CHAPTER 1

INTRODUCTION

1.1   Introduction

This introductory chapter aims to provide an overview of this study. The chapter presents the background of this study, the research rationale and problem, the objectives, the scope, the theoretical significance, and the managerial significance of this study. It concludes with the organisation of the chapters in this research report.

1.2   Background of the Study

Individuals in most organisations generally interact and work alongside their co-workers on a regular basis to fulfil their job requirements and personal needs for social interaction. Due to proximity to each other, employees often turn to their co-workers for immediate vital information, ideas, assistance, and feedback. Despite having similar work status or same level of organisational hierarchy as the co-workers (Tan & Lim, 2009), a growing body of research indicates that co-workers' attitudes and behaviour may have strong implications on the employees. The ability for work groups to influence an individual employee can be explained by social information processing theory. According to the theory, an individual's perceptions, attitudes, and behaviours are influenced by experiences and expectations from the social environment, beyond the impact of the individual's personal traits (Salancik & Pfeffer, 1978). Felps et al. (2009), for example, demonstrate that aggregated co-workers' job embeddedness and job search behaviour are related to individuals' turnover intention.

Co-workers' actions or attributes lead to a variety of individual- and organisational-level outcomes. For example, past researchers have found that social support from co-workers are related to individual employees' work outcomes, including pre-training motivation and skill transfer (Chiaburu & Marinova, 2005), affective commitment (Rousseau, & Aubé, 2010), job satisfaction of employees with high levels of team identification (Jimmieson, McKimmie, Hannam, & Gallagher, 2010), as well as positive components of employees' well-being such as life satisfaction (Simon, Judge, & Halvorsen-Ganepola, 2010). In addition, perceived support from co-workers degrades employees' negative components of well-being such as work stress (Ganster, Fusilier, & Mayes, 1986), emotional exhaustion (Ducharme, Knudsen, & Roman, 2008), and psychological strain (Beehr, Jex, Stacy, & Murray, 2000).

Prior literature suggests that employees may not always get along with their co-workers (e.g., Cortina, Magley, Williams, & Langhout, 2001). Employees usually experience conflicts with their co-workers when there are differences in ideas, preferences, values, and opinions. According to Hershcovis et al. (2007), interpersonal conflicts trigger co-workers targeted aggression. Similarly, Ilies, Johnson, Judge, and Keeney (2011) indicate that interpersonal conflicts involve discourteous behaviour.

Negative events in organisation can be critical in undermining trust (Mishra, 1996). Duffy, Ganster, and Pagon (2002) regard the experience of being the target of social undermining behaviour as a negative event. They define social undermining as a form of negative behaviour that is, "...intended to hinder, over time, the ability to establish and maintain positive interpersonal relationships, work-related success, and favourable reputation" (Duffy et al., 2002, p. 332). Examples of social undermining behaviour in the workplace include delaying work to make others look bad and hurting the feelings of others. Morrison and Robinson (1997) perceive undermining behaviour

as a violation of the relational contract and suggest that it may lead to serious individual and organisational consequences.

The importance of trust in co-workers is magnified by the prevalence of work team and tasks interdependence in organisations (Lau & Liden, 2008). As employees and their co-workers have equal power, trust is considered as the hallmark of effective relationships among them. Trust is important because it is a precursor to quality social exchange relationships and it may contribute towards improving the performance of employees (Dirks & Skarlicki, 2009; Ferres, Connell, & Travaglione, 2004). Trust could affect the amount and accuracy of information sharing in a social network (Droege, Anderson & Bowler, 2003). Employees feel more comfortable to exchange information and knowledge with their co-workers when they have positive expectations of how the co-workers will utilize the information (Jones & George, 1998). Trust in co-workers is essential as employees work with others to successfully accomplish relevant task and shared goals. According to Parker, Williams, and Turner (2006), individuals who trust in their co-workers are more likely to feel more in control on their work outcomes and they have higher affective commitment.

