The Role of Psychological Empowerment on the Relationship between Organizational Trust and Employee Engagement

Abstract
This study will investigate the relationship between organizational trust and employee engagement and the moderating effect of psychological empowerment on the two relationships. The study will use hierarchical regression analyses and the study will target 910 employees from twelve commercial banks and ten micro financial institutions in western Kenya. Survey research design will be used with expected result try to show whether organizational trust and psychological empowerment are predictors of employee engagement. And if there is moderating effect of psychological empowerment on the relationship between organizational trust and employee engagement. The study will try to find out whether organizational trust and psychological empowerment are predictors of positive job behavior in the organization and are critical in understanding Kenya’s workers’ positive organizational behavior such as work engagement.

Keywords: Organizational Trust, employee engagement, psychological empowerment

Introduction
For a while now, the employer/employee relationship has been deteriorating. Some might even say that this relationship no longer exists. These possess major challenges to management scholars and human resource managers in trying to establish how to gain competitive advantage
in the changing business environment (Ugwu et al., 2014; Ferres et al., 2000). To rise above to this challenge, organizations will continue to operate under constant pressure to produce more with less. Therefore, it is in this difficult situation that employee involvement becomes an important business issue. In fact, many firms have no option but to try to make the best of each employee’s skills and capabilities (Ulrich, 1997). Hence, organisations will need a team of employees who are really engaged in the organisation’s core values and goals, and who utilize their knowledge and competencies maximally (Meyer & Allen, 1997). Studies have shown that employee engagement is linked with many positive job outcomes such as job satisfaction, commitment and performance (Gruman & Saks, 2011; Marrelli 2011; Schaufeli & Salanova, 2007), active employee coping style (Storm & Rothmann, 2003), employees creativity and innovativeness (Bakker & Xanthopoulou, 2013).

Even though employee engagement is associated with positive organizational outcomes such positive organizational citizen behavior, job satisfaction and performance, there are limitations in research on the antecedents of engagement. Antecedent variables associated with engagement include self efficacy (Llorens et al., 2007) leadership authenticity (Roux, 2010), need for greater achievement (Burke & El-Kot, 2010), procedural justice (Inoue et al., 2010), and organisational tenure (Burke et al., 2009). However, many studies have failed to focused on the contributing roles of organizational trust, and psychological empowerment on employee engagement, despite the fact that trust in the organisation and empowerment have been found to be very important to organization and contribute immensely to positive job outcome (Shimazu et al., 2008; Fedor & Werther, 1996; Fukuyama, 1995; Shockley-Zalabak et al., 1999). Consequently, understanding the role of organizational trust and employee empowerment is a key issue that generates positive job attitudes such as engagement. Hence, the present study will
try to explore these relationships given that there are limitations in empirical literature examining
the link between organisational trust, psychological empowerment and employee engagement.

The current research will be important for management scholars especially in the Kenyan
context because there are limitations in literature that focuses on employee engagement in the
Kenyan organizational culture. Even though employee engagement is associated with positive
organizational behavior which has captured the attention of many scholars globally, and research
on employee engagement is emerging as new phenomena on international stage, empirical
studies on engagement are beginning to emerge, including resent studies in the North America
(Albrecht at el., 2015; Shuck & Reio, 2014), Britain (MacLeod & Clarke, 2009), Japan (Shimazu
et al., 2008) and Australia (Dillon & Westbury 2007). It should be agreed that the mentioned
parts of the world are developed and institutions have invested a lot in research than what we
find in Kenya situation. The organizational culture and work environment of the developed
Nations are different from what is experience in developing economies such as Kenya (Hofstede,
1983) and employee work related behaviors may also be different in these countries (Ronen &
Shenkar, 1985).

