

Perceived Organizational Climate & Interpersonal Trust among Virtual Workers

Arvind Kaur Birdie & Madhu Jain

Growing number of organizations explored the virtual environment as a means to achieve increased responsiveness. Use of virtual teams appears to be on the rise. The present study explores the relationship between perceived organizational climate and interpersonal trust among virtual workers. The sample consisted of 100 virtual workers working in different organizations in Delhi-NCR. A correlation based research design was employed. The correlation between overall perceived organization climate and trust has been found insignificant among virtual workers. However, perceived organizational climate's domains like performance standards, conflict resolution, reward system and identity problems are found positively correlated with trust in an organization.

Arvind Kaur Birdie is Associate Professor & Acting Principal, IIMT School of Management, Gurgaon. Email: arvindgagan@gmail.com. **Madhu Jain** is Associate Professor, Department of Psychology, University of Rajasthan, Jaipur, India.

Introduction

As technology advanced and liberalization came in the early nineties in India, not only it changed individual's lifestyle to a large extent but it also brought the world closer. This globalization has brought a big change in organizations also. Virtual working is one of them.

The radical change in the market took place due to liberalization, globalization and technological advances by the effect of which customers can get a product made in America or anywhere in the world and survive in a local market where businesses are expanding. India's growth story shows that those who embraced change post-1991 had not only survived but excelled. With globalization, organizations are becoming more service oriented with the help of fast technology which has metamorphosed the work culture and the work setting. If a customer in Jaipur wishes to buy a book from the US or New Delhi, he/she does not have to go to America or New Delhi, and probably not even to a bookshop in Jaipur. With a click on the website selling books, the person can receive it within 24 hrs at

home itself. Globalization and advancement in technology has influenced organizational structure and culture. As a result globalization has become a big challenge says organization behavior experts.

Cultural, geographic, and time differences make it challenging for a leader to provide structure to followers, evaluate their performance, inspire and develop them and enable them to identify with the organization. Organizational behaviorists have helped to provide new alternative work arrangements to today's workforce. This workforce is very different and sounds interesting. Here the individual works from anywhere e.g., while traveling, visiting customer etc. In all the cases, the worker remains linked electronically with the home and office.

The numbers of workers who are telecommuting are growing by the day, with organizations such as Cisco reporting that more than 50% of their workers telecommute at least part of the time. Many organizations like IBM embraces virtual work not only as a means of helping employees with work- life balance issues, but also for bottom line interests.

The Virtual Model- Organization

One model that looks increasingly robust in difficult times is the virtual model-organization that orchestrates the activities of many independent actors

The major virtue of virtuality is that, if it is done right, it creates truly agile organizations.

rather than owning, employing and controlling lots of people. The major virtue of virtuality is that, if it is done right, it creates truly agile organizations well equipped to negotiate the crumbling markets of recession (Birkinshaw, 2010).

Drori, Meyer and Hwang (2006) conceive the organizations as a reflecting model of their environment. Today the information based organizations are becoming a reality. In fact, Bell and Kozlowski (2002) maintain that virtual teams will play a key role in the design of organizations in the new millennium. For multinational companies and organizations who work across the borders cost cutting is one of the issues. With increasing efficiencies in terms of customer focus, this might be proving profitable as in the case of IBM which reports firm estimates that \$ 100+million are saved each year. However, from the psychological perspective whether this concept of virtual working creates organizations where people perceive their organizational climate as positive and whether they can form the kind of trusting relationships with others in the office setting while formal and informal meetings (including gossips) are going on as virtuality.

Lipnack and Stamps (1997) stated that managing a successful virtual company requires 90% people and 10% technology. As this concept is new and little is known about it scientifically, in the past not many relevant researches in psychology has been taken to throw light on the virtual work force, we consider it relevant to study this new area as it is becoming one of the challenges in the field

of organizational behavior in the present digital age. With these questions in mind we have taken virtual workers as a sample of this study. Another important and associated aspect is that organization climate and the interpersonal trust between people in these organizations where members do not meet face to face play an important role irrespective of the type of organization. Does interpersonal trust get affected in these organizations? Therefore, the study of organizational climate is an important part of this research.

We consider two approaches here. The first regards the concept of climate as an individual perception and cognitive representation of the work environment. The second emphasizes the importance of shared perceptions as underpinning the notion of the climate (Anderson & West, 1998; Mathisen & Einarsen, 2004). A study conducted by Hart, Griffin, Wearing and Cooper (1996) shows that the organizational climate model accounts for at least 16% on a single-day sick leave and 10% separation rates in one organization. Other studies support the links between organizational climate and many other factors such as employee retention, job satisfaction, well-being, and readiness and change (Bushell, 2007).

Organizational climate has many constituents. Among all of them OCTAPACE culture is one which was introduced by T.V. Rao. It includes 1. Openness 2. Confrontation 3. Trust 4. Authenticity 5. Proactivity 6. Autonomy 7. Collaboration and 8. Exprementing (Singh, 2010). Current research suggests

that virtual teams' failure is directly related to the difficulties of building trust, and positive relationships across the three boundaries of geographical distances, time zones, and cultural differences (Kimble, Li & Barlow, 2001).

