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Linking Organizational Trust with Employee Engagement: The Role of Psychological Empowerment

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**Abstract**

The present study investigated the moderating effect of psychological empowerment on the relationship between organizational trust and employee work engagement in a Nigerian business environment. Hierarchical regression analyses were carried out on a sample of 715 employees from seven commercial banks and four pharmaceutical companies in south-eastern Nigeria who participated in the survey. The results showed that organizational trust and psychological empowerment were predictors of work engagement. Besides, and as we expected, we found a moderating effect of psychological empowerment on the relationship between organizational trust and work engagement. Therefore, the positive relationship between organizational trust and engagement was stronger for those employees with low psychological empowerment. This study was one of the first attempts to empirically investigate the direct relationship among organizational trust, psychological empowerment and employee work engagement. Additionally, most previous studies on engagement have been conducted mainly in developed economies such as North America and Europe. This study was carried out in a peculiar Nigerian business environment where organizational behaviors have been scarcely investigated. Comparing findings from different cultures may help further clarify the emerging work engagement concept.

*Keywords:* Organizational trust; psychological empowerment; employee work engagement; Nigeria

## Introduction

One of the major challenges that management researchers and professionals have to face is how to gain organizational competitive advantage in the rapidly changing business environment (Chen, Hou, & Fan, 2009; Ferres, Firms, & Travaglione, 2000). To rise to this challenge, organizations operate under constant pressure to produce more with less. Thus, it is in this demanding situation that employee contribution becomes an important business issue. In fact, in the demanding process of attempting to produce more with less input, companies have no choice but to try to make the best of each employee's skills and capabilities (Ulrich, 1997). Therefore, organizations need a core of employees who are engaged in the organization's values and goals, and who show their maximum potential (Cauldron, 1996; Meyer & Allen, 1997).

For organizations to be viable, work engagement becomes critical (e.g., Gruman & Saks, 2011; Korn, Pratt, & Lambrou, 1987; Koyuncu, Burke, & Fiksenbaum, 2006; Schaufeli & Salanova, 2007). Work engagement is defined as a positive, fulfilling, work-related state of mind characterized by vigor, dedication and absorption (Schaufeli, Salanova, González-Romá, & Bakker, 2002). *Vigor* refers to high levels of energy and mental resilience while working, the willingness to invest effort in one's work, the ability to avoid being easily fatigued, and persistence in the face of difficulties. *Dedication* implies direct involvement in one's work accompanied by feelings of enthusiasm and significance, and by a sense of pride and inspiration. *Absorption* means a state in which individuals are fully concentrated and engrossed in their activities, whereby time passes quickly and they find it difficult to detach themselves from work.

Kalleberg and Mardsen (1995) notes that a new emphasis on engagement-oriented performance management approach need to be in place. This approach seeks to elicit

employees' positive work behavior by strengthening their attitudinal or work engagement rather than by coercion. Thus, while traditional organizational structures still rely on management control and economic principles of cost reduction, efficiency, and cash flow, the new focal point of modern organizations is on management of human capital (Bakker & Schaufeli, 2008). Employees are expected to be proactive and display initiative, take responsibility for their own professional development and be committed to high quality performance standards (Bakker & Leiter, 2010). Hence, focus on engagement rather than on control is more suitable today as modern business processes require individuals to be responsible for their own decisions (Guevara & Ord, 1996).

A large number of studies have shown that engagement is related to several positive job behaviors, such as job satisfaction and performance (e.g., Gruman & Saks, 2011; Korn, Pratt, & Lambrou, 1987; Koyuncu, Burke, & Fiksenbaum, 2006; Schaufeli & Salanova, 2007), proactive coping style (e.g., Storm & Rothmann, 2003) and creativity (e.g., Bakker, Gierveld, & Van Rijswijk, 2006). Despite the fact that engagement has been linked to a wide range of positive job outcomes, fewer studies have been carried out on antecedents of engagement such as authentic leadership (e.g., Roux 2010), need for achievement (e.g., Burke & El-Kot, 2010), efficacy beliefs (e.g., Llorens, Schaufeli, Bakker, & Salanova, 2007), organizational justice (e.g., Inoue et al., 2010), and organizational tenure (e.g., Burke, Koyuncu, Jing, & Fiksenbaum, 2009). Limited studies have focused on the contributing roles of organizational related variables, such as climate for trust, and personal variables, such as psychological empowerment on employee engagement, even when trust on the organization and empowerment have been found to be vital in many positive job attitudes (Fedor & Werther, 1996; Fukuyama, 1995; Shockley-Zalabak, Ellis, & Cesaria, 1999).

Work engagement has been primarily articulated as a function of job and personal resources as most of the empirical studies done on its antecedents have revolved around the

job demands-resources model (Demerouti, Bakker, Nachreiner, & Schaufeli 2001; Xanthopoulou, Bakker, Demerouti, & Schaufeli, 2007). This has dominated literature over time such that variables other than job resources (e.g., personality, psychological and situational variables) have received little research attention. However, leaving the understanding of the antecedents of work engagement to the job-demands resources model only will certainly forge a myopic view of the construct. To gain a broader and better understanding of the engagement construct other potential antecedents of work engagement should be given empirical consideration. The present study therefore attempts to respond to a call that Wright and Goodstein (2007) made that there is urgent need to examine trust in organizations. This according to Wright and Goodstein (2007) is because the recent devastating global financial breakdown and high level of mistrust among various organizational members has caused organizations to begin to re-strategize towards winning the confidence of both organizational members and clients. Rego, Ribeiro and Cunha (2010) added to its importance when they asserted that moral and financial scandals emerging in recent years around the globe have enabled the momentum for reconsidering the crucial nature of virtuousness in organizational settings, and virtue can be a critical ingredient in building trust in organizations.