Scholars have devoted much effort to uncover the antecedents of trust. Traditionally, their work focussed mainly on individual attributes, including perceived trustworthiness. Mayer, Davis, and Schoorman (1995) posit that the trustworthiness of trustees comprises of attributes such as their ability, benevolence, and integrity. Ability is, "…the perception that a trustee has skills and competencies in the domain of interest" (Mayer & Gavin, 2005, p. 874). Benevolence refers to, "…the extent to which a trustee is believed to want to do good to the trustor, aside from an egocentric profit motive" (Mayer et al., 1995, p. 118). Integrity, according to Mayer and Gavin (2005), is the

belief that the trustee will behave based on a set of principles that the trustor considers acceptable.

Past research on trust has demonstrated that the three attributes contribute to the prediction of trust (Kiffin-Petersen & Cordery, 2003; Mayer & Davis, 1999; Tan & Tan, 2000). Tan and Lim (2009), using full-time agents of a life insurance company in Singapore as samples, reveal that co-workers' benevolence and integrity factors were significantly and positively related to trust in co-workers. According to the authors, trust in co-workers was positively related to trust in organisations. This study extends Tan and Lim's work by including in the research model both the co-workers' trustworthiness and social undermining behaviour as antecedents of trust in co-workers. Besides, this study examines the relationships between trust in co-workers and employees' job performance. Lau and Cobb (2010) hypothesize that relationship conflict among employees is likely to have detrimental effects on employees' trust for one another. Given that relationship conflict often involves negative behaviour (Ilies et al., 2011), it is anticipated that co-workers' social undermining behaviour would diminish trust in co-workers.

Rotundo and Sackett (2002) suggest that job performance consists of three broad categories, namely organisational citizenship behaviour (OCB), counterproductive work behaviour (CWB), and task performance. Of all, task performance was traditionally recognized as the most important variable. It includes activities that are related to one's job description and the behaviour that contributes towards the production of the organisation's goods or services (Motowidlo, Borman, & Schmidt, 1997).

The importance of OCB and CWB is widely recognized in more recent research literature (e.g., Johnson, Tolentino, Rodopman, & Cho, 2010; Le et al., 2011). OCB refers to employees' extra role behaviour that improves the functioning of an

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organisation (Organ & Paine, 1999). CWB, on the other hand, denotes voluntary acts by an employee that harms, or at least intended to harm, the legitimate interests of an organisation and/or its members (Sackett & DeVore, 2002). Both OCB and CWB may be directed at the organisation or at any specific individuals within the organisation such as the supervisors and the co-workers (Dalal, Lam, Weiss, Welch, & Hulin, 2009).

Past research has noted that OCB and CWB are distinct constructs (Dalal, 2005). Empirical evidence also suggests that OCB, CWB, and task performance are empirically distinct (e.g., Sackett, Berry, Wiemann, & Laczo, 2006). This study recognizes the needs for, and beneficial implications associated with, examining the relationships between trust in co-workers and three categories of employees' job performance.

Chiaburu and Harrison (2008) recommend researchers to examine the entire range of co-workers' behaviour simultaneously in a single study because employees are likely to encounter both of the co-workers' positive and negative behaviour. Accordingly, I proposed that both the co-workers' trustworthiness and social undermining behaviour are related to trust in co-workers. In addition, following the suggestions by Ferres, Connell, and Travaglione (2004), the relationships between trust in co-workers and employees' job performance were explored in this study.

1.3   Research Rationale and Problem

Research in the organisational sciences shows a growing interest in interpersonal relationships between employees and their co-workers in the workplace. Among others, they include co-workers exchange (CWX), peer support, and relationship conflict between co-workers (e.g., Lau & Cobb, 2010; Sherony & Green, 2002; Tsai, Chen, &

Liu, 2007; Zhou & George, 2001). Nonetheless, several key issues have been overlooked.

