

EXTENDED ABSTRACT

TRUST TO ENGAGE THE NEXUS OF INTERPERSONAL TRUST AND EMPLOYEE ENGAGEMENT: A SPECIAL REFERENCE TO FINANCE COMPANIES IN NORTHERN PROVINCE

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Abstract

Currently, engagement at the workplace has become an indispensable area of research in human resource management. The present study aims to identify the relationship between interpersonal trust and employee engagement among finance companies' employees in Northern Province. Interpersonal trust is defined as your belief that other people will not do anything that harms your interests; individuals are willing to accept vulnerability or risk based on expectations of other people's behavior. Interpersonal trust was analyzed based on two sub variables: trust in management and trust in peers. Trust in the organization thus, leads to happier environment. Hence, the engaged employees will be created. In a way, this study focuses on employees from financial institution with the aim of understanding the relationship between trust and employee engagement. Survey method was utilized to collect the data from conveniently chosen 127 employees working in finance companies from Northern Province. SPSS 23.0 was used to analyze the data and correlation test was done to find out the results. The findings of the research accepted all hypotheses and unveils that those who have more interpersonal trust are more likely to have higher engagement in their work. Finally, the study recommends the organizations have to have an appropriate tool for creating an environment which is more likely to increase the trust in the workplace which leads to engagement.

Keywords: Interpersonal trust, trust in management, trust in peers, employee engagement, finance companies

1. Introduction

Organizations in today's rapidly changing and competitive environment are making a lot of efforts to retain highly engaged employees. Engaged employees are more motivated to act, contribute and succeed in the organization. At the same time, skills and abilities are important to do the works and create human capital in the organization to accomplish organizational objectives. In fact in the workplace, interpersonal trust is the foundation for the existence of interpersonal relationships, including working relationships between employees and their colleagues and supervisors. Therefore, it is the interpersonal trust that allows people to believe that their efforts will be rewarded, and that their interests are valuable at the peer and organizational level, thereby creating collaboration in the organization (De Sivatte et al., 2019).

Thus, the concept of trust is an important phenomenon, which has been increasingly recognized by people for the individual and organizational betterment. It basically shows us the nature and importance of establishing and maintaining trust in organizations and interpersonal relationships between peers and management. In every enterprises trust is considered as key for the normal operations. In a way, financial Institutions in Sri Lanka is transforming day by day and year by year. Trust is a cogwheel in the financial companies as they are dealing with none other than, great amount of money, which is crucial to handle with care and wisely. Though, there are many factors that affect the degree of engagement in an organization, trust is at the core of complex relationships in the workplace like finance companies. It links individual beliefs and behaviors with the supervision of organizations and institutions, and usually produces positive collective and individual results. At the same time, employee engagement is a measure of employee satisfaction with the job, whether they like the job or all aspects or aspects of the job, such as the nature of the job or supervision. Only 15% of employees in the world are said to be involved in work, while the other 85% of employees are not involved in work (Gallup, 2018).

A happy work environment is the key to personal growth and sustainable business growth due to its necessity. Although there are many ways to engage, interpersonal trust is one of the important determinants of employee engagement. Because if there is no trust, there is no mutual understanding and agreement to be successful in the workplace. In addition, it is revealed that the degree of work disengagement in the world is increasing (Nirojan & Logendran, 2021). Hence, the organizations have to consider employees to make them more engaged towards the organization. Although there are many factors that promote employee engagement, it is necessary to understand the vitality of interpersonal trust among financial company employees as trust is the cog in financial industries. Therefore, this research focuses on determining the relationship between interpersonal trust and engagement from the perspective of the financial company staff, because the number of financial companies in the Northern Province is growing rapidly, while there are few studies related to financial companies in the Northern Province. Hence, the research question is that "whether there is a relationship between interpersonal trust and engagement level of employees in finance companies". In this way, objective of the research is to identify the relationship between the interpersonal trust and employee engagement.

2. Literature Review

2.1 Interpersonal Trust

Interpersonal trust includes the level of trust that an individual has in others in order to behave in a fair, predictable and competent manner (Camgöz & Karapinar, 2016). The behavior of others must take the organization from one level to another, taking the lead in achieving the set goals. Schoorman et al. (2007) Interpersonal trust improves cohesion between employees and supervisors, strengthens business relationships between parties, but creates an environment in which people are vulnerable to the actions of others. Insisted. Workers who are more devoted to the organization contribute to the company's competitiveness by achieving better results, loyalty and providing quality service to its customers (McEvily & Tortoriello, 2011). Knoll and Gill (2011), argued that organizations enhance the skills and competencies of employees through long-term relationships that exist as a result of ongoing interactions. This competence is a technical skill, and is shared among employees to drive service delivery. Develops interpersonal trust through the motivation that overseers present and demand of fidelity to them. Trust in the organization exists between individuals on a basis of individuals, even if created after long periods of time, complemented by constant interactions (Krot & Lewicka 2012).

2.2 Employee Engagement

Kahn (1990) was one of the first scholars to theorize the term immersive in work and recognized, emotionally, and physically, employees participating in business activities, they were connected to what they did. The original conceptualization of this term emphasizes that participating employees make a lot of effort to work and always associate themselves. The everyday meaning of engagement represents participation, dedication, passion, enthusiasm, immersiveness, concentration effort and energy. It is highly desirable for modern public and private organizations to engage employees because engagement appears to be consistent with high levels of creativity, job performance, organizational civic behavior, and customer satisfaction (Douglas & Roberts, 2020). One of the reasons work engagement is such a popular concept is that it is a very good predictor of the performance of important employees, teams, and organizations. Workers engaged by a strong commitment and focus to their work show better inter-role work performance and better financial outcomes (Bakker et al., 2014).