Understanding the Kenyan Organisational Context

Kenya like many other African nations has experience a wide range of institutional
challenges in the last decades (Collier & Gunning, 1999). The institution in Kenya have suffered
for long time because of the impact of colonialism and disconnect in utilization of local
resources for local work setting, and slow development of indigenous knowledge system that are
vital in management of both private and public organization. These challenges have influence
employees work behavior and employee well-being. The past institutional history of putting
much emphasis on Africanisation of all aspect of institutional management promoted new behavior trends in post-colonial organization in Africa (Young, 1986). As a result institutions grew from traditional agricultural based society to the industrial society leading to the emergence of new way of institutional management which has influence work behaviors (Ugwu et al., 2014). Therefore, employee engagement has become an important topic, not only for academics and researchers but also for practitioners in organizations in Africa (Storm & Rothmann, 2003). Disengaged employees show poor attitude towards their work and are at risk of being frustrated (Hewitt, 2012). They seem not to care about the organization productivity but focus more on their personal gains. The recent economic pressure caused by the global economic meltdown, increase in misuse of national resources and increase in corruption levels has affected both public and private sectors in Kenya resulting in retrenchment and disengagement of workers. Furthermore, the situation has brought feelings of uncertainty and anxiety among workers. From these reasons the study will investigate the relationship between organizational trust and employee engagement and the moderating effect of psychological empowerment on the two relationships in Kenyan organizations despite the demanding context that is relevant.

Theoretical Review

Schaufeli, Salanova, Gonzalez-Roma and Bakker (2002) define work engagement in terms of positive feeling and work-related state of mind characterised by vigor, dedication and absorption. In understanding the importance of employee engagement, many scholars have linked engagement with job related activities and personal resource utilisation (Demerouti et al., 2001; Xanthopoulou et al., 2007). The job demands-resources model in the organization management focuses on the role of job demands and lack of resources within organization (e.g.
lack of support from supervisors and co-workers) on employee engagement and burnout at work (Schaufeli & Bakker, 2004). The study on the association between supervisors support, co-workers and employee engagement has dominated management research over time such that variables other than job resources relating to quality relationship of co-workers and supervisors have received little research attention. Nevertheless, studies that focus only on job-demand model as the antecedents of work engagement is perceived as having a narrow view of the construct. To have broader and better understanding of the employee engagement construct, other potential variable such as organisational trust should be empirical examined. Therefore the current study will attempt to respond to the call by (Wright & Goodstein, 2007; Gillespie & Mann, 2004) who suggested that both organizational trust and interpersonal trust need to be examined in relation to employee engagement. As a result of the change that are taking place within and outside the organization, owing to unprecedented, economic and overall global changes, organisational trust has been considered as one of the most effective tools behind positive organisational outcomes. Interpersonal trust is very important in sustaining organizational effectiveness and building cohesive teams (Gillespie & Mann, 2004). If employees trust their supervisors, both the organization and individual employees will benefit from positive organisational outcome such as increased organisational citizenship behavior, effective communication, improved problem-solving and discretionary effort, which is associated with work engagement (Storm & Rothmann, 2003; Babcock-Roberson & Strickland, 2010).

Empirical research has shown that there is high level of mistrust among employees in many organizations (Mishra, & Morrissey, 1990; Tan & Lim, 2009; Rego et al., 2010) and therefore management scholars have renewed their call for organization to direct their energy towards building trust in the organization. Research by Atkinson and Butcher (2003) acknowledge that
trust as a phenomenon has gained new status in the organization and it is an important component of organisational social capital that stimulates growth. Even though many scholars have accepted the importance of trust in creating harmony within the organization, what is amazing is that there is no agreement on the definition of trust (Hosmer, 1995) with scholars such as (Kramer, 1999) suggesting that the definition of trust has always remained elusive. Therefore, the present study will adopt the comprehensive and multi-dimensional definition of trust as proposed by (Mishra, 1996). Mishra, (1996) define trust as employee willing to be vulnerable to the organisation based on the belief that the later party is competent, reliable, open and concerned. In conceptualizing what trust is, the study will looks at employee trust as employees’ perception of the trustworthiness of employers, supervisors, and co-workers (Chughtai & Buckley, 2008).