Social exchange theorists and social network researchers have focused primarily on the positive aspects of relationships between employees and their co-workers such as social support and interpersonal trust (e.g., Bowling et al., 2004; De Jong, Van der Vegt, & Molleman, 2007; Simon et al., 2010). This poses an issue because relationships between employees and their co-workers often consist of both the positive and negative aspects (Chiaburu & Harrison, 2008). For example, co-workers could enhance an employee's job performance by helping the employee (a positive relational experience), but the co-workers may compete with the employee for status and recognition (a negative relational experience).

Empirical works examining the effects of both the positive and negative behaviours of co-workers on the work experiences of others are scarce. This study, therefore, adds knowledge by examining the effects of the co-workers' trustworthiness (positive) and their social undermining behaviour (negative) on employees' work experiences.

The concept of trust has received considerable attention in organisational literature because it is positively related to employees' attitudes, behaviour, and performance (Dirks & Ferrin, 2002; McAllister, 1995). Aryee, Budhwar, and Chen (2002), for example, indicate that perception of fair treatment received from decision-maker is significantly related to trust in supervisor. According to the authors, trust in supervisors is linked to better task performance and more individually- and organisationally-directed organisational citizenship behaviour (OCB).

While literature on trust in supervisor has been well-developed, studies examining trust in co-workers are limited. The few studies have demonstrated that the

co-workers' trustworthiness (Tan & Lim, 2009), the trust that leaders have for the co-workers (Lau & Liden, 2008), trust transferability (i.e., the number of third parties who trust the co-workers), and the frequency of interpersonal OCB performed by the co-workers (Ferrin, Dirks, & Shah, 2006) are related to trust in co-workers.

This study goes beyond previous research by investigating both the co-workers' trustworthiness and social undermining behaviour as antecedents of trust in co-workers. Given that all types of interpersonal relationships have positive and negative aspects, it is important to investigate both aspects in a single study. Existing researchers tend to emphasize on the positive aspects of network relationships, and thus researchers such as Labianca and Brass (2006) call for more work to be done in the area of negative relationships. Moreover, Chiaburu and Harrison (2008) urge researchers to examine both the positive and negative behaviours of co-workers in a single study to understand how co-workers matter in the workplace.

Social undermining behaviour of co-workers could lead to workplace conflict as people are likely to respond to negative behaviour by retaliating with similar behaviour (Andersson & Pearson, 1999). Lau and Cobb (2010) suggest that relationship conflict between co-workers may adversely affect employees' trust for one another. However, there is a paucity of empirical research that examines the relationship between co-workers' social undermining behaviour and trust in co-workers. Therefore, I examined how co-workers' trustworthiness and social undermining behaviour are related to employees' trust in co-workers.

Some existing studies have focused on the effects of trust in co-workers on a range of desired outcomes such as employees' proactive behaviour at work (Parker et al., 2006), perceived organisational support, affective commitment (Ferres et al., 2004), willingness to provide resources to the co-worker (Dirks & Skarlicki, 2009), and trust in

organisations (Tan & Lim, 2009). Ferres et al. (2004) call for more study on the outcomes of trust in co-workers such as OCB and task performance. According to Yakovleva, Reilly, and Werko (2010), trust between co-workers is an important predictor of OCB, especially when the employees and co-workers are physically close. Nevertheless, empirical support for the relationships between trust in co-workers and organisation-directed OCB (OCBO), as well as between trust in co-workers and co-workers directed OCB (OCBC), are lacking.

Bowler and Brass (2006) indicate that the strong ties or friendships between employees and their co-workers are related to individuals directed OCB (OCBI). When employees have good relationships with their co-workers, they are more likely to help the co-workers beyond the job requirements. However, little is known about the relationships between trust in co-workers and organisation-directed OCB (OCBO), as well as between trust in co-workers and counterproductive work behaviour.

Lastly, the study on relationships between employees and their co-workers is limited in Malaysia. Empirical studies on trust in co-workers have been conducted mainly in developed countries such as the United States and Canada. Studies in Malaysia have generally focused on trust in supervisor (e.g., Asgari, Silong, Ahmad, & Samah, 2008; Poon, 2006; Poon, Rahid, & Othman, 2006), and the supervisor-subordinate relationships (e.g., Ansari, Hung, & Aafaqi, 2007; Lo, Ramayah, Hii Wei, & Songan, 2010; Salleh, Lee, & Raida, 2009). Less is known about the relationships between employees and their co-workers in Malaysia, a country known to be high in collectivism and moderate in masculinity (Hofstede, 1984; Lim, 2001), and high in humane orientation (Gupta, Surie, Javidan, & Chhokar, 2002).

1.4   Objectives of the Study

Past research on trust has been devoted to trust in leaders, without giving considerable attention to trust in co-workers (Lau & Liden, 2008). According to Fiske (1992), relationships between employees and their co-workers are denoted by equality matching as opposed to authority ranking in the relationships between supervisor and subordinate. A meta-analysis by Chiaburu and Harrison (2008) suggests that co-workers are important in the workplace as their actions could influence employees' job satisfaction, organisational commitment, and withdrawal behaviour. This study therefore aims to examine more about trust in co-workers so as to expand the existing literature on trust.

This study goes beyond previous research by investigating the factors that determine trust in co-workers. Chiaburu and Harrison (2008) suggest that researchers consider co-workers' support (positive behaviour) and co-workers' antagonism (negative behaviour) when investigating the relationships between employees and their co-workers because employees are likely to encounter both behaviours originating from their co-workers.

In a study in Singapore, Tan and Lim (2009) explored the extent to which the ability, benevolence, and integrity of co-workers are related to trust in co-workers. According to the authors, only co-workers' benevolence and integrity were significantly related to trust in co-workers. Research examining the relationship between co-workers' social undermining behaviour and trust in co-workers has been noticeably absent, perhaps due to the sensitivity involved in gathering data about social undermining behaviour. To understand more about the determinants of trust in co-workers, I examined whether co-workers' ability, benevolence, integrity, and social undermining

behaviour are related to trust in co-workers based on the experiences of Malaysian employees.

Trust in leadership, according to Dirks and Ferrin (2002), is positively related to employees' OCB and task performance. However, it remains unclear whether trust in co-workers has similar performance benefits (Ferres et al., 2004; Yakovleva et al., 2010). I anticipated that with trust in co-workers, the employees are more likely to accomplish better task performance, exhibit more OCB, and commit less CWB. Specifically, this research aimed to provide empirical evidence that trust in co-workers is related to organisation-directed OCB (OCBO), co-workers directed OCB (OCBC), organisation-targeted CWB (CWBO), co-workers targeted CWB (CWBC), and task performance.

This study also explored the role of trust in co-workers as the mediator of the relationships between co-workers' trustworthiness and employees' job performance, as well as between co-workers' social undermining behaviour and employees' job performance. It was anticipated that the more employees perceived that their co-workers as trustworthy, the more they trust in co-workers, and in turn, the better they would perform at work. Besides, it was expected that when employees do not perceived themselves as the targets of co-workers' social undermining behaviour, they would trust more in co-workers, and thereby perform better job performance.

These predictions concurred with past research. According to Aryee et al. (2002), trust in supervisor is an important mediator of the relationships between interactional justice and the individually- and organisationally-directed OCB. In addition, Dirks and Skarlicki (2009) report that trust in a co-worker mediates the relationships between perceptions of the co-worker' trustworthiness and employees' willingness to share resources with the co-worker.

The key objectives of this study are summarized as follows:

1) To establish if co-workers' ability, benevolence, integrity, and social undermining behaviour are related to trust in co-workers.

2) To examine whether trust in co-workers is related to co-workers directed OCB (OCBC), organisation-directed OCB (OCBO), co-workers targeted CWB (CWBC), organisation-targeted CWB (CWBO), and task performance.

3) To study whether co-workers' ability, benevolence, integrity, and social undermining behaviour are related to co-workers directed OCB (OCBC), organisation-directed OCB (OCBO), co-workers targeted CWB (CWBC), organisation-targeted CWB (CWBO), and task performance.

4) To investigate whether trust in co-workers mediates the relationships between co-workers' trustworthiness and employee's job performance.

