

The Effects of Organizational Trust on Employee Decision Making Styles

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Abstract

In recent years, many organizations get over different kinds of crisis and generally these are attributed to economic, social or political reasons. But some of them are related to serious problems of trust. Organizations have to provide an environment of trust that allows employees to act with initiative and participate actively in decision making process. Employees who are able to make effective decisions contribute to the success of the organization. The aim of the study is to examine the effects of organizational trust on the style of decision making exhibited by employees in their professional lives. The results indicate that organizational trust has meaningful effects on employee decision making styles. Suggestions for future research are discussed.

Keywords: Organizational trust, decision making process, decision making style.

1. Introduction

The concept of trust has been discussed for years, especially since 1980's, it begins to receive consideration in the field of management and organizational behavior (Lewicki et al., 1998). In recent years, researchers emphasize the role of trust in organizational life (Tan and Tan, 2000). Organizations experience crisis which are attributed to economic, social or political reasons, but mostly there are serious problems of trust behind these crisis (Erdem, 2003). Although there is a consensus between researchers that trust is an important element of management, they define trust distinctly (Hosmer, 1995). Robinson (1996), defines trust as believing that the other party will not work against him or her and will not stand in the way of his or her interests. Fukuyama (2000), defines trust as expectations that arise in societies where the members share common norms, behave honestly and cooperate with each other. On the other hand, Yılmaz and Kabadayı (2000), describes trust as the beliefs about the unselfishness of the other party, readiness to risk-taking and dependency at a certain level. Studies reveal that the most important discrimination about organizational trust is the distinction between setting one's trust in an individual and in the organization (Blomqvist et al., 2003). 'Trusting somebody' and 'trusting an organization' are different concepts (Doney and Cannon, 1997). An employee working in an organization can trust the organization and the other people in organization at different levels (Nyhan and Marlowe, 1997).

Today's organizations require structures that allow employees to act with initiative in order to take advantage of available opportunities (Simons, 1995). In today's competitive environment, one of the foremost conditions required for organizations to be able to sustain their presence is their ability to provide an environment of trust that allows employees to actively participate in the decision making process (Wech, 2002). In his research, Zand (1972) has shown that in groups where the level of trust is high, individuals' skills for elucidating and clarifying objectives and problems were higher, and that they were able to generate distinctly higher number of alternatives compared to groups with low levels of trust. Suspicion dominates in an environment lacking trust, which in turn leads to individuals evading each other (Shaw, 1997). Those working in organizations with low levels of trust are subject to stress, and they feel the need to continuously look out for themselves and to justify the validity of the decisions they make (cited in İslamoğlu et al., 2007). In this context, it is considered that in organizations with a low level of trust, it becomes difficult for employees to use initiative and to make effective decisions by evaluating alternatives in a sound fashion.

1.1. Organizational Trust

According to Giddens, trust is analyzed in two categories: trust among individuals, and trust in abstract systems (cited in Mistzal, 1996). In this context, trust in institutions or in organizations is categorized under the topic of trust in abstract systems. In its broadest meaning, organizational trust is dispositional beliefs that employees have for their organizations (Zaheer, 1998). Organizational trust reflects the perceptions of an employee related to the support provided by the organization (Mishra and Morrissey, 1990). It is a phenomenon developed through harmonious behavior based on mutual respect and courtesy, and is realized over time (Taylor, 1989).

McCauley and Kuhnert (1992) have stated that the most important factors for the development of organizational trust are the shared values within the organization, openness, and autonomy. One of the important determinants in assessing the organizational environment is viewed to be organizational justice (İslamoğlu, et al., 2007). Organizational justice plays a determining role in the development of trust within the organization (Folger and Konovsky, 1989). Another factor impacting the development of organizational trust is organizational culture (Demircan and Ceylan, 2003). Based on organizational culture, which may change and develop over time, employees may modify their behavior as their predictions about opposing parties are either affirmed or denied, and this in turn plays a role in the shaping of organizational trust. Additionally, explicit communication within the organization decreases ambiguity and increases organizational trust (Nikandrou et al., 2000).

Cook and Wall (1980) have suggested that a high level of trust in organizations is related to organizational loyalty and job satisfaction. La Porta et al. (1997), on the other hand, have demonstrated that a positive relationship exists between organizational trust and the development of cooperation within the organization. A high level of organizational trust increases employee motivation, which in turn creates a positive effect on performance (Becker et al., 1996). The trust in the organization experienced by the subordinates increases effectiveness within the organization, and this effect increases performance (Porter and Lilly, 1996). As the level of trust in the organization, experienced by the employees rises, their propensity to quit their jobs diminish (Costingan et al., 1998). Another outcome of a high level of organizational trust is the easier acceptance of changes and of any negative results within the organization (Van den Bos et al., 1998). Additionally, a high level of organizational trust has positive effects on the quality of problem solving and decision making skills (Hurst, 1984). In this context, it is considered that organizational trust is effective on the style of decision making exhibited by employees in their professional lives.