Although there is widespread agreement among scholars about the importance of trust in the smooth functioning of organizations, surprisingly there is no uniform agreement on its definition (Chughtai & Buckley, 2008). In his review, Kramer (1999) concluded that a concise and universally accepted definition of trust has remained elusive. Therefore, for the purpose of the current study, we adopted Mishra's (1996) multi-dimensional view of trust, defined as one party's (employees) willingness to be vulnerable to another party (organization) based on the belief that the later party is competent, reliable, open and concerned. To this operationalization of trust, Shockley-Zalabak, Ellis and Cesaria (1999;

2000) added one dimension called identification, which also acknowledges that these dimensions of trustworthiness appear most frequently in the literature and explain a major portion of perceptions of trustworthiness (e.g., Clark & Payne, 1997; Dietz & Den Hartog, 2006; Ellis & Shockley-Zalabak, 2001).

In order to explain the proposed relationship between organizational trust and work engagement, we will focus on the Social Exchange Theory (Blau, 1964) as a theoretical framework. This theory posits that employees will reciprocate positive job attitudes and behaviors (Gouldner, 1960) when their relationship with employers is established on social-exchange principles. Thus if employees perceive the organization as trustworthy, it is likely that they will reciprocate trust by becoming more engaged in their work. For instance, when employees recognize that the leadership has good insight and the ability to augment the organization's growth and productivity by making competent decisions, being open, concerned and reliable, it will give them increased assurance of a more profitable future for the organization (Spreitzer & Mishra, 2002). In this situation, employees are bound to concentrate on the work that needs to be done rather than feeling concerned about other issues, such as the sustainability of their future employment (Mayer & Gavin, 2005).

Organizations have also been under pressure to keep their management techniques concurrent with the current business challenges or to adopt new management style to be able to meet the demands of customers and competitive environment (Hashmi & Naqvi, 2012). For organizations to be able to meet these demands there is a need for employees to take initiative, embrace risk, stimulate innovation and cope with high uncertainty (Spreitzer, 1995). When employees do these the organization will have a good chance to develop, and the continuous development, quality service delivery and the consistent way those services are delivered are likely the pre-condition for success in business, especially when business environment is under unpredictable change. Business organizations in Nigeria are striving to

become viable to meet the ever changing customer demands and the global financial pressures. For instance, the introduction of stringent reforms for the financial sector to meet the current global financial challenges by the Nigeria government has stimulated the need for organizations to relinquish top bottom management approach to a motivational one, in order to deeply engage them for optimum performance along with bringing flexibility in the organization (Conger & Kanungo, 1988).

In such a situation, among other techniques, employee empowerment (Pfeffer & Viega, 1999) has been recommended in literature to enhance organizational performance.

Organizations need motivated employees and one of the factors accountable for motivated and responsible behaviors of employees is psychological empowerment. It is noteworthy that the attainment of organizational goals may not be feasible without empowering employees psychologically, and when employees are psychologically empowered, there will be a corresponding positive change in attitude, cognition and behavior, which most assuredly will lead to a positive change in value orientation, ability to postpone gratification of one's desires, improved self-esteem, self-efficacy as well as better psychological well-being which will all be brought into work (Oladipo, 2009). Kanter (1977) provides a theoretical explanation for the possible role of empowerment in positive job behaviors including work engagement. Kanter argues that employees are empowered when they perceive their work environment as one that provides them opportunity for access to power needed to carry out their job responsibilities as well as opportunity for growth and development. In Kanter's model of empowerment, the emphasis is on the enabling environment or access to empowerment structures which include opportunities, information, support and resources. Researchers (e.g. Laschinger, 1996; Sarmiento, Laschinger, & Iwasiw, 2004) that used or tested the Kanter's model, developed measures that capture these empowerment structures as described by Kanter. The argument is that employees who perceive themselves as having

access to such opportunities tend to invest in work and this enables them to attain personal growth and development while those that have limited opportunities exhibit low self-esteem and tend to invest less in their work resulting in lower aspirations and exhibit less positive job behaviors (Sarmiento, Laschinger, & Iwasiw, 2004). This means that that empowered employees are highly motivated. This motivation is as a result of their perceptions regarding the work environment. Thus, it is not merely the empowering environment that leads to commitment and other positive job outcomes but the perception individuals have about the environment that in turn have influenced their self evaluation. So, to understand fully the mechanisms by which empowerment influences job outcomes such as engagement, there is need to move beyond the Kanter's model and the subsequent approached adopted by previous researchers that focused on the empowering environment or opportunities (e.g. Cho, Laschinger, & Wong, 2006; Laschinger, Wilk, Cho, & Greco, 2009; Sarmiento, Laschinger, & Iwasiw, 2004).