The relationship between trust and employee engagement can be explained by use of Social Exchange Theory by (Blau, 1964). The social exchange theory is about employees reciprocating the positive work attitudes and behaviors when they feel that their relationship with employers is established based on the social-exchange principles. Therefore, if employees perceive that the organisation is trustworthy, they are likely to reciprocate trust by becoming more engaged in their work (Hashmi & Naqvi, 2012). Trust provide an enabling work environment that will assist individuals to contribute positively to the organisation and act as a catalyst that stimulate the engagement process, especially in situation where everyone is under pressure to meet particular job demand. For organisation to survive the stiff competition from the external environment there is need to have employees who are motivated, embrace risk, stimulate innovation and cope with high uncertainty (Spreitzer, 1995).
Many organizations in Kenya and around the world are looking for best practices that will enable them remain viable and meet the ever-changing customer demands. In such a situation, among many other techniques, such as employee empowerment has been recommended in literature to enhance organisational performance (Seibert, Silver & Randolph, 2004; Chen, Kirkman, Kanfer, Allen & Rosen, 2007) and therefore, attainment of organisational goals may not be possible without empowering employees psychologically (Avolio, Zhu, Koh & Bhatia, 2004). Understanding individual’s psychological state is important as it propels them to undertake their daily activities. The conceptual presentation by (Thomas & Velthouse, 1990; Spreitzer, 1995) is important in understanding the association between empowerment and employee engagement. Those scholars lay emphasis on the relevancy of psychological empowerment as a contributing fact that bringing about positive job behavior in the organisation.

Even though Spreitzer (1995) had a narrow definition of empowerment as the concept of self-efficacy, Thomas and Velthouse (1990) introduce empowerment as a multifaceted and argued that empowerment cannot be viewed as a single concept. They proposed that empowerment has important construct such increased intrinsic work motivation that consists of four cognitions that is a reflection in individual work roles which include: understanding of meaning, competence acquisition, employee self-determination and impact. Meaning is the value attached to the task, goals or purpose and is judged in relation to the employees own standards reflecting a fit between the requirements of a work role and a person’s beliefs, values and behaviors (Thomas & Velthouse, 1990). Competence or self-efficacy is the believe employees have about their ability to successfully perform activity with skills (Spreitzer, 1995). Self-determination is perceived as the ability of employees to have choices or freedom in initiating and regulating actions (Deci & Ryan, 2000). Impact is the degree to which an employee can
positively influence organisational outcomes. The four components have been used to define psychological empowerment and create the overall construct of psychological empowerment (Spreitzer, 1995).

Studies relating to the role of psychological empowerment in enhancing positive organizational outcome such as commitment (Spreitzer et al., 1999) positive work behaviors (Anderson & Williams, 1996) have been investigated. The conclusions of these studies are that psychological empowerment enables the employees to engage in extra role and have high commitment to the organisation (Aviolo et al., 2004). Empowered employees tend to find meaning in the work they do, feel that they are in control of their own destiny and have the capacity to effectively perform their job and believe that they can influence the outcome of their work; therefore, psychological empowerment becomes an important tool that will help them be more engaged in their work. Other than the direct effect of psychological empowerment on employee work engagement, it is believed that psychological empowerment act as a moderator on the relationship between trust and employee engagement, in that psychological empowered employees will be engaged irrespective of the level of organisational trust. This study therefore, will explore if there is relationship between organisational trust, employee engagement in Kenya and more specifically, it aims at investigate the moderating role of psychological empowerment in the relationship between organisational trust and work engagement.

Link between Organizational Trust and Employee Engagement

Many scholars have examined the relationship between organisational trust and many other organizational outcome such as productivity (Musacco, 2000), job satisfaction (Gruman & Saks, 2011; Lee & Teo, 2005), commitment and performance (Marrelli 2011; Schaufeli & Salanova, 2007) and proactive behavior (Parker et al., 2006). Trust has also been linked to organizational
outcomes such as higher sales and profits, lower employee turnover (Davis, Schoorman, Mayer, & Tan, 2000), and increased levels of cooperative behavior among employees (Gambetta, 1988). Organizational trust has been found to explain why some employees effectively complete their jobs and also go above and beyond the call of duty in their work with no notable reward.

Social exchange theory has been used to explain the relationship between trust and engagement. The theory highlights some of the social context that exists within the organization. For example, the perception of trust by members of the organization that helps to shape the relationship that exists between employee and employer. There is reciprocation by employees if they feel that the employer treat them in a manner that is perceived to be fair (Blau, 1964). The basis of social exchange relationship is linked to the economic or social principle which generates expectation of some return of contribution. The exact nature of such return is unspecific. Trust, is therefore important for maintaining social exchange since it creates an obligations within an individual to repay the organization. Employees can repay the organization by exhibiting several positive work attitudes such as being more engaged in their work. Empirical literature has shown that trust positively affects various indicators of motivation such as organisational citizenship behavior, job satisfaction, and organisational commitment (Dirks & Ferrin, 2002; Wat & Shaffer, 2005). Although work engagement is also an indicator of motivation, it is therefore proposed that trust in organization could be related to employee engagement. Research by (Chughtai & Buckley, 2008) suggested that future studies should empirically investigate the role of trust in work engagement in different research contexts. Therefore, the study proposes that:

*Proposition 1: Organisational trust will have a significant positive effect on employee engagement.*
Relationship between Psychological Empowerment and Employee Engagement

Understanding the link between psychological empowerment and employee engagement, it’s important to analyse (Schaufeli & Bakker, 2004) job demands-resources model of work engagement. From the model, the construct of psychological empowerment is perceived as a resource that can enable employees to be more engaged. Research by Spreitzer (1995) define empowerment as motivational concept of self-efficacy while Thomas and Velthouse (1990) views psychological empowerment as intrinsic motivation manifested in four cognitions (understanding of meaning, competence acquisition, employee self-determination and impact). From Spreitzer (1995) research suggest that if the four cognitions combine well it produces an overall feeling of empowerment among employees and shows their active orientation towards work. Empowerment has been seen as a key element of internal motivation, and therefore to understand how it relates with employee engagement, it’s pivotal to look at its association with Self-determination theory. Self-determination theory acknowledges that employees are endowed with inherent strive that enable them to actualize their potentials, utilize their skills and competences, seek challenges and explore the world around them. The theory view employees as growth-oriented organisms who actively interact with their environment (Deci & Ryan, 2000). Therefore employees who exhibit self- determination characteristics have control over their work (Spector, 1986). Review of empirical literature show that psychological empowerment is positively related to various positive job outcomes such as organisational commitment (Manz & Sims, 1993), innovative behavior (Spreitzer et al., 1999) and job satisfaction (Dickson & Lorenz, 2009; Kirkman et al., 2004). Meaningfulness (one of the four cognitions component of psychological empowerment) is related to employee engagement (May et al., 2004) and positive
work behavior (Dewettinck & van Ameijde, 2010). Study by Stander and Rothmann (2010) found that psychological is related to employee engagement. Since psychological empowerment is positively related to other positive job behaviors it is important for the study to investigate the association between psychological empowerment and employee engagement. Therefore the study proposes that:

Proposition 2: Psychological empowerment will have a significant positive effect on employee engagement.

Psychological Empowerment as a Moderator

Research by (Stander & Rothmann, 2010) on psychological empowerment, job insecurity and employee engagement found that psychological empowerment predicted work engagement in South Africa work setting. Study by Liden, Wayne and Sparrowe, (2000) on the mediating role of psychological empowerment on the relations between job, interpersonal relationships, and work outcome. They found that the component of meaning in the psychological empowerment had moderating effect between interpersonal relationship and organisational commitment. Many studies have found that self-efficacy (one of the dimension of empowerment) moderates job-related variables such as performance (Finn & Frone, 2004). In some studies self-efficacy has been found to act as moderate by reducing the negative effects of work stressors on employee psychological well-being (Jex & Bliese, 1999). Therefore it is important to look at psychological empowerment as a moderator between organisational trust and positive work outcome, such as employee engagement. Particularly, studies have shown that psychological empowerment moderates the link between organisational variables such as social exchange relations and
positive job outcomes. For example, research by (Harris, Wheeler & Kacmar, 2009) on leader-member exchange and empowerment, direct and interactive effects on job satisfaction, turnover intentions and performance found that psychological empowerment moderated the relationships among leader-member exchange, job satisfaction, turnover intentions, supervisor-rated outcomes of job performance and organisational citizenship behaviors. The study therefore proposes that:

**Proposition 3. Psychological empowerment will moderate the relationship between organizational trust and employee engagement.**

![Diagram showing the proposed relationship between Organizational Trust, Psychological Empowerment, and Employee Engagement with the moderating effect of Psychological Empowerment.]