1.2. Decision Making Styles

Decision making is a process consisting of complex phases where an individual generates multiple alternatives for courses of action, evaluates these alternatives and chooses to act on one of them (Phillips et al., 1984). Decision making is a collection of tasks resulting in a choice being made, where various activities and reasoning alternate in succession, starting from a specific beginning point (Koçel, 2003). Decision making is problem solving, which includes a process of defining the opportunities offered by the environment (Daft, 1991). The individual's decision making style, on the other hand, is comprised of his or her approach to the problem of decision making and the methods employed when making decisions (Kuzgun, 2000). Certain individual traits are effective in decision making behavior and distinct styles come to the forefront. One of these traits is considered to be the individual's self-respect (Kuzgun and Bacanlı, 2005). Furthermore, the approach of the decision making individual to the circumstance in question is also of importance. Several aspects, notably internal and external factors, can have an effect on the process of decision making (Yoder, 1999). Internal factors comprise the individual's physical and emotional states, knowledge, personality traits, values, and past experiences, while external factors comprise environmental conditions and time. Within the context of the organization, environmental conditions are composed of several characteristics of the organization and its management.

The styles used by the individual affect the quality of the decision made (Kuzgun, 2000). Scott and Bruce (1995) have identified five distinct styles that may be used by the individual during the decision making process. These are: rational, intuitive, dependent, spontaneous, and avoidant styles. In the rational style, a logical approach to decision making is at the forefront. In the intuitive style, intuition and emotions have more of an effect in decision making. In the dependent style, the support and guidance of others is dominant in decision making. In the spontaneous style, sudden and instantaneous decisions without much thought are more prominent, while in the avoidant style, an evasion of decision making or a constant postponement is in question (Scott and Bruce, 1995). Kuzgun (1992), on the other hand, defines decision making styles as intuitive, logical, dependent and indecisive. In the intuitive style, the individual believes his or her feelings will lead to the correct outcome and aims an agreeable option. In the dependent style, the individual believes in the convictions of others. In the logical style, the individual analyzes the options carefully and evaluates the positive and negative aspects of each option. In the indecisive style, the individual is not satisfied with any decision and wants to change the decisions already made (Kuzgun, 1972). Deniz (2004), who has adopted the Melbourne Decision Making Scale to Turkish developed by Mann et al. (1997), has categorized decision making styles as vigilance, buck-passing, procrastination, and hyper-vigilant decision making. The vigilant style of decision making involves meticulously reviewing all information prior to decision making and carefully evaluating all alternatives, while the buck-passing style involves an inclination for the avoidance of decision making, surrendering the decision making

to others and absolving oneself of the responsibility for the decision. The procrastination decision making style reflects behavior where decision making is continuously postponed and neglected, while the hyper-vigilant style of decision making involves, in the face of decision making, a tendency to feel being pressed for time and a rush to a solution without much thought (Deniz, 2004).

Within the framework of today's modern management insights, importance is placed on cooperation in organizations, sharing of responsibilities is encouraged, and employees are included in the decision making processes (Costa et al., 2001). The decision making behavior exhibited by an organization's employees carries importance with respect to the workings of that organization. Organizational trust creates a proper foundation for the productive labor of the employees. In this context, it is considered that organizational trust may be an antecedent for effective decision making.

2. Method

In this study, the sample comprises a total of 120 academics (60 women, 60 men) working in 8 different foundation universities in Istanbul. 26.6 % of the subjects are between ages 20-29, 29.8 % between ages 30-39, 20.3 % between ages 40-49, 17.2 % between ages 50-59 and 6.1 % of the subjects are 60 and over. Table 1 provides the number of employees in respect of their distribution among different organizations.

Table 1: Number of employees according to their participation in organizations

	Org.1	Org.2	Org.3	Org.4	Org.5	Org.6	Org.7	Org.8
Men	10	10	10	8	7	6	5	4
Women	10	10	10	8	7	6	5	4
Total	20	20	20	16	14	12	10	8

In order to control effects of gender, from each organization, equal numbers of men and women are included in the sample.

For measuring scores for decision making styles, Melbourne Decision Making Questionnaire was used, which was developed by Mann et al. (1997) and translated to Turkish by Deniz (2004). In order to test the decision making styles of the subjects which they use in organization, expression of 'in your business life' was inserted in all items. The first part of the questionnaire measures self-esteem in decision making behavior, and the second part measures the scores for decision making styles. In this study, only the second part of the questionnaire was used. The second part is comprised of four dimensions which are, vigilant decision making style ($\alpha = 0.80$), buck-passing decision making style ($\alpha = 0.78$), procrastination decision making style ($\alpha = 0.65$) and hyper-vigilant decision making style ($\alpha = 0.71$). For measuring organizational trust, the Questionnaire of Organizational Trust ($\alpha = 0.95$) was used, which was developed by Börü et al. (2007).