5) To determine whether trust in co-workers mediates the relationships between co-workers' social undermining behaviour and employee's job performance.

To the best of my knowledge, no study to date perhaps has systematically examined the mediating role of trust in co-workers for the relationship between co-workers' trustworthiness and employees' job performance. This is also perhaps the first study to establish if trust in co-workers mediates the relationships between co-workers' social undermining behaviour and employees' job performance.

1.5 Scope of the Study

This study can be viewed as part of a larger effort by researchers to understand the antecedents and outcomes of trust within the organisational context. The focus of this study is on the co-workers' trustworthiness, social undermining behaviour, trust in co-workers, co-workers directed OCB (OCBC), organisation-directed OCB (OCBO), co-workers targeted CWB (CWBC), organisation-targeted CWB (CWBO), and task performance.

The data for this study were collected from ten private organisations located in the capital of Malaysia, Kuala Lumpur and its closest neighbour, the state of Selangor. Participants of this study were employed from a wide range of industries, including insurance, financial services, telecommunication, manufacturing, education, information technology, and properties development sectors. Therefore, the results of this study could be generalized across more industries compared to studies that are limited to employees in a single industry or organisation.

Three sets of questionnaires were developed for the employees, their co-workers, and immediate supervisors. In selecting the research sample, there were no restrictions on the participants' gender, ethnicity, age, and job designations. Participation in the survey was voluntary and all responses were treated as confidential.

1.6 Significance of the Study

This study aims to contribute to literature by examining the relationships of co-workers' ability, benevolence, integrity, social undermining behaviour, co-workers directed OCB (OCBC), organisation-directed OCB (OCBO), co-workers targeted CWB (CWBC), organisation-targeted CWB (CWBO), and task performance as mediated by

trust in co-workers. The following sub-sections describe the theoretical and managerial significance of this study.

1.6.1   Theoretical Significance

The trustworthiness of a trustee has been identified as the key determinants of trust (Mayer et al., 1995). Tan and Lim (2009), for example, report that co-workers' trustworthiness was significantly related to employees' trust in co-workers. Previous research on trust has primarily focused predominantly on trustworthiness and tends to focus on supervisor-subordinate relationships but not on relationships between employees and their co-workers (e.g., Mayer & Davis, 1999; Mayer & Gavin, 2005; Tan & Tan, 2000). In a study of co-workers' influences by Chiaburu and Harrison (2008), they contend that co-workers, similar to leaders, could provide both positive and negative aspects of influences. This study therefore explored the effects of both co-workers' trustworthiness (positive) and social undermining behaviour (negative) on trust in co-workers to improve the predictions about trust in co-workers.

Trust is important to facilitate employees' better performance because it enables employees to focus on their jobs. Previous studies viewed trust as a proximal antecedent of a variety of job performance and behaviour such as task performance and organisational citizenship behaviour (e.g., Jones, 2009; Poon, 2006; Williams, 2001). Besides, past research has found that trust mediates the relationships between supervisor's trustworthiness or behaviour and employee's job performance (e.g., Aryee et al., 2002; Huang et al., 2010; Jung & Avolio, 2000). The limited existing studies on trust in co-workers have demonstrated the effects of trust in co-workers on employee's interpersonal citizenship behaviour (e.g., Settoon & Mossholder, 2002), organisational commitment, perceived organisational support, intention to quit, (e.g., Ferres et al.,

2004), proactive behaviour (Parker et al., 2006), and individuals' in-role performance (Dirks & Skarlicki, 2009).

One of the most widely used conceptualizations of OCB and CWB is the distinctions between OCB and CWB targeted at the organisation as well as at other individuals such as supervisors or co-workers (Bennett & Robinson, 2000; Lee & Allen, 2002; Williams & Anderson, 1991). Researchers suggest that the social exchange between employees and their co-workers is likely to spill over to the organisation (Chiaburu & Harrison, 2008). Consistent with Rotundo and Sackett's (2002) multidimensional model of job performance, this study aimed to extend the literature by examining how trust in co-workers is differentially related to employees' co-workers directed OCB (OCBC), organisation-directed OCB (OCBO), co-workers targeted CWB (CWBC), and organisation-targeted CWB (CWBO).

Past researchers have revealed that trust is a mechanism through which quality leader-member exchange relationships (e.g., Brower, Schoorman, & Tan, 2000), interactional justice (Aryee et al., 2002), and participative leadership behaviour (Huang, Iun, Liu, & Gong, 2010) would affect employees' work behaviour. Unfortunately, these studies focused solely on trust in supervisor. This study goes beyond past studies by suggesting that trust in co-workers would mediate the relationships between co-workers' trustworthiness and employees' job performance, as well as between co-workers' social undermining behaviour and employees' job performance.

Much of research on trust in co-workers has been conducted in the Western workplace, particularly the United States, which is generally characterized by the individualist culture (Hofstede, 1984). Whether the findings could be generalized to the collectivist cultures of the non-Western culture remains unclear. Therefore, this research advances understanding of the relationships between employees and their co-workers in

the non-Western context. The following sub-section describes the applied and managerial benefits of this study.

1.6.2   Managerial Significance

Past research has indicated that trust often results in desired work outcomes. Trust in co-workers, according to Kiffin-Petersen and Cordery (2003), is related to employees' preferences for working in team. Therefore, a thorough understanding of the role of trust in co-workers is particularly crucial to the employees, organisations, and practicing managers. This research should help managers to better understand how trust is developed among their employees. Organisations could employ the results of this study to design appropriate training and intervention practices that are aimed at fostering employees' trust for one another.

Insights from the findings would allow managers to determine which of the co-workers' trustworthiness factors have the most significant relationship with trust in co-workers and if co-workers' social undermining behaviour is related to trust in co-workers. The findings would also help managers to determine the potential performance benefits associated with trust in co-workers. Such insights might be able to move the employers to build more trust among employees and harness the benefits of trusting relationships.

Several employees' job performance measures were used in this study. They include co-workers directed OCB (OCBC) and organisation-directed OCB (OCBO) by Lee and Allen (2002), co-workers targeted CWB (CWBC) and organisation-targeted CWB (CWBO) by Bennett and Robinson (2000), and task performance by Williams and Anderson (1991). Managers could use these measures to complement their existing performance evaluation measures.

1.7   Organisation of the Chapters

This report is divided into six chapters. Chapter 1 is the first of the six chapters in this dissertation. It describes the background of the study, the research rationale and problem, the research objectives, the scope of the study, as well as the theoretical and managerial significance of the study. Chapter 2 presents a review of relevant past literature and empirical studies. The chapter begins with a review of trust, trust in co-workers, and trustworthiness literature. It also reviews past literature on social undermining behaviour, organisational citizenship behaviour (OCB), counterproductive work behaviour (CWB), and task performance.

Chapter 3 explains the development of the theoretical framework and hypotheses of the study. The chapter describes the relationships among the research constructs, and how this study attempts to bridge the gaps in the literature. Chapter 4 describes the research methods used in this study. The chapter discusses the research design, the research sample, data collection procedures, the development of the questionnaires, and the selection of the research measures. It concludes with a brief introduction of the data analysis techniques that were used to analyze data collected from the survey.

Chapter 5 presents the results or findings from this study. The chapter begins with the basic description of the demographic characteristics of the employees, their co-workers, and supervisors. This was followed by the results of item-total correlations analysis, Exploratory Factor Analysis (EFA), correlation analysis, and Structural Equation Modeling (SEM) analysis. The chapter concludes with a summary of hypotheses testing results.

Chapter 6 summarizes the important findings and explains the relevance of the research results. The chapter also discusses the theoretical and managerial implications,

as well as the limitations of the study. This chapter concludes with some recommendations for future research.

1.8   Conclusion

Chapter 1 provided an overview of the study. This chapter discussed the issues and the rationale for this study. The chapter also outlined the objectives, the scope, and the significance of this study. The next chapter provides a detailed account of relevant literature that supports this study.