3. Methodology

This cross sectional study attempts to find out the impact of trust in management and trust in peers on employee engagement. Trust here, divided into two parts and it seeks to identify the level of engagement. These changes in trust can be identified in the employees' engagement level. Measures of the Interpersonal trust were adopted from Buttrick and Oishi (2017) and Employee Engagement questions were adopted from 11-item scale developed by Saks (2006).

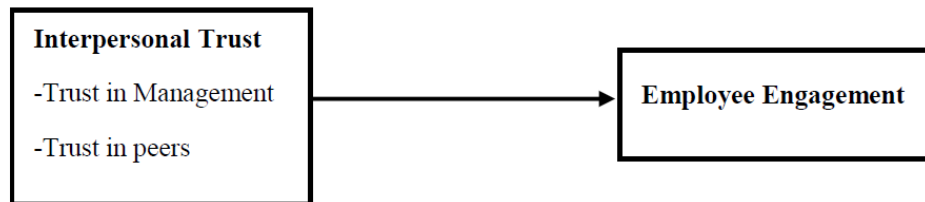


Figure 1. Conceptual Framework

3.1 Hypothesis of the study

- H1: Interpersonal Trust positively relates to Employee Engagement
- H1a: Trust in Management positively relates to Employee Engagement
- H1b: Trust in Peers positively relates to Employee Engagement

3.2 Sample and Data Collection

Researcher has taken the data from Finance companies from Northern Province. Thus, LB Finance, Ideal Finance, Central Finance, Soft logic Finance, Pimbuth Finance and Alliance Finance were selected in Northern Province using convenient sampling method. 150 questionnaire were distributed and 127 usable questionnaires were returned. The response rate was 85%. Questionnaires were used to collect the data from the respondents. Pilot study was conducted by distributing 20 questionnaire to respondents and necessary modifications were made based on respondents' feedback. Before conducting the analysis, the accuracy of the data were checked.

4. Results and discussion.

4.1 Reliability and Validity of the data

Reliability test were done to check the inter-item consistency of the measures. The Cronbach alpha coefficient of the variable range from 0.630 to 0.70 as it has been shown in Table 1. Thus, these shows the consistency among the variable. Further, content validity is established through its questions as those questions were derived from previously validated scales. Construct validity for those interpersonal trust and employee engagement are also as follows, 0.610 and 0.634 as KMO value respectively.

SPSS version 23.0 was utilized to analyses the data to test the hypotheses. Correlation analysis were done in the data analysis to test the relationship.

4.2 Correlation Analysis

Table 1. Correlations between predictive variables of Employee Engagement

	M	SD	1	2	3	4
Trust in Management	3.54	0.42	(.67)			
Trust in Peers	3.46	0.67	.592**	(.63)		
Interpersonal Trust	3.49	0.48	.594**	.537**	(.64)	
Employee Engagement	3.52	0.63	.547**	.681**	.677**	(.70)

Note: N=127, M=Mean, SD= Standard Deviation, Cronbach Alpha is parentheses. Further ** – Correlation is significant at the 0.01 level (1-tailed). * – Correlation is significant at the 0.05 level (1-tailed).

Source: Survey data (2021)

Table 1 shows the correlation matrix of interpersonal trust including trust in management and trust in peers and employee engagement. According to the table 1, the Pearson correlation analysis between interpersonal trust and employee engagement is 0.677 (r=0.677). It means a significant positive between them and correlation is significant at the level of 0.01 (p<0.01). Therefore these hypothesis are supported.

H1: Interpersonal Trust positively relates to Employee Engagement (r=0.677, p<0.01)

H1a: Trust in Management positively relates to Employee Engagement (r=0.547, p<0.01)

H1b: Trust in Peers positively relates to Employee Engagement (r=0.681, p<0.01)

5. Conclusions

Employee engagement in the work place is still dubious one (Nirojan & Logendran 2021). The current study carried out to investigate the relationship between interpersonal trust and employee engagement. It shows that the interpersonal trust in the workplace carry various consequences in the work behaviors. It empirically confirmed the positive relationship between the interpersonal trust and employee engagement among the employees from finance companies. Employees who are emotionally connected to work have high levels of interpersonal trust and are committed and engaged to their work. This finding was consistent with recent empirical studies. (Nkambwe & Dominic, 2021; Tokuda et al., 2008).

Here, potential strategy should be created in order to address the challenges that is usually within the workplace in terms of trust. Thus, lead to better relationship among the employees. HR managers and practitioners should think of designing workable strategic solutions for alleviating the burden of work and to get connected with people by increasing trust among the employees. Further, engagement can be increased by the leader member exchange in order to reduce the negative effect of employee’s outcome. Various workshops, seminars and trainings should be conducted in order to create a friendly environment among the people. Organization should have the mechanism of

increasing high interaction with managers and employees where they can increase the trust by having interrelationship. Every employee should be mentored in order to identify the problem encountered by them. Therefore, employees will have more trust on their mentors and thus can lead to high engagement. It is better to organize recreational activities and tours to make everyone in the organizations to emotionally interconnect with each other.

Further, this study extends the literature by investigating the trust and its two dimensions with employee engagement in Sri Lankan context. This study helps to identify which trust is highly significant for employee engagement. Further, this study need to be carried to identify the relationship between trust and engagement in various sectors like manufacturing and service industries. Mediators like happiness, satisfaction can be used for further studies. Moderators like gender, age can be utilized for further investigations and for deeper understanding about the concept.

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