**Figure 1.1:** Proposed Relationship between Organizational Trust and Employee Engagement and the Moderating effect of Psychological Empowerment

**Method**

Participants and procedure

Target population of about 910 employees from twelve commercial banks and seven micro financial institutions in western Kenya will be involved in the research. Twelve commercial banks will have about 646 participants, while the 264 respondent will come from ten micro
financial institutions. Structured questionnaire will be used for data collection. It will have demographic characteristic such as respondent gender, age, marital status, organisational tenure, job tenure, employment status, job position, and education. The questionnaires will be self administered but for same case, one of the staff will assist in the distribution of questionnaires. Respondents will be ensured of the confidentiality of their responses.

Measures

Organisational Trust: The study will adopt questionnaire items developed by Shockley-Zalabak et al. (1999), to measure organisational trust. Shockley-Zalabak et al., (1999) developed organizational trust index of 29 items that addresses five dimensions of trust (competence, openness, concerns, reliability and identification) which is also similar to Mishra’s (1996) model for organisational trust. For reliability of the instrument the study will use Cronbach alpha of 0.7 and above. A five-point Likert (from strongly disagree to strongly agree) questionnaire will be used. Sample items for questionnaire will include: “I am really satisfied with the capacity of the organisation to achieve its objectives” (competence). “I can tell my immediate supervisor when things are going wrong” (openness). “My immediate supervisor speaks positively about subordinates in front of others,” (concern). “My immediate supervisor follows through with what we say” (reliability). “I feel connected with my organisation,” (identification).

Psychological Empowerment: The study will used Spreitzer’s (1995) 12-item scale that measures the four dimensions of empowerment (meaning, competence, self-determination and impact). A five-point Likert (from strongly disagree to strongly agree) questionnaire will be used. Sample items included: “The work I do is very important to me” (meaning), “I am confident about my ability to do my job” (competence), “I have significant autonomy in
determining how I do my job” (self determination), and “My impact on what happens in my department is large” (impact). The study will use Cronbach alpha of 0.7 and above.

**Employee Engagement:** The study will use (Schaufeli et al., 2002; Schaufeli & Bakker, 2010) 9 scale items that measure three dimensions (vigor, dedication and absorption) of employee engagement. A five-point Likert (ranging from 0 to 4 “Never” to “Very often”) questionnaire will be used. The study will use reliability coefficient (Cronbach’s alpha) of 0.7 and above. Sample items included: “At my work, I feel bursting with energy” (vigor), “I am enthusiastic about my job” (dedication), and “I feel happy when I am working intensely” (absorption).

**Data analysis**

Data will be coded and presented on SPSS version 20. Internal consistencies (Cronbach alpha) will be calculated and Pearson correlation analysis will be carried out to find out if there is association between the variables. For bias testing, the study will use different methods to test for common fact bias as proposed by Podsakoff et al. (2003). The study will use hierarchical regression analyses to assess the amount of incremental variance explained by each type of predictor variable and also to test the hypothesis (study proposition). The study will also introduce control variable (demographic variables: gender, age, marital status, organisational tenure, job tenure, employment status, job position, and education) to neutralise the effect of those demographic characteristics in the hierarchical regression.

**Implication of the Study**

The proposed study has significant implications especially for scholars who are interested in the cross-cultural studies. This study will be carried out in Africa, particularly Kenya which is
a developing country, where there are limitations in terms of research. This study also will address the limitation and also concerns presented by management scholars. For example, (Tsui, 2004, Wanasika, Howell, Littrell & Dorfman, 2011) have acknowledged that management research should be carried out within specific cultural contexts (Tsui, 2004, Wanasika, Howell, Littrell & Dorfman, 2011). A host of these authors have advocated for an increase in research in the Africa continent (Lituchy & Punnett, 2014; Nkomo, 2011).

The proposed research will be of great benefit especially for the organization that strives to remain competitive in the ever changing work environment. The future of every organization depend on engaged employees, and therefore managers need to create a working environment that is full of trust and empower their employees psychologically for them to bring out their best in favor of their organizations.

The study will contribute to the exiting theory (social exchange theory) as it assumes that the relationship between organisational trust and work engagement implies that engaged employees will reciprocate reciprocating the good gesture the organisation is extending to them. The social exchange theory is about employees reciprocating the positive work attitudes and behaviors when they feel that their relationship with employers is established based on the social-exchange principles (Blau, 1964).

The study findings will be used as a benchmark that will help organization in designing empowerment intervention programs so that will assist employees to use their potential maximally. Empowerment intervention programs may play a crucial role in understanding employees’ adaptation in their work environment.
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