There is need to understand the role of the psychological state of the individuals that propels them to action. The conceptualizations of empowerment by Thomas and Velthouse (1990) and further clarification by Spreitzer (1995) to emphasize the relevance of the psychological component of empowerment in bringing about the necessary motivation for positive job behavior is relevant in understanding the link between empowerment and work engagement. Although Conger and Kanungo (1988) defined empowerment as the motivational concept of self-efficacy, it was Thomas and Velthouse (1990) who argued that empowerment is multifaceted and that its essence cannot be captured by a single concept. They offered a broader definition of empowerment as increased intrinsic task motivation manifested in a set of four cognitions reflecting an individual's orientation to his or her work role. The four cognitions include: meaning, competence, self-determination and impact. Spreitzer (1995) used these cognitions to define psychological empowerment. She argued that

the four cognitions combine additively to create an overall construct of psychological empowerment. This means that the lack of any single dimension will deflate, but will not completely eliminate, the overall degree of the empowerment felt (Spreitzer, 1996). Several researchers have investigated the role of psychological empowerment in many positive job behaviors including proactive behaviors and commitment (Anderson & Williams, 1996; Spritzer, De Janasz, & Quinn, 1999). The idea here is that employees who are empowered tend to find meaning in what they do, feel they are in control of their work, feel they have the required capacity to perform their job, are determined to perform their job roles and believe that they can as well influence job outcomes and therefore are likely to be engaged in their work. The present study is also significant because no study has been done on employee engagement in the Nigerian business culture. Although employee engagement as a critical positive job behavior has attracted researchers' interest globally, and empirical studies on engagement are beginning to emerge internationally, including studies in North America (e.g., Wefald, 2008; Wildermuth, 2008), Europe (e.g., Xanthopoulou, Bakker, Heuven, Demerouti, & Schaufeli, 2008; Bakker & Bal, 2010), Asia (e.g., Inoue, et al., 2010; Shimazu, Schaufeli, Kosugi, Suzuki, Nashiwa, et al, 2008) and South Africa (e.g., Storm & Rothmann, 2003). It should be noted that these countries are developed significantly more economically than Nigeria. Most of these business environments have been viewed to differ from business cultures in developing economies such as Nigeria (Hofstede, 1984).

### **The organizational context in Nigeria**

Nigeria has witnessed a wide range of changes in organizational structures in the last decade. These changes need to be analyzed from the organizational behavior point of view. Moving from a typical traditional agro-based society to a somewhat industrial society has led to the emergence of new way of life which influences work behaviors. In fact, some recent

events in the country, including economic pressures caused by the global economic meltdown, privatization of public enterprises, consolidation of financial sectors, bureaucratic corruption and increased government regulations, have all resulted in a retrenchment and disengagement of workers. Moreover, this situation brings about an increase in feelings of uncertainty and anxiety among workers due to there being more cases of salary cuts and high unemployment rates (Onyishi & Ugwu, 2010). For this reason, investigating the variables that contribute to work engagement in Nigerian organizations despite this demanding context is highly relevant. This study, therefore, attempts to explore the possible relationships among organizational trust, psychological empowerment and work engagement in Nigeria. More specifically, it aims to investigate the moderating role of psychological empowerment in the relationship between organizational trust and work engagement.

### **Organizational trust and work engagement**

Researchers have investigated the relationship between organizational trust and several positive work outcomes such as organizational effectiveness (Laschinger, Heather, Finegan, Shamian, & Casier, 2000), productivity (Musacco, 2000), interpersonal citizenship behavior (Dolan, Tzafrir & Baruch, 2005; Lester & Brower, 2003; Settoon & Mossholder, 2002), proactive behavior (Parker, Williams, & Turner, 2006), and job satisfaction (Lee & Teo, 2005). In addition, trust has also been linked to better team processes (Jones & George, 1998) and superior levels of performance (Dirks, 2000). Trust is also related to profits, innovation, organizational survival and a variety of crucial worker perceptions and behaviors (Shockley-Zalabak, Ellis, & Cesaria, 1999). For example, 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. Organizational studies have recognized organizational trust importance as an economic imperative and precursor for business resilience in a global

marketplace (Fedor & Werther, 1996; Fukuyama, 1995), which now seems to hold a center-stage position. However to our knowledge, it seems that no study has empirically examined the relationship between organizational trust and work engagement until now.

On the whole, and as mentioned above, there is enough empirical evidence to show how trust positively affects various indicators of motivation such as job satisfaction, organizational citizenship behavior and organizational commitment (Dirks & Ferrin, 2002). Since work engagement is also an indicator of motivation and bears a conceptual resemblance with organizational commitment (Roberts & Davenport, 2002), and is also closely related to organizational citizenship behavior (Babcock-Roberson & Strickland, 2010), it is therefore proposed that trust in organization could also be related to work engagement. Besides in their initial conceptual analysis of the relationship between trust and work engagement, Chughtai and Buckley (2008) suggested that future studies should empirically investigate the role of trust in work engagement in different research contexts.

Therefore, we hypothesize that:

*Hypothesis 1:* Organizational trust will have a main effect predictive value on work engagement.

