

EMPIRICAL STUDY ON THE INFLUENCE OF EMPLOYEES' TRUST ON EFFECTIVENESS IN ENFORCEMENT BASED ORGANIZATION

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Abstract: *In the study of public and private sectors organizations, the impact of employees' trusts in organization in developing their effectiveness performance has been revealed by the previous researches. This study aimed to examine the influence of trust on effectiveness among the employees in Malaysian local authority. Analyses such as descriptive analysis, reliability analysis, confirmatory factor analysis and analysis of regression using structural equation modeling (SEM) technique by AMOS 20 were performed based on 300 usable questionnaires received from the respondents. The result of the study confirmed the measurement scale was reliable and valid in achieving the acceptable goodness of measurement model fit. Based on the structural model, the regression analysis found that employees' trust influenced their effectiveness performance in this organization. Finally, the discussion and recommendation from the findings were elaborated.*

Key Words: *Trust, effectiveness, enforcement organization, structural equation modelling*

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1. INTRODUCTION

Nowadays, employees' effectiveness performance becomes the main determinant to ensure the stable and competitive organizations as required by the stakeholders. Basically, the dimension of effectiveness was interestingly measured in the employee performance area of study (Dizgah, Chegini, Farahbod & Kordabadi, 2011; Laschinger, Wilk, Cho & Greco, 2009) instead of other usual dimensions such as service quality (Timothy & Abu Bakar, 2013), productivity (Halkos & Bousinakis, 2010; Maduka & Okafor, 2014), creativity and innovation (Hyypia & Parjanen, 2013), and efficiency (Aktau, Cicek & Kiyak, 2011) as conducted in the previous researches. Effectiveness is basically part of useful characteristics in good governance practice by each

employee to perform a quality service delivery to the customers (Mohamad Daud & Yahya, 2014). By having the characteristic of effectiveness, the employees mainly in the public sector will be able to minimize the red tape procedures, avoid the slow work process and importantly fighting corruption (Mohd Sidek, 2005, Siddiqee, 2008). Therefore, to further the contribution of the knowledge in different context of study, this study employed effectiveness of the employees as a measurement of employees' performance in the selected enforcement organization. It is hoped that this study will give the implication in developing the effective employees in enforcement organization who finally are able to contribute to the effectiveness of Malaysian public management.

Referring to the definition of effectiveness by the management guru, Peter Drucker, effectiveness is basically related to somebody doing the right things (Soltani, 2006). Differently, Robbins (2009) defined effectiveness as the degree that brings an organization realizes its goal. Hence, it can be understood that effective employees who are having the right jobs and doing the right things are probably possible to succeed the organizational goals achievement as well as contributing to the organizational top performance. It is found that many past researches have studied the impact of employees' performance (whether in the dimensions of productivity, engagement and attitude of commitment) by employing the determinants such as leadership styles, organizational justice, employees' empowerment and motivation (Ali et al., 2015; Bello, 2012; Ponnu & Tennakoon, 2009; Mola-Hosseini & Arsalan, 2009; Uzonna, 2013). There are also researches that examine the association between the determinant of trust and employees' performances either performance is measured in general or using those dimensions as mentioned above (Dirks, 1999; Robinson, 1996). Trust is known as a very useful determinant to shift the intention and ability of employees for a better performance (Mayer et al., 1995).

Duck (1997) and, Kramer and Tyler (1995) have identified that trust is constructed by interpersonal and organizational approaches that refer to fairness, confidence and risk taking (Erturk, 2008). Those three constructs are explained differently in defining trust comprehensively by Rousseau, Sitkin, Burt and Camerer (1998). First, they define trust as the expectation or belief that represents individual confidence; second, trust as a willingness to be vulnerable that shows individual risk taking; and third is dependency on another that can be explained as organizational fairness, benevolence and ability. Something that to be highlighted after examining on the previous researches is a lack of study in the area of individual employee effectiveness performance that affected by employee's trust. Furthermore, researchers have neglected to relate this study framework to the context of public sector good governance characteristic mainly related to the enforcement based agencies in Malaysia. To fulfil the existing research gap, this study initiates the investigation on the relationship between employees' trust and employees' effectiveness in Malaysian local authority (LA).

