

**The Relationship Between Organizational Trust and Job Satisfaction:  
An Analysis in the U.S. Federal Work Force**

by

**Phuong L. Callaway**

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AN ANALYSIS IN THE U.S. FEDERAL WORK FORCE

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## Abstract

The issues of trust and job satisfaction have taken on a greater strategic importance in organizations since the post-Enron scandal. Without trust or the lack of it among organizational members and between management and employees, organizational communication, knowledge management, organizational performance, and involvement may tend to close down. Trust has been identified as a crucial ingredient for organizational effectiveness. A linkage between trust and job satisfaction in private organizations has been established by researchers; however, in the U.S. federal government, the linkage between organizational trust and job satisfaction has not yet been studied. This study, therefore, explores the relationship between organizational trust and job satisfaction in seven selected small, medium, and large U.S. federal agencies. This study indicated that there are no significant differences between males and females, however, significant differences in attitudes between supervisors and nonsupervisors were found regarding what good communications meant and how they interpret the question, “top management truly listens to employees’ concerns.” Nonsupervisors tend to disagree more frequently than supervisors. The study also found that there are significant association between gender, age group, job location, position, and occupation and agency. The differences in attitudes between supervisors and nonsupervisors about what would make communications seem good and what would contribute to the belief that top management listens to employees’ concerns lead to the conclusion that there is a disconnection among organizational members and among management and employees. This disconnection may lead to mistrust, job dissatisfaction and the difficulty in attracting and retention of human talents.

## Dedication

This dissertation is dedicated to dear friends, Lt. General John E. Jackson, Jr., U.S. Air Force (retired) and President, Fork Union Military Academy of Fork Union, Virginia, and his wife, Barbara Quisenberry Jackson. For decades, you both have consistently dedicated and committed in uplifting the lives of many individuals whose sufferings were unimaginable and in building on the principles of transformational leadership, self-discipline, personal accountability and responsibility in younger generations. Your love for the country, for the community, and for building healthy and strong generations to come through your academic and social engagement, and your religious faith are inspiring. I too put my trust and faith in the Lord and was not disappointed. You have inspired the value of focus and self-discipline in me. Although I experienced a brief manmade barrier as I conducted the field test of the research methodology for my dissertation paper, I succeeded to a fruitful completion. I love you and am very proud of you both. I know both of you are very happy to see me complete the doctoral journey.

To my parents, who always reached out and helped many unfortunate families due to social and economic inequities in my native homeland, the Republic of Vietnam; to my Mom (deceased), who always strongly believed in one's hard work to enhance the quality of personal life and who always strongly believed in a strong and healthy community and society; to my grandparents (deceased), who contributed much of the land, which their parents and grandparents had owned in the South Vietnam, to the different regimes of the Republic of Vietnam Government for the welfare of the South Vietnamese people; to my oldest uncle (deceased), who was owner and editor-in-chief of a Republic of Vietnam's daily

newspaper and Saigon City Council Member, I send him my utmost respect and salute him for his personal integrity; to other living family members and relatives, I thought about you and wish you the best as you continue to lead your families and contribute to this new homeland. Finally, to my children and their families, this dissertation is for them for enhancing their knowledge in the field of management and leadership. Strong and healthy organizations and society begin with leadership.

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## CHAPTER 1. INTRODUCTION

### Introduction to the Problem

The issues of trust and job satisfaction have taken on a greater strategic importance in organizations since the post-Enron scandal. Global economy, workplace diversity, workforce downsizing, virtual organizations, advanced information technologies, decentralized decision-making, and competitive outsourcing of jobs may require organizations to manage human capital differently than they have managed in the past. Organizations with higher level of mutual trust among organizational members and between management and employees may be able to maintain and sustain human talents in order to achieve business competitiveness.

Trust has been linked to overall employee job satisfaction and perceived organizational effectiveness (Shockley-Zalabak, Ellis, & Winograd, 2000). Unfortunately, trust in companies has never been lower in the post-Enron organizational scandal (Watson, 2005). Trust facilitates individual and organizational learning; however, organizations often take it for granted, misunderstand or ignore (Adams, 2004).

Trust has been identified as a critical ingredient to enhance organizational effectiveness and competitive advantage in the competition for human talents, job satisfaction, and the long-term stability and well being of organizational members (Cook & Wall, 1980; Huff & Kelley, 2003; Shockley-Zalabak, Ellis, & Winograd, 2000; Spence

Laschinger, Finegan, & Shamian, 2001). Trust was shown to significantly influence interpersonal relationships in organizations; however, despite the recognized importance of trust, the trust gap between managers and employees was steadily increasing (Jeanquart-Barone, 1993).