### **Psychological empowerment and employee work engagement**

There is enough evidence that psychological empowerment is positively related to various positive job outcomes such as organizational citizenship behavior (Onyishi, 2006), organizational commitment (Manz & Sims, 1993), innovative behavior (Spreitzer, 1995; Spreitzer, DeJanasz, & Quinn, 1999) and job satisfaction and performance (Collins, 2007; Dickson & Lorenz, 2009; Hechanova, Alampay, & Franco, 2009; Kirkman, Rosen, Tesluk, & Gibson, 2004; Mohd, Salleh, Rahman, Azahar, Razlan, & Nazarudin, 2009). Meaningfulness (a component of psychological empowerment) has also been found to be related with engagement (May, Gilson, & Harter, 2004). Stander and Rothmann (2010) also discovered

significant relationships between the components of psychological empowerment and employee engagement. However, their study did not directly examine the relationship between psychological empowerment as a construct (comprising the components) and engagement even when earlier studies (e.g., Spreitzer, 1995; Thomas & Velthouse, 1990) demonstrated that psychological empowerment is a sum of these components. Hence, since psychological empowerment is positively related to these positive job behaviors, it is plausible to think that it could also be directly related to work engagement. Therefore we hypothesize that:

*Hypothesis 2:* Psychological empowerment will have a main effect predictive value on employee work engagement.

### **Moderating effect of psychological empowerment**

Over the past few decades, empowerment as a psychological construct has received significant attention from researchers in terms of its efficiency in enhancing the realization of the overall organizational goals. Conger and Kanungo (1988) conceived empowerment as a process of improving feelings of self-efficacy among organisational members, especially in situations that foster powerlessness. Conger and Kanungo viewed empowerment as a motivational construct, which does not hinder a process but delegate it. Studies (e.g., Greco, Laschinger, & Wong, 2006) found that leader empowering behaviors predict psychological empowerment and that psychological empowerment predicts work engagement (Stander & Rothmann, 2010).

Psychological empowerment is a complete agency variable in revolutionary leadership (Ling & Lu (2007), and organizational commitment (Aryee & Chen, 2006). However, the influence of Leader-member-exchange and empowerment atmosphere on the organizational commitment is completely realized by promoting individual psychological empowerment level, and the psychological empowerment performs an agency function (Yao

& Cui, 2010). Also some scholars (e.g., Liden, Wayne, & Sparrowe, 2000) examined the agency effect of different dimensions of psychological empowerment to the relative variables and found that the dimension of meaning in the psychological empowerment had the function of agency between the work characteristic and work satisfaction with organizational commitment. Since psychological empowerment is an agency construct that enhances difficult and challenging experiences, it could be assumed that the construct will play a moderating role between organizational trust and work engagement.

In fact, many studies have observed that self-efficacy (a component of empowerment closer to competence) moderates work-related variables such as performance (e.g., Finn & Frone, 2004). It has also been discovered that self-efficacy acts as a buffer by ameliorating the negative effects of work stressors on employee psychological well being (Jex & Bliese, 1999). Since psychological empowerment has conceptual resemblance and is often linked with self-efficacy, it makes sense to propose that it could also moderate the relationship between organizational trust and positive job outcomes, such as employee work engagement. Moreover, personal resources have also been found to moderate the relationship between adverse working conditions and well being (Makikangas & Kinnunen, 2003; Pierce & Gardner, 2004; Van Yperen & Snijders, 2000). Specifically, studies have demonstrated that psychological empowerment moderates the relationship between organizational variables such as social exchange relations and positive job outcomes. For instance, Harris, Wheeler and Kacmar (2009) found that psychological empowerment moderated the relationships among leader-member exchange, job satisfaction, turnover intentions, supervisor-rated outcomes of job performance and organizational citizenship behaviors. Therefore, we argue here that psychological empowerment moderates the relationship between organizational trust and employee work engagement in such a way that the relationship between trust and

engagement will be more obvious when empowerment is poor. We therefore hypothesize that:

*Hypothesis 3:* Psychological empowerment will moderate the positive relationship between organizational trust and employee work engagement so that the relationship will be stronger when psychological empowerment is poorer and weaker when psychological empowerment is greater.

## **Method**

### **Participants and Procedure**

Seven hundred and fifteen (n=715) employees from organizations in the banking and production sectors in Enugu, South-Eastern Nigeria participated in the study. Seven banks and four pharmaceutical companies were sampled. A total of 566 participants were enrolled from the banking sector, while 149 worked in the production sector. Of the 715 employees who participated in the study, 53.1% were females. Respondents' age ranged from 21 years to 50 years, with a mean age of 36.4 years. The average job tenure was 3.57 years, while average tenure in the organization was 5.39 years. The participants' educational qualifications were as follows: 13.8% of the respondents had postgraduate degrees; 37.3% had their first university degree; 27.0% had their higher national diploma; and 21.8% of the employees had ordinary national diploma certificates. The heads of operations gave approval for the study to be conducted. Besides in each bank, they assigned one of their staff to assist in the distribution and collection of the completed questionnaires. In the pharmaceutical companies, managers gave their consent for the study to take place; similarly, an assistant was appointed to help the researchers reach out to employees. A total of 819 copies of the questionnaires were administered, and 715 copies were completed and returned, which is a response rate of 91.81%. The instruments were presented in English and no interpretation

was given since all the participants were literate enough to understand the items in the questionnaires. Respondents were ensured of the confidentiality of their responses, and were asked to complete the questionnaire at their convenience and to return it in a sealed envelope to an appointed supervisor or manager. All the participants volunteered to participate in the study.