As part of this study, an explanatory research has been planned. The aim of the study is to examine the effects of organizational trust on the style of decision making exhibited by employees. In this context, the research questions were prepared as follows:

1. Is there a significant relationship between organizational trust and employee decision making styles? (*vigilant, buck-passing, procrastination, hyper-vigilant*)
2. Is organizational trust a meaningful predictor of employee decision making styles? (*vigilant, buck-passing, procrastination, hyper-vigilant*)

3. Results

The relationships between organizational trust and decision making styles (*vigilant, buck-passing, procrastination, hyper-vigilant*) have been analyzed using Pearson Correlation Coefficient. Table 2 provides descriptive statistics and correlations among study variables.

Table 2: Descriptive statistics and inter-correlations between study variables (n=120)

	Mean	SD	1	2	3	4	5
1-OrganizationalTrust	117.93	31.90	1	0.43**	-0.29**	-0.39**	-0.33**
2-Vigilant	9.10	3.88	0.43**	1	-0.43**	-0.43**	-0.47**
3- Buck-passing	2.53	2.25	-0.29**	-0.43**	1	0.46**	0.41**
4-Procrastination	2.89	2.17	-0.39**	-0.43**	0.46**	1	0.64
5-Hyper-vigilant	2.41	2.12	-0.33**	-0.47**	0.41**	0.64**	1

** p<0.01

As seen in Table 2, there is a positive correlation between organizational trust and vigilant decision making style ($r= 0.43$, $p< 0.01$) and negative correlations between organizational trust and buck-passing ($r= -0.29$, $p< 0.05$), procrastination ($r= -0.39$, $p< 0.01$) and hyper-vigilant ($r= -0.33$, $p< 0.01$) styles of decision making.

In order to determine whether organizational trust is a meaningful predictor of employee decision making styles, a regression analysis was conducted. According to the results of regression analysis, organizational trust has a positive effect on vigilant decision making style ($\beta= 0.434$, $p< 0.01$) and negative effect on buck-passing ($\beta= -0.288$, $p< 0.05$), procrastination ($\beta= -0.393$, $p< 0.01$) and hyper-vigilant ($\beta= -0.328$, $p< 0.01$) styles of decision making. Table 3 provides regression analysis results for the effects of organizational trust on decision making styles.

Table 3: Regression analysis for the effects of organizational trust on decision making styles (n=120)

	Vigilant		Buck-passing		Procrastination		Hyper-vigilant	
	β	t	β	t	β	t	β	t
Organizational Trust	0.434	5.230**	-0.288	-3.271*	-0.393	-4.644**	-0.328	-3.770**
F	27.356		10.702		21.563		14.213	
R	0.434		0.288		0.393		0.328	
R2	0.188		0.083		0.155		0.107	
Adjusted R2	0.181		0.075		0.147		0.100	

* p<0.05, ** p<0.01

4. Discussion

Decision making process is fundamental in every organization (Adeniji, 2001). In order to make effective decisions, the antecedents should be elaborated. According to the results of this study, organizational trust seems to be an antecedent of decision making styles in organizations. In this study, four different styles of decision making were taken into consideration, and it was revealed that organizational trust affects all of these styles of decision making. The strongest effect of organizational trust was on vigilant decision making style. Studies about decision making styles reveal that the most effective style in decision making is the vigilant decision making style (cited in Bacanlı, 2000). In general, vigilant behavior is the activity of an individual which brings the gains and benefits to the highest possible level (Moser, 1990). People who are able to make vigilant decisions, do not focus only on a single alternative, are not influenced by the presentment of the alternatives and can compare all the alternatives objectively and systematically (Plous, 1993). It is considered that these capabilities of employees are important for a successful organizational life. In a current study, Rehman et al. (2012), revealed that employee decision making styles have an impact on organizational performance. Together with this finding, when the results of this study are taken into consideration, it can be said that attempting to enhance organizational trust will smooth the way for making effective decisions in organization and making effective decisions contribute to the success of the organization. Besides, the results show that increase in organizational trust elicits decrease in non-vigilant styles of decision making, i.e. buck-passing, procrastination, hyper-vigilant.

According to the results, the weakest effect of organizational trust was on buck-passing style of decision making. Buck-passing is a way of avoiding responsibility for a decision and preferring to believe that the decision is someone else's responsibility (Brown, et al., 2011). This tendency of the

person can also be assessed in accordance with his/her personality traits. In future studies, it will be useful to examine the effects of personality traits on the relationship between organizational trust and decision making styles.

In decision making process, gender is a notable factor. Women are more affected by the environment and spare more time for decision making (Gill, et al., 1987). In this study, gender is controlled by composing the sample with equal numbers of men and women. In future, gender differences in terms of the effect of organizational trust on decision making behavior can be studied. Age is also an important factor because subjects' experience and competence, which are acquired with age, can be determining in decision making process (Sanz de Acedo Lizárraga, et al., 2007). In future studies, the effects of age on the relation between organizational trust and decision making styles can be examined.

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