questionnaire basically consisted of closed questions, based on nominal and metric 5-level Likert scale variables. There were only four open questions in it. It focused on four question groups.

The first question group was the specification of the sample, which included company size, location, and ownership details. The second question group was on the organizational characteristics of knowledge and the characterization and methods of knowledge development. The third question group examined the meaning of trust and its features within businesses, the tools for its building as well as the opportunities and forms of building it between organizational levels. Finally, the presence of trust and its organizational impact were examined. The evaluation methods were univariate and multivariate statistical methods: frequency, mean, standard deviation analyses, crosstabs, non-parametric tests and cluster and factor analyses.

The research sample

231 Hungarian businesses took part in the survey. 56.7% of the companies surveyed were exclusively in Hungarian ownership, 32% were owned entirely by foreign owners, while 11.3% were in mixed ownership. According to their scope of activities public administration institutions were in the highest proportion (19%) followed by trading businesses (17,8%) and by businesses pursuing financial activities (15.5%).

3 Research results

With regards to the importance of knowledge in their activities, respondents were given three alternatives to choose from what is most typical for their organization. Based on these, 57.6% of the companies surveyed said that they pursued knowledge-based operations, 37.6% considered that their work was essentially labour-intensive, while 4.8% pursued capital-intensive activities.

We also asked whether their newly hired employees usually belong to the best ones in their field or not. 60% replied that they were employing the best ones. It was also examined whether companies' opinions differed in this regard depending on how important they think knowledge is. The chi squared test showed a significant difference (chi squared test: 26.277 df: 2 sign.:.000 $p > 0.05$), i.e. for example, while in knowledge-based companies the proportion of the best ones was 75.0%, the same proportion accounted only for 41.9% in companies with labour-intensive activities. The corresponding proportion was 81.8% in businesses with capital intensive activities.

An additional question regarding organizational knowledge was whether the knowledge used by employees in everyday work clearly served the market interests of the organization or not. In this respect we formulated statements that were to be evaluated on a 5-level Likert scale by the respondents as to the extent to which they thought it was true for their organisation. 1 meant *not typical at all*, and 5 stood for *absolutely typical*. Table 1 summarizes the average values and deviations of the answers to the statements:

Table 1 Average values and deviations of answers to the statement "The knowledge used by the employees - in everyday work - clearly serves the organization's market interests"

	N		Mean	Std. Deviation
	Valid	Missing		
The management are very much aware of this.	231	0	3.63	1.067
They trust the staff that they always do their best. There is no control.	231	0	3.23	1.086
Trust sometimes is not enough, because sometimes there are misunderstandings during work.	231	0	3.25	.912
The staff are not strictly checked up on, so they often do not work at full capacity.	231	0	2.48	1.062
The staff abuse the lack of close control by the management.	231	0	2.24	1.017
It is not always the most up-to-date knowledge	231	0	2.73	1.098

that is dominant during work.				
There is no recognition of in-depth knowledge at the company.	231	0	2.62	1.283
Due to mutual trust this is not a question. It is natural.	231	0	3.21	1.000

Source: own table

Responses show that it is more or less typical that the management recognise when a worker possesses knowledge that meets the economic interests of the company, and that trust among employees plays a major role in presupposing so. At the same time, it was also shown that trust is often not enough to deal with the issue, since sometimes there are misunderstandings work.

A positive message from the results is that in-depth knowledge is recognised in organizations. However, the high standard deviations also indicate that the respondents' opinions on the variables listed were not homogeneous, especially as regards the recognition of in-depth knowledge.

It was also examined whether companies' opinions differed regarding the above statements depending on how important they think knowledge is. Since the distribution of the metric variables was not normal, a non-parametric analysis was conducted to find the differences. Table 2 show the results of the Kruskal-Wallis test.

Table 2 Kruskal-Wallis test (p=0.05)

	Chi-Square	df	Asymp. Sig.
The management are very much aware of this.	19.513	2	.000
They trust the staff that they always do their best. There is no control.	.569	2	.752
Trust sometimes is not enough, because sometimes there are misunderstandings during the work.	.941	2	.625
The staff are not strictly checked up on, so they often do not work at full capacity.	8.002	2	.018
Staff abuse the lack of close control by the management.	12.156	2	.002
It is not always the most up-to-date knowledge that is dominant during the work.	19.080	2	.000
There is no recognition of in-depth knowledge at the company.	19.316	2	.000
Due to mutual trust this is not a question. It is natural.	13.215	2	.001

Source: own table

The table shows that there is no difference between companies approaching knowledge differently in two cases. One of them is in the case of "Trust sometimes is not enough, because sometimes there are misunderstandings during work." The other one is in the case of "They trust the staff that they always do their best. There is no control."

In the case of knowledge-based companies, the management's awareness (average 3.87) and their trust in employees (average 3.42) were very high.