## **Measures**

**The Organizational Trust Index (OTI):** The Organizational Trust Index, developed by Shockley-Zalabak, Ellis and Cesaria (1999), was used to measure organizational trust. It is a 29-item scale that addresses five dimensions of trust, built from Mishra's (1996) model for organizational trust. The authors of the OTI tested and validated the scale by conducting confirmatory factor analyses. Rigorous statistical testing demonstrated that the instrument was valid for use in international settings (Shockley-Zalabak, et al., 1999). The OTI was designed in a 5-point Likert-type response format in terms of "how much the statement describes my organization" ranging from "1 = very little" to "5 = a great deal." Sample items include: "I am greatly satisfied with the capacity of the organization 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 he/she says" (reliability). "I feel connected with my organization," (identification).

**Psychological Empowerment Scale:** Spreitzer's (1995) Psychological Empowerment Scale (PES) was used to measure psychological empowerment. It is a 12-item scale that measures the four dimensions of empowerment: meaning, competence, self-determination and impact. The psychological empowerment scale is a self-assessment scale, with a 5-point Likert-type response format where 1 = strongly disagree with the statement and 5 = strong

agree with the statement. The instrument has four subscales of three items each. Each scale measures one dimension. 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 Utrecht Work Engagement Scale (UWES):** For the present study, we used the short version of the Utrecht Work Engagement Scale (UWES-9) (Schaufeli, Salanova, Gonzalez-Roma, & Bakker, 2002; Schaufeli & Bakker, 2010), which measures three dimensions of work engagement: vigor, dedication and absorption. Although the original UWES-9 scale was a 7-point Likert-type one, a 5-point Likert-type response format ranging from 0 to 4 (“Never” to “Very often”) was adopted in the present study to make responses easier. Many researchers (e.g., Halbesleben & Wheeler, 2008; Halbesleben, Harvey, & Bolino, 2009; Bakker, & Xanthopoulou, 2009) also used 5 points as opposed to 7 points in their separate studies. The UWES-9 has long been advocated for research purposes. For example, Schaufeli, Bakker and Salanova (2006) utilized data from 10 different countries (n=14521), and the results indicated that the original 15-item UWES could be shortened to 9 items. 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).

### **Statistical Analyses**

First, we calculated internal consistencies (Cronbach’s  $\alpha$ ), descriptive analyses and intercorrelations among the variables in the study using SPSS 19.0. Second, we computed a procedure to test for bias due to common method variance. Different methods to test for common factor bias are shown in Podsakoff, MacKenzie, Lee and Podsakoff (2003). Since all

of them display potential problems, we used the simplest and one of the most widely utilized techniques: Harman's single factor test (Iverson & Maguire 2000; cf. Podsakoff et al., 2003) with CFA using the AMOS (Analysis of MOment Structures) software package (v. 19.0). The most important limitation is that Harman's single-factor test is a diagnostic technique for assessing the extent to which common method variance may be a problem, but it does not actually control for method effects statistically. In order to get round this limitation, we also computed an alternative multiple factor test with CFA and finally we checked for significant differences between this multiple factor model and Harman's single factor model. Later we tested our hypothesis using hierarchical regression to assess the amount of incremental variance explained by each type of predictor variable. Following the procedure suggested by Aiken and West (1991), we first entered the control variables (gender, age, marital status, organizational tenure, job tenure, employment status, job position, education). Next, we entered the predictor (organizational trust), followed by psychological empowerment. Finally, we introduced the product terms for the interaction of organizational trust and psychological empowerment. We assessed the significance of each step with the  $R^2$  change and evaluated the significance of the slope (non standardized, beta) of the individual parameters. We used the computational procedures for testing any interactions in the regression analyses, as suggested by Hayes and Matthes (2009) to test the moderation effect of psychological empowerment on the relationship between organizational trust and work engagement.

## Results

The descriptive statistics and intercorrelations are reported in Table 1. All the alpha values meet the .70 criterion (Nunnally & Bernstein, 1994), as they range from .78 to .91. Results for the hierarchical regression analyses are summarized in Table 2.

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Insert Table 1 and Table 2 about here

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The results of the correlational analysis showed, as expected, that organizational tenure had significant positive relationship with work engagement ( $r = .12, p < .001$ ). Employment status was related to engagement ( $r = .19, p < .001$ ); employees in permanent employment reported higher scores on engagement than those in contract employment. Job position was negatively related to engagement ( $r = -.07, p < .05$ ); junior members of staff reported higher scores on engagement than senior staff members. Level of education was also positively related to engagement ( $r = .36, p < .001$ ). Organizational trust was positively related to work engagement ( $r = .64, p < .001$ ). Psychological empowerment was also related to engagement ( $r = .62, p < .001$ ).

The results of Harman's single factor test with CFA for the variables involved in the study (i. e. organizational trust, psychological empowerment and engagement) reveal a poor fit to the data [ $\chi^2(54) = 1213.29, RMSEA = .17, CFI = .81, GFI = .75, AGFI = .65, IFI = .81, AIC = 1261.29$ ]. To avoid the problems related to the use of Harman's single factor test (see Podsakoff et al., 2003), we compared the results with an alternative model which included multiple latent factors which a good model fit [ $\chi^2(49) = 229.01, RMSEA = .07, CFI = .97, GFI = .95, AGFI = .92, IFI = .97, AIC = 287.03$ ]. Results show a significantly lower fit of the model with one single factor when compared to the model with multiple latent factors [ $\Delta \chi^2(5) = 984.282, p < .001$ ]. Hence, one single factor could not account for the variance in the data. Consequently, we may consider common method variance not to be a serious deficiency in this dataset.

The results of the hierarchical regression analyses reveal that all the control variables explained a significant 29.3% of the variance in work engagement behavior, F Change (8,

706) = 36.65,  $p < .001$ . The following control variables predicted the criterion variable (work engagement): gender ( $\beta = -.18, p < .001$ ), marital status ( $\beta = -.14, p < .001$ ), organizational tenure ( $\beta = .43, p < .001$ ), job tenure ( $\beta = -.35, p < .001$ ), employment status ( $\beta = .11, p < .01$ ); job position ( $\beta = -.37, p < .001$ ) and educational attainment ( $\beta = .39, p < .01$ ). Age did not predict work engagement.

Organizational trust explained 21.7% of the variance in the criterion variable over and above the control variables. In the regression equation, organizational trust positively predicted the criterion variable ( $\beta = .52, p < .001$ ), which is consistent with Hypothesis 1 in that organizational trust will be positively related to work engagement.

Psychological empowerment explained 5.3% of the variance in the criterion variable over and above the control variables and organizational trust [F Change (1, 704) = 86.01,  $p < .001$ ]. In the regression equation, psychological empowerment positively predicted work engagement ( $\beta = .37, p < .001$ ), which is consistent with Hypothesis 2 in that organizational trust will be positively related with work engagement.

Hypothesis 3 predicted that psychological empowerment will moderate the positive relationship between organizational trust and employee work engagement so that in situations of low organizational trust, those workers with high levels of psychological empowerment will show higher levels of engagement. As shown in Table 2 (step 4), the interaction was statistically significant ( $p < .001$ ), showing that psychological empowerment moderated the relationship between organizational trust and work engagement ( $\beta = -.19, p < .001$ ). In addition, the 4<sup>th</sup> step model, which included the interaction term between organizational trust and psychological empowerment, revealed from the non standardized coefficients that the strongest predictor of work engagement was psychological empowerment ( $\beta = .36, p < .001$ ), followed by organizational trust ( $\beta = .27, p < .001$ ).

Regarding the socio-demographic variables, we also found that strong predictors of work engagement were: gender ( $\beta = -.15, p < .001$ ), marital status ( $\beta = -.16, p < .001$ ), organizational tenure ( $\beta = .36, p < .001$ ), job tenure ( $\beta = -.28, p < .001$ ), job position ( $\beta = -.26, p < .001$ ) and education ( $\beta = .18, p < .001$ ). However, age and employment status were not predictors of work engagement.

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Insert Figure 1 about here

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Figure 1 illustrates the moderation effects of psychological empowerment on the relationship between organizational trust and work engagement.

## Discussion

In this study empirically investigated the relationship between organizational trust, psychological empowerment and work engagement by filling the research gap, as suggested by Chughtai and Buckley (2008). Moreover, we also examined the relationship between the construct of psychological empowerment and employee work engagement. In addition, we tested the moderating effect of psychological empowerment on the relationship between organizational trust and work engagement. We tested our assertions with the three hypotheses, and the findings supported our predictions. More specifically, this study reveals that organizational trust (Hypothesis 1) and psychological empowerment (Hypothesis 2) are positively related to work engagement. Furthermore, psychological empowerment moderates the relationship between organizational trust and employee work engagement (Hypothesis 3) in that the employees who perceive both good organizational trust and great psychological empowerment will show higher levels of engagement. Moreover, in situations where

employees perceive poor organizational trust, those employees with greater psychological empowerment will show higher levels of work engagement than those with lower levels of psychological empowerment.

The reason for this result could be explained by the fact that when the employees' organization creates an enabling environment for employees to perform their work in, then employees will accordingly respond with a job behavior that will benefit the organization according to the Social Exchange Theory (Blau, 1964).

### **Organizational trust and work engagement**

The results found in the present study corroborate Robinson, Perryman and Hayday's (2004) description of engagement as a two-way relationship between the organization and the employees, and also the idea of Saks (2006) that workers that one way for individuals to repay their organization is through their level of engagement. In other words, employees choose to engage themselves to varying degrees and in response to the resources they receive from their organization. Exhibition of strong engagement behavior with work can be viewed as a relationship that evolves over time into trusting, loyal and mutual commitments (Cropanzano & Mitchell, 2005). The results of the present study are consistent with earlier studies which found a positive relationship between organizational trust and positive job outcomes (e.g., Babcock-Roberson & Strickland, 2010; Dolan, Tzafirir, & Baruch, 2005; Lester & Brower, 2003; Musacco, 2000; Ning, Jin, & Mingxuan, 2007; Parker, Williams, & Turner, 2006; Settoon & Mossholder, 2002; Yilmaz, 2008).