Wilson (1993) believes that although trust is a significant concept for study, it is a topic which has different interpretations. Lewicki, Allister and Bies (1998) define trust as "The perception of one about others, decision to act based on speech, behavior and their decision". Mayer (1995) believes that trust is "the tendency of a group to susceptibility towards the actions of other group, it is expected that group will do a special action which is important in the view of the one who trusts regardless of supervision and control of the group". Mishra (1996) defines organizational trust as a unidirectional tendency toward susceptibility to other party based on the expectation or believe that the other party is reliable, open and trustable.

Swift Trust in Temporary Teams

When the team begins to interact, trust is maintained by a "highly active, proactive, enthusiastic, generative style of action" (Meyerson 1996). High levels of action have also been shown to be associated with high performing teams (Iacono and Weisband, 1997). Action strengthens trust in a self-fulfilling fashion: action will maintain member's confidence that the team is able to manage the uncertainty, risk, and points of vulnerability, yet the conveyance of action has a requisite of the communication of

individual activities. In summary, whereas traditional conceptualizations of trust are based strongly on interpersonal relationships, swift trust de-emphasizes the interpersonal dimensions and is based initially on broad categorical social structures and later on action. Since members initially import trust rather than develop it, trust might attain its zenith at the projects inception (Meyerson, Weick & Kramer, 1996).

Trust might attain its zenith at the projects inception.

Trust is critical for unblocking communication between members and sustaining motivation of each person involved. The issue of trust needs special attention at any stage of team's existence (Wellman, 2001). Keeping in perspective the importance of trust for organizations and the increasing change in organization's structure and climate due to virtual work settings, the aim of this study is to find out whether perceived organizational climate is related to trust among virtual workers. The following hypothesis is formulated for the study:

There will be significant positive relationship between perceived organizational climate and trust among virtual workers of different organizations.

Sample

Virtual working is still in its early stages in India. A sample of 100 male

virtual workers who are qualified post-graduates, possess three years of work experience and fall under 26.5 years of age were selected adopting the purposive sampling method on the bases of availability as well as willingness to participate in this study. Respondents were selected from various organizations in IT, ITES, and Hospitality sectors residing in Delhi and NCR (National Capital Region).

Organizational Climate Inventory (OCI)

OCI is developed by Chattopadhyay & Agarwal (1976) and is used to measure perceived organizational climate consisting of 70 items. OCI dimensions were: performance standards, communication flow, reward system, responsibility, conflict resolution, organizational structure, motivational level, decision making process, support system, warmth and identity problems. Reliability coefficient by Spearman-Brown Formula was .898, P being .001 and 68 out of 72 items valid.

Organizational Trust Inventory (OTI)

Trust was measured with OTI developed by Nyhan & Marlowe (1997). The OTI reflects the assumed differentiation of systems and personal trust in Luhmann's theory. It is a 12-item scale, with 8 items measuring trust in supervisor and 4 items measuring trust in the organization as a whole. The scale is formed in a 7-point Likert-type format. Internal consistency tests show that each

of the study groups' coefficient alphas was very high (.96 and .95, respectively for both types of trust). CFA (conformatory factor analysis) used to test the validity of the dichotomized scale. Discriminant validity is supported by the X² difference test. Convergent validity was assessed using the data from all study groups. It exhibited internal homogeneity and consistency, temporal reliability, and discriminant and convergent validity.

Procedure

The sample of the present study involved virtual workers of different organizations. The information about the sample was collected initially from the company's website and social websites and then by meeting them face to face. Initial rapport was established through social websites like LinkedIn. After getting their informed consent and according to the convenience of virtual workers, a specified time and duration for filling questionnaires was fixed. Before administering the questionnaires, the respondents were assured of the confidentiality of their responses. Special care was taken to administer the test properly, minimizing the effect of fatigue by administering the test in three sessions. To get more clarity and to verify the generalized results, researchers administered focus group discussions and non-structured interviews in the organizations' conference rooms or cafeteria by taking due permission from organizations' administration departments. The sample was chosen randomly to get justified results in the line of questionnaires filled.

Results & Discussion

A close analysis of the results shows that in the total sample of virtual workers, correlation between overall perceived organization climate and trust has not been found significant among virtual workers. Perceived organizational climate's domains performance standards ($P < .05$), conflict Resolution ($P < .05$), reward system ($P < .05$) and identity problems ($P < .05$) dimensions were found positively correlated with trust in the organization. The results of this study partially support the hypothesis of relationship between perceived organizational climate and interpersonal trust among virtual workers of different organizations. As virtual work climate is different from face to face work environment the past theories and researches in virtual context do not remain unchanged and this could be one of the reasons for the partial correlation between the variables. The finding goes in consonance with the interview schedule taken by the researchers for exploring the factors affecting the overall trust with the organization and supervisors and long term commitment for the organization.

Correlation between overall perceived organization climate and trust has not been