In the case of labor-intensive organisations the feeling that management is paying attention to the problem was more or less strong (average: 3.23), and it was not always the most up-to-date knowledge that was dominant during work (average: 3.12). Businesses with capital-intensive activity more or less felt that trust is not always enough during work (average: 3.45). The characteristics of the trust system were also evaluated in the survey. According to respondents, the most common characteristics of a trust system in an organization are the following: open communication (according to 63.6% of respondents), free expression of opinion (56.3% of respondents), taking responsibility (60.2% of respondents), mutual help (57.6% of respondents), teamwork (61.9% of respondents) and collegiality (64.9% of respondents). These are the most important features of organisational operations in a positive trust climate, according to the respondents.

The survey also revealed how these are present in the surveyed organisations. Open communication is present in 37.2% of the organisations, free expression of opinion in 29.9% of them, mutual help in 54.5% of them, teamwork in 65.8% of them and collegiality in 51.5% of the responding organisations. These results are not the best ones, since the values are rather low in the case of several factors.

Thus, the question arises: what can be done to strengthen trust relationships within organisations? The researchers listed a number of tools and opportunities to do so for the respondents, who had to evaluate to what extent they could be typical for their own organisations. 1 meant *not typical at all*, and 5 stood for *absolutely typical*. Table 3 shows the averages and standard deviation.

Table 3 Tools to strengthen trust relationships within an organisation

	N		Mean	Std. Deviation
	Valid	Missing		
Through teamwork	231	0	3.90	1.020
Through individual work	231	0	2.99	1.075
Through discussions between managers and subordinates	231	0	3.72	.987
Through knowledge sharing	231	0	3.62	.997
Through trainings	231	0	3.21	1.139
Through communication development	231	0	3.45	1.152
Through situational exercises	231	0	2.41	1.223
Through teambuilding	231	0	3.48	1.271
Through the development of the appraisal system	231	0	2.79	1.313
Through corporate culture development	231	0	2.95	1.247
Through EQ development	231	0	2.65	1.294
Through rethinking the competence system	231	0	2.77	1.163
Through rethinking the remuneration system	231	0	3.03	1.208
Through the promotion of positive examples	231	0	3.19	1.213
Through the open discussion of problems and issues	231	0	3.44	1.181

Source: own table

The most important tools could be teamwork, discussions between managers and subordinates and knowledge sharing, while the least common ones are situational exercises, EQ development trainings and the rethinking of the competence system.

Since the number of variables was very high, we sought to merge them. We intended to create factors that can be described with the above variables, i.e. the given variables were reduced to factors. KMO and Bartlett's test: 0.900, aprox. Chi-square: 1749.524 df: 105 sign.: .000, The variance ratio was: 62.176%. By rotation with the Varimax method 3 factors were formed. The reliability of scales was examined with Cronbach's alpha, based on which all values were acceptable (Cronbach's alpha: .908). The factors were named as follows:

1. Emotional tools
2. Knowledge-oriented tools
3. Individual work

The next aim was to create homogeneous groups with the help of the factors. With the help of the factors clusters were created by K-means clustering. Three clusters were set up. Their cluster centres are shown in Table 4.

Table 4 Cluster centres

	Cluster		
	1	2	3
REGR factor score 1 for analysis 15	-.38889	-.01700	.38917
REGR factor score 2 for analysis 15	-1.02469	.63459	.44548
REGR factor score 3 for analysis 15	.03425	-.96488	.79068

Source: own table

In the first cluster individual work plays an important role, in the second one knowledge-driven tools, and in the third one all three tools. We also examined whether there is any correlation between companies being in a certain cluster and how important they consider knowledge. The chi-square test was not reliable. Knowledge-based companies were mainly in the third cluster (37.9%), labour-intensive organisations mainly in the first cluster (48.8%), and capital-intensive respondents in the third one (63.6%).

This means that the majority of knowledge-based and capital-intensive organizations find individual and knowledge-driven tools the most effective, but they also use emotional solutions. Conversely, labour-intensive organisations prefer mainly individual work and not knowledge-based solutions. It is noteworthy that 48.1% of companies never investigate what additional consequences the presence or non-presence of trust can have in their organizations. Only 1.1% of them deal with this directly.

Conclusion

This paper presents partial results of a survey conducted last year. The survey looked at Hungarian organizations from the aspect of trust. It aimed to find out which features of trust can be identified in the surveyed organisations, how companies perceiving the importance of knowledge in a different way deal with trust, and what is needed to strengthen trust within organizations. The study has showed that though the majority of the surveyed organizations are theoretically aware of the benefits of trust, they do not deal directly with the consequences of the non-presence or presence of trust, regardless of their company size. In spite of theoretically being aware of the benefits, the operative or strategic elements to utilise these benefits are missing. Half of the surveyed organisations do not deal with the positive effects of trust at all, i.e. they do not deal with the negative impacts of its non-presence either. Only 1.1% of them deal with this issue knowingly and directly. In the future the companies should pay more attention to the trust at workplace and they should handle this question.

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