### **Psychological empowerment and work engagement**

Psychological empowerment was also found to have a significant positive relationship with work engagement. Psychological empowerment explains 5.3% of the variance in work engagement, thus confirming Hypothesis 2 in that psychological empowerment positively related with work engagement. Psychological empowerment has been compared to a

motivational concept such as self-efficacy (Conger & Kanungo, 1988), a personality disposition *per se*; then the organization needs to play a vital role for it to be activated. This might be the reason why Randolph (2000) defined the concept as recognizing and releasing into the organization the power that people already have in their wealth of useful knowledge and internal motivation. It makes sense to say that psychological empowerment draws from two different resources: from the individual on the one hand, and from the organization in which one works on the other hand. As a result, psychological resources should be a powerful predictor of positive work outcomes. Hence, the present research observes the construct as a strong predictor of work engagement.

This result seems to be consistent with the findings reported by previous research works. For example, Manz and Sims (1993) found that empowered employees are more committed to their organizations than less empowered employees. It is also in congruence with Spreitzer (1995) and Spreitzer, DeJanasz and Quinn (1999), who found a significant positive relationship between psychological empowerment and innovative behavior. In addition, they found that the supervisors who feel empowered are seen by their subordinates as more innovative, upward-influencing and inspiring.

Moreover, our findings are also consistent with previous studies that linked empowerment with positive job behaviors, such as productivity, proactivity, customer service, job satisfaction, emotional and organizational commitment (Avolio, Zhu, Koh, & Bhatia, 2004; Bordin, Bartram, & Casimir, 2006; Collins, 2007; Dickson & Lorenz, 2009; Hachanova et al., 2009; Kirkman & Rosen, 1999; Mohd et al., 2009; Ugboro, 2006). Our results also agree with other studies (e.g., Stander & Rothmann, 2010) that found a positive relationship between the components of psychological empowerment and employee engagement.

### **The moderating role of psychological empowerment**

Another intriguing result is the moderating effect of psychological empowerment on the relationship between organizational trust and work engagement. The hierarchical regression analyses results reveal that psychological empowerment moderates the relationship between organizational trust and work engagement. The positive relationship between organizational trust and work engagement is stronger for workers who perceive poor psychological empowerment than those who perceive great empowerment.

Our findings are consistent with previous studies regarding the moderating role of personal resources. Specifically, personal resources partially mediated the effects of job resources (autonomy, social support, and opportunities for professional development – resources closely related to psychological empowerment-) on worker engagement, suggesting that job resources promoted the development of personal resources which, in turn, augment employees' work engagement (Xanthopoulou, Bakker, Demerouti & Schaufeli, 2007). Results are in line with results related to self-efficacy literature, which is highly related to the self-determination component of psychological empowerment. In fact, post-training self-efficacy mediates the relationship among training and job satisfaction, commitment and turnover intentions (Saks, 1995). Further research showed that self-efficacy played a mediating role between task resources (i.e., method and time control) and work engagement (Llorens et al., 2007). Moreover self-efficacy was a partial mediator of the relationship between managers' rated effectiveness and engagement (Luthans & Peterson, 2002); And that psychological empowerment mediates the effects of transformational leadership on followers' organizational commitment. Avolio, et al., (2004) Results of our study, is in line with these meditational empirical works because a moderation analysis explains where and how a possible mediator (i.e., psychological empowerment) may have an effect on the relationship between a predictor and a criterion (Baron & Kenny, 1986). Employees with

great psychological empowerment are ordinarily work-engaged irrespectively of the level of trust they have in their organizations.

### **Study implications**

The results of this study have implications for cross-cultural analyses. This study was conducted in a peculiar environment; a developing nation where organizational behavior has been scarcely investigated. As a unique environment for this study, Nigeria employees have had to grapple with ugly experiences in terms of uncertainty which often lead to lay-off and anxiety due to the different strategies either introduced by the government or adopted by organizations to remain in competition. Since the future of every organization depends on the work behaviors of their employees; managers of organizations need to create an atmosphere of trust and empower their employees psychologically for them to bring out their best in favor of their organizations. Interestingly, the findings seem consistent with earlier findings from developed economies of North America and Europe (e.g., Kirkman, Rosen, Tesluk & Gibson, 2004; May, Gilson, & Harter, 2004). The findings, therefore, show that, despite the context, employees in Nigeria can also be engaged in their work. Moreover, we also found that organizational variables (organizational trust) and psychological resources (such as psychological empowerment) that predict positive job behavior in Western cultures are also critical in understanding Nigerian workers' positive organizational behaviors.

Theoretically, and in line with the social exchange perspective, our findings relating to the positive relationship between organizational trust and work engagement imply that employees engage in their work as a way of reciprocating the good gesture that the organization has extended to them (Blau, 1964; Gouldner, 1960). Since engagement has replaced control in modern organizations, and the close supervision and monitoring of employees are no longer required for improved performance, it becomes relevant for organizations to adopt a strategy that facilitates its workforce's engagement. This is crucial because engagement holds the premise of exceptional financial returns (Chambers, 1998; Huselid, 1995).

The relationship identified between organizational trust and work engagement opens up opportunities for management practitioners. For practical purposes, the results suggest that organizational trust is a significant component of organizational interventions. Thus, it is proposed that organizations and their employees understand that the only way to remain viable is to support each other; while the organization tries to create an atmosphere of trust, employees reciprocate this by becoming work-engaged. They should indulge in a give-and-take form of relationship. These behaviors not only help both parties feel confident, but also create a positive work environment that enhances work performance.

Moreover, since the employees who perceive great psychological empowerment do not differ in work engagement regardless of the organizational trust's atmosphere, it is recommended that employees are empowered via psychological empowerment procedures and interventions. Given that psychological empowerment is strongly related to work engagement, it is suggested that organizations should study how to design empowerment intervention programs to help their employees show their maximum potential. Management might even set this program as the organization's mini goal to help the organization fulfill its main goal in the long term. In other words, empowerment intervention programs may play a crucial role in understanding employees' adaptation in their work environment.

### **Limitations and Suggestions for Further Research**

Despite its contributions, this study is not without limitations. First of all, it was not possible to address causality questions in this study since the data were collected at only one point in time (a cross-sectional survey design). Longitudinal studies are needed to determine causality (Randall, Cropanzano, Bormann, & Birjulin, 1999). Moreover, a social desirability bias may have led participants to answer questions about socially desirable attitudes, states and behaviors (Bowling, 2005) in the direction perceived as "fair". This might have

artificially inflated the work engagement scores. However, the anonymity ensured and the assurance that participants' responses would be used for academic purposes only may have diminished this risk.

Furthermore, all the participants in the current study were sampled from the services and production sectors according to their job descriptions, which also vary. Such variability may have hindered us from finding a stronger relationship among organizational trust, psychological empowerment and work engagement. This is in accordance with Khan's (1990) assertion that the congruence between an individual's self-image and his or her key professional role may positively impact on work engagement. In order to solve this problem, the variability in the organization and the participants' job descriptions would need to be more strictly limited in future studies. Further research should involve a broader spectrum of homogeneous workers in order to authenticate the generalization of its findings.

In spite of these limitations, the present study should be seen as one of the first attempts to empirically examine the relationship among organizational trust, psychological empowerment and employee work engagement. Furthermore, fostering employee work engagement through trust and psychological empowerment is a highly viable organizational goal because of its impact on important organizational outcomes. It is, therefore, understood that by developing a climate of trust within their respective organizations, and by providing an environment that fosters psychological empowerment; organizational leaders can increase work engagement, which, in turn, boosts their organizations' chances of competing favorably in the marketplace, even in developing countries.

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Table 1  
Means, standard deviations and intercorrelations among the study variables

Variable	M	SD	1	2	3	4	5	6	7	8	9	10	11
1 Engagement	3.15	.55	.85										
2 Gender	1.52	.50	-.21										
3 Age	31.53	5.39	.04	-.16***									
4 Marital status	1.49	.50	-.03	-.20*	.13***								
5 Org. Tenure	3.57	2.57	.12***	-.32***	.28***	.45***							
6 Job tenure	2.77	1.92	-.04	-.36***	.19***	.30***	.77***						
7 Employ. status	1.60	.46	.19***	-.31***	.09**	.27***	.37***	.34***					
8 Job position	1.39	.49	-.07*	-.24***	.12***	.21***	.39***	.29***	.36***				
9 Education	1.62	.49	.36***	-.28***	.07*	.08**	.17***	.07*	.42***	.45***			
10 Org. Trust	3.05	.65	.64***	-.17***	.08*	-.00	.10***	.03	.22***	.01	.38***	.89	
11 Empowerment	3.59	.64	.62***	-.17***	.07*	.10***	.11***	.02	.33***	.11***	.29***	.59***	.73

**Note.** \*\*\* =  $p < .001$ ; \*\* =  $p < .01$ ; \* =  $p < .05$ . A total of 715 employees completed the questionnaires. Gender (1 = male, 2 = female); Age (1 = young, 2 = old); Marital status (1 = single, 2 = married); Organizational tenure (1 = short, 2 = long); Job tenure (1 = short, 2 = long); Employment status (1 = contract, 2 = permanent); Job position (1 = junior staff, 2 = senior); Education (1 = low, 2 = high). Organizational trust and psychological empowerment are coded so that higher scores indicate greater trust or empowerment. Cronbach's alphas are presented on the diagonal.

Table 2.

*Hierarchical regression results and test of moderation (n=715 employees)*

Variables	Steps			
	1	2	3	4
Gender	-.18***	-.14***	-.13***	-.15***
Age	-.02	-.04	-.04	-.07
Marital status	-.14***	-.10*	-.13***	-.16***
Org'l tenure	.43***	.36***	.35***	.36***
Job tenure	-.35***	-.30***	-.26***	-.28***
Employ. Status	.11*	.05	-.03	-.05
Job position	-.37***	-.24***	-.27***	-.26***
Education	.39***	.18***	.23***	.18***
Org'l trust		.52***	.25***	.27***
Empowerment			.37***	.36***
Org'l trust × Empowerment				-.19***
R <sup>2</sup>	.29	.51	.56	.59
R <sup>2</sup> change	.29	.22	.05	.03
F change	F(8,706)=36.65*	F(9,705)=312.22*	F(10,704)=86.02*	F(11,703)=51.76*
F values	F(8,708)=36.65*	F(9,705)=81.63*	F(10,704)=90.93*	F(11,703)=93.33*
Total adjusted = .27	<b>Note:</b> *** = p < .001; ** = p < .01; * = p < .05.			

Figure 1. Moderation effect of psychological empowerment on work engagement