2. LITERATURE REVIEW

2.1. The Relationship Between Trust and Effectiveness of the Employees

Literature showed a few studies investigated the impact of trust by the employees on effectiveness performed by them. For example, a study by El Kassrawy (2014) used sample of 125 virtual team members in Egypt. Afsar and Saed (2010) used 255 sample of white collar employees working in Islamabad, Pakistan. Both studies revealed that trust that includes trust in the organization had been a main predictor of effectiveness performance. Other than that, interpretation of the concept of social exchange theory by Blau (1964) explained that organizational trust based on subordinates' belief and satisfaction will reflect to their exchange in terms of performance enhancement such as become more effective. The theory of motivation also could underpin the relationship between trust and effectiveness. It is explained by the case of individual who trust in organization could be based on his/her needs achievement provided by the organization. This may motivate them to perform effectively. Hence, it is hypothesized that:

H1: There is a significant influence of trust on effectiveness of the employees.

Figure 1 illustrates the conceptual framework based on the above discussions.



Figure 1: Conceptual Framework

3. METHODOLOGY

The quantitative method was used to analyze the impact of employee performance of effectiveness caused by employees' trust which involved 368 size of sample. They were the employees in the local authority organization in central region of Malaysia. To ensure the representation of sample size during data collection, a double of 368 questionnaires were distributed to the respondents. The simple random sampling method was employed in order to ensure the homogenous respondents having a chance to be selected to answer the questionnaires. The final usable questionnaires were 300.

The instruments of this study were developed according to the reliable measurements as yielded from the previous researches. Therefore, to measure the construct of trust, 12 items were adapted and adopted from the study of Cook and Wall (1980). Besides, seven items were taken from Quinn (1988) to ensure they are fit to the context of the present study in measuring employees' performance based on their effectiveness good governance. A Five-Point Likert scale ranging from strongly disagree (1) to strongly agree (5) was used to measure all the designed

instruments. Analysis of descriptive was performed by using SPSS 20, besides AMOS 20 was used to run the SEM analysis which includes confirmatory factor analysis and testing of hypothesis structural model.

4. ANALYSES AND RESULTS

From the demographic profile analysis, the result indicated that 52% of the respondents are male and 48% are female. While, 9.7% of the respondents were 25 years old or less, while 51.3% represented the age group of 26 to 35. Those whose ages between 36 and 45 had accounted for 20.7% of the study, while 18.3% represented the age group of 46 and more. Most of the respondents (54.3%) have highest qualification at SPM level (Sijil Pelajaran Malaysia). Meanwhile, majority of them (33.7%) have length of service between 6-10 years.

In SEM, the goodness of model fit as performed through the confirmatory factor analysis was useful to determine the construct validity that consisted of convergent validity and discriminant validity. The convergent validity was succeeded when all items in SEM model showed the value of factor loading above 0.50 (Hair et al., 2010). The discriminant validity was achieved when the fit model was able to generate the disattenuated correlation between the constructs that yielded 0.80 which was below 0.90 (Tengku Faekah et al, 2012). Basically, the goodness of model fit was performed (RAMSEA = 0.045, TLI = 0.988, CFI = 0.092 and Ratio = 1.592) through the deletion of items of endogenous and exogenous constructs respectively when the modification indices output table indicated high errors. Importantly, the results as mentioned above were fundamentally contributed by the reliable instruments used in this study. The reliability test revealed that the cronbach's alpha of trust was 0.902 and effectiveness was 0.872 which indicated that the measurement scale of the study had achieved the internal consistency (Sekaran & Bougie, 2010)

The finding of regression analysis through the hypothesis structural model (see Figure 2) also found that employees' trust has strong and significant positive effect on employee performance of effectiveness ($\beta = 0.80$, t -value = 10.497, $p < 0.001$). Besides, R^2 value of 0.63 appeared in the model is to represent a 1% of changes of exogenous construct makes almost to a big variance of endogenous construct. Thus, this study supports the mentioned hypothesis (H1).

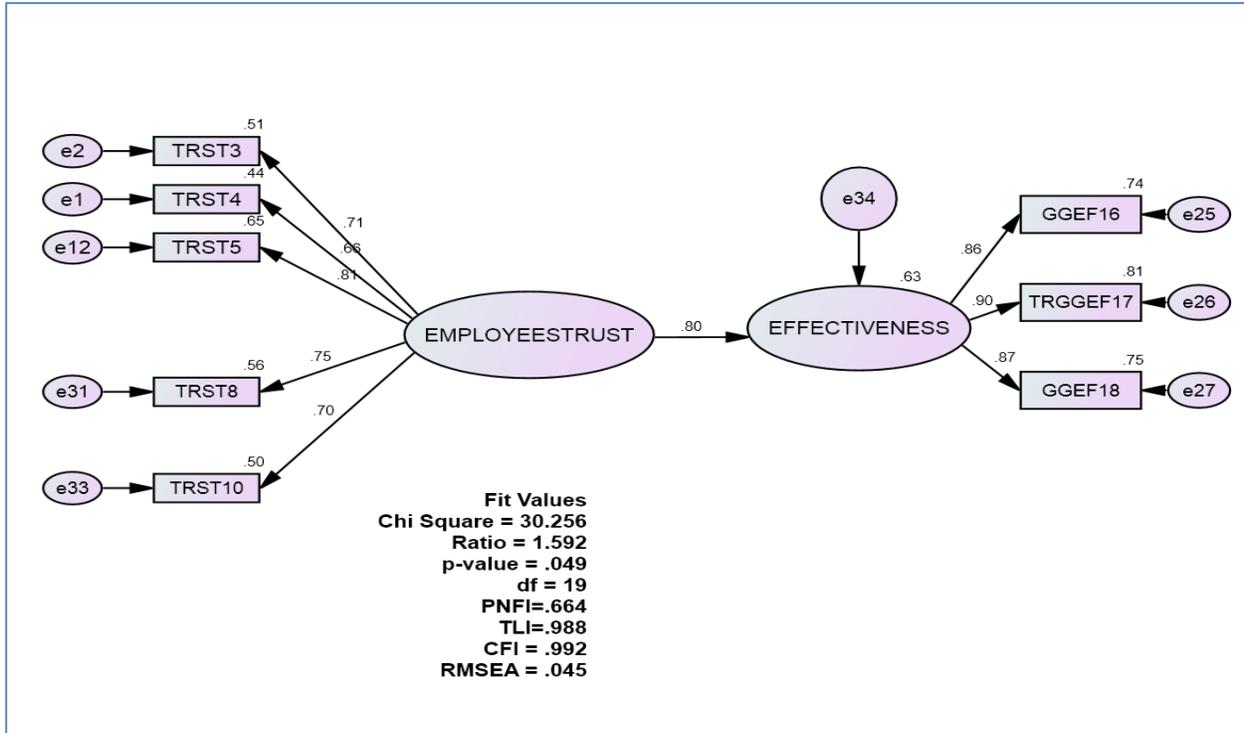


Figure 2: Hypothesis Structural Model

5. DISCUSSION

Empirically, the investigation conducted in this study has answered its main objective by confirming the significant influence of employees' trust on employees' effectiveness in enforcement organization. Meaning that those who trust their organization are motivated to increase their effectiveness in doing jobs. Hence, trust by the employees on their organization that consists of trust in leader, trust in peers and trust in organizational systems become the factors in promoting the effectiveness in employees' performance. Here, the characteristics of the leaders such as having ability, integrity and benevolence are the dimensions that may lead the employees' trust. The cooperation and understanding among the peers may motivated them to trust each other. Further, the organizational systems that they perceive realistic, workable, fair and satisfying their needs could generate their trust. As a result, the trusted employees are motivated and willing to perform effectively. Similarly, the finding of this study supported the related previous researches (Pangil & Chan, 2014; Sarker, Valacich & Sarker, 2003) although they were conducted in different settings and contexts. Implication of the study showed that there is a needs for the sustainable employees' trust in organizations that their core operation is related to enforcement activity in instilling the effective employees. Employees who perform effectively and efficiently are the main asset for the such organization to gain the stakeholders trust because effectiveness and efficiency are the valuable characteristics in avoiding serious misconduct like corruption among the enforcement personnel.

6. CONCLUSION

The study in the human resource management area has found another research finding which is the significant influence of employees' trust on their effectiveness in performing the jobs. This finding is related to the context of employees who work in the enforcement organization namely Malaysian local authority. Interestingly, the result of this study supports the previous findings of empirical researches in different locations of study. This study gives the implication on the importance of generating employees' trust by the leadership, management, system and co-workers of the enforcement organization. It is because the effectiveness characteristic among the employees can be performed when they trust their organization in many ways. Employees who trust their organization and having effectiveness appearance in completing the tasks are those who initiate a good governance practice for their organization especially Malaysian local authority.

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