In addition to trust, organizations should be concerned about job satisfaction, which can be considered an indicator of organizational members' emotional well-being and psychological health (Rowden, 2002). Researchers found that job satisfaction is influenced by the level of pay and performance, employee benefits, training, recruiting, learning curve inefficiencies, reduction in the client base, job design, life satisfaction, autonomy, growth satisfaction, satisfaction with coworkers, satisfaction with supervisors, and customer satisfaction (Comm & Mathaisel, 2000).

Organizations that see the value of their employees create a culture of mutual trust among organizational members and between management and employees. These organizations are known as high performance organizations (Phillips, 1997). Trust inside organizations directly affects profits, innovation, and organizational effectiveness (Lynch, 2001); however, evidence seems to indicate that trust in both public and private organizations has been declining for several decades (Kramer, 1999). Trust is a foundation for social order within and beyond organizations, especially in an increasingly complex, global, fast-paced business environment (Thoms, Dose, & Scott, 2002) and has a number of important benefits for organizations and their members (Kramer). For example, trust plays a paramount role in the creation and development of the psychological contract that binds an employee to the

organization, and it can play a key role in explaining employees' attitudes and behaviors at work (Robinson, 1996).

Trust is particularly important for organizations competing in the global marketplace in which there are uncertainty and risk because partners' culture, values, and goals may be very different (Huff & Kelley, 2003). "High levels of organizational trust can critically reduce litigation charges and transaction costs; and high trust cultures minimize the potential for destructive and litigated conflict, unnecessary bureaucratic control and administrative expenditures, and expensive overhead" (Shockley-Zalabak, Ellis, & Winograd, 2000, p. 3).

The U.S. Merit Systems Protection Board and the U.S. Office of Personnel Management have studied job satisfaction, however, the relationship of trust and job satisfaction has not been studied in the federal government; therefore, this study explores the relation between organizational trust and job satisfaction in selected U.S. federal agencies.

### Background of the Study

Employees in organizations may be motivated to contribute their ideas and talents and may be quite satisfied with their jobs in an environment that fosters organizational trust and growth of employees and where their knowledge, skills and abilities are valued and fully used. Thoms et al. (2002) pointed out that as the demand for skilled workers increases, creating a satisfied workforce has important implications for organizations. High performance organizations are believed to trust their employees and provide their employees with proper empowerment to perform their duties. This empowerment requires management to entrust the work force with responsibility and authority. Without trust, people assume self-

protective, defensive postures that inhibit learning (Costigan, Ilter, & Berman, 1998). An organizational climate of trust enables employees to submit their ideas and feelings, use each other as resources, and learn together. Without trust people have a tendency to keep to themselves, rather than share their thoughts, thereby, inhibiting creativity (Jordan, 1999).

High performance organizations can offer employees the opportunity to perform to their full capacity, share performance information, engage in the decision-making process, and encourage innovative and imaginative approach to achieve business results and organizational goals. This sharing of performance information may provide employees with the business knowledge they need to perform their jobs well, enjoy their duties, be satisfied with their jobs, and can provide good communication and customer services. Dalton (2000) reported that high performance organizations are designed to bring out the best in people and to create an exceptional capability to deliver high-end results.

According to the U.S. Department of Labor's Office of the American Workplace (1994), greater job satisfaction, employee commitment to high quality, and increased customer satisfaction would likely result when employees are allowed to make informed decisions and to involve in information sharing. Boxx, Odom, and Dunn (1991) advised managers in the public sectors, especially for the transportation industry, to develop and use human resource management practices that focus on the values of excellence, match employees' desires for their work environment, and create high levels of satisfaction, commitment, and cohesion. The authors also advised public managers to produce a work environment that encourages greater employee pride in their work and to allow employees to

strive to do their best as well as constantly to seek innovative ways to improve their organization's operations (Boxx et al.).

Globalization, workplace diversity, increased awareness of cultural differences, downsizing, delayering, the call for (and in some cases the reality of) increased workplace democracy, international networks, complex alliances, information technologies, and decentralized decision making are only some of the events and processes during which trust assumes significant importance. (Shockley-Zalabak, Ellis, & Winograd, 2000, p. 2)

Conditions of trust within an organization impact organizational health (Thoms et al., 2002).

As the U.S. federal agencies continue to experience a significant reduction in the federal budget and in the total federal workforce, organizational units may need to rely on the existing human assets in order to carry out organizational goals and missions. As federal employees may be required to perform more for the same pay or smaller pay, trust and job satisfaction may become increasingly crucial if organizations want to motivate and retain high performance and quality employees. The result of the 2004 Human Capital Survey conducted by the U.S. Office of Personnel Management (OPM) of 150,000 U.S. federal employees indicated a slight decrease of job satisfaction from the 2002 Human Capital Survey. The decrease of job satisfaction should raise an alarming concern for participating federal organizations.

In 2000 and 2004, the OPM conducted two studies concerning the strategic management of human capital, but organizational trust has not been studied. Previous research in the private sectors already established a link between trust and job satisfaction (Thoms et al., 2002); however, the relationship between trust and job satisfaction in the U.S. federal workforce has not been studied. Also, although job satisfaction has been studied in

the U.S. federal workforce, contributing factors that may lead to an increase in job dissatisfaction or a declining rate in job satisfaction have not been studied.

Therefore, the purpose of this study was to examine the relationship between organizational trust and job satisfaction of federal employees in selected U.S. federal organizations. By conducting the study, the researcher hoped that selected U.S. federal agencies will have the data needed to make assessment of their current organizational culture and, if needed, to promote a workplace culture of mutual trust among organizational members and between management and employees in order to allow for extraordinary performance and growth of their employees, as well as to attract, recruit, and retain effectively the right talents with the necessary skills that are needed. The results of the study may also be useful to federal senior executives and managers for creating human resources strategies that will enhance organizational effectiveness.

### Statement of the Problem

Trust is an important element of the social system and a social capital (Seligman, 1997). Unfortunately, trust in organizations has been low in the post-Enron organizational scandal (Watson, 2005). Business survival requires organizations to continue to learn and trust each other (Adams, 2004); however, organizations in the United States rarely trust each other sufficiently to enter into a bilateral relationship (Huff & Kelley, 2003). Trust, particularly between labor and management, is considered important to organizational success and is an ingredient for competitive advantage (Rousseau, 1997).

Trust is needed for employee empowerment to occur. Dew (as cited in Petter, Byrnes, Choi, Fegan, & Miller, 2002) found that, empowering employees will result in greater job satisfaction. Empowerment creates in employees a sense of ownership and a sense of being proud of their work and their organization. In addition to trust, job satisfaction is viewed as an important organizational factor (Muchinsky, 1990), but according to Rowden, “job satisfaction is one of the most widely researched yet least understood phenomena in organizations today” (2002, p. 1).

Herzberg’s theory proposes that managers need to focus on factors associated with the work itself or outcomes directly derived from it, such as promotional opportunities, opportunities for personal growth, recognition, responsibility, and achievement and proposes that employees are likely to dissatisfy with their jobs, concerning the quality of their supervision, pay, organizational policies, physical working conditions, relations with others, and job security (Robbins, 2003b). Also, Argyris (1973) proposed that organizations should seek to increase openness, trust, risk-taking, and expression of feelings and should develop the belief that human growth is important, for when mistrust in organizations rises, learning will not occur.

Organizations that have the ability to develop trusting relationships will have a competitive advantage (Huff & Kelley, 2003). According to Shockley-Zalabak, Ellis, and Winograd, “increased job satisfaction, the ability to innovate, and the ability to identify with a successful organization, all are related to perceptions of trust” (2000, p. 7). Also, according to Shockley-Zalabak, Ellis, and Winograd, organizations need to monitor trust levels, especially during times of rapid change. According to Zauderer (2002), one of the highest

accomplishments of an organization is to build a workforce in which employees feel included and welcomed and work together with mutual respect in order to enhance individual and organizational productivity. This workplace will be instrumental in attracting and retaining quality employees, thereby, providing collective energy for strengthening organizational performance (Zauderer).

In the private sector, a study conducted by the Conference Board of concerned business leaders found that Americans were growing increasingly unhappy with their jobs. The decline in job satisfaction was widespread among workers of all ages and across all income brackets. Half of all Americans said that they were satisfied with their jobs, a figure down from nearly 60% in 1995. Among the 50% who said they were content, only 14% said they were very satisfied (Business Credit, 2005).

According to the same Conference Board study, rapid technological changes, rising productivity demands, and changing employee expectations have all contributed to the decline in job satisfaction. The decline in job satisfaction will present a new challenge for employers as large numbers of baby boomers prepare to leave the workforce and may be replaced by younger workers who tend to be dissatisfied with their jobs and have different attitudes and expectations about the role of work in their lives. The Enron and WorldCom era of corporate scandals and the outsourcing of jobs have increased the level of employee discontent (Business Credit, 2005).

In the U.S. federal government, the U.S. Merit Systems Protection Board and the OPM have conducted numerous studies concerning the general workforce and job satisfaction, but no studies were found in which organizational trust has been researched. The

2004 Federal Capital Human Survey of 150,000 federal employees from the OPM revealed a slight declining rate of overall positive responses for job satisfaction to 67.5% from 67.8% overall positive responses from the same survey conducted in 2002 (OPM, 2004). In addition, although 46.8% of surveyed participants were satisfied with their jobs, only 21.8% of participants said that they were very satisfied with the jobs they were doing (OPM). The findings mean that more than 50% of U.S. federal employees show up only to collect their paychecks.

Between 1999 and 2005, organizational consultants and behavioral specialists (Adams, 2004; Chen, 2004, Griffin, Patterson, & West, 2001; Huff & Kelley, 2003; Money & Graham, 1999; Rowden, 2002; Spence Laschinger et al., 2001; Thoms et al., 2002; Watson, 2005) have conducted many studies on organizational trust and/or job satisfaction. In the U.S. federal government between 1980 and 2004, the U.S. Merit Systems Protection Board and the OPM conducted numerous studies to obtain federal employees' opinions on a variety of issues concerning pay, retirement, health insurance benefits, attracting and retaining a competent workforce, performance management systems, managerial accountability, human capital management, recruitment, and so forth; however, the relationship between organizational trust and job satisfaction has not been studied.

The purpose of this study; therefore, was to determine the relationship between organizational trust and job satisfaction of employees in selected U.S. federal agencies. The characteristics of trust and job satisfaction were chosen for the study because having an understanding of these characteristics appears to provide federal executives and senior managers great opportunities for promoting mutual trust among organizational members and

between management and employees in order to allow for extraordinary performance and growth of federal employees, as well as to allow for effective recruitment and retaining the right talents with the necessary skills where they are needed.

### Research Questions

The research questions this study examined are as follows:

1. What is the level of trust in selected U.S. federal agencies?
2. What is the level of job satisfaction in selected U.S. federal agencies?
3. What is the relationship between organizational trust and job satisfaction in selected U.S. federal agencies?

### Significance of the Study

Employees may want to work in organizations where their ideas are valued and where there is a mutual trust between their managers and them. There has been a general belief that managers can make or break the organization and that employees may not quit their jobs but may choose to leave their managers. According to Palguta, employees

Who entered the civil service often find themselves trapped in a maze of rules and regulations that thwart their personal development and stifle their creativity. The best are underpaid, the worst, overpaid. Too many of the most talented leave the public service too early; too many of the least talented stay too long. (2003, p. 1)

Testa, Mueller, and Thomas (2003) found that trust has a number of important benefits for organizations and their members. In addition, factors leading to job satisfaction may be different for people of different cultures. According to the U.S. Merit Systems

Protection Board's newsletter (2005), U.S. federal employees are likely satisfied with their job because they think that their agencies make good use of their skills and abilities.

Trust does matter. Research indicates "that organizations with high levels of trust will be more successful, adaptive, and innovative than organizations with low levels of trust or pervasive distrust" (Shockley-Zalabak, Ellis, & Winograd, 2000, p. 6). Argyris explained, "defense routines may stand in the way of an individual's learning, especially when the individual faces an anxious situation in which there is risk of embarrassment, or worse, of losing his or her job" (as cited in Adams, 2004, p. 8). Argyris further pointed out that organizational leaders often feel defensive about low levels of trust in their organizations, and they may be reluctant to explore trust levels in their organizations or to consider investing in trust interventions. They may even fear that low levels of trust could be viewed as a sign of their inadequate leadership. Leaders in organizations frequently exhibit defensive behaviors which can hinder their own learning (as cited in Adams).

According to Huff and Kelly (2003), trust is crucial in supporting a number of internal and external processes and activities that provide organizations with competitive advantage. Organizations that have a strong climate of internal trust and those who easily develop trusting relationships with external partners perform better than organizations with lower level of trust. High performance organizations have a high level of trust among coworkers as well as among management, and they empower their employees. Without trust, people assume self-protective, defensive postures that inhibit learning (Costigan et al., 1998).

This study contributes to the existing knowledge base of organizational researchers by providing a broad picture of a wide range of variables affecting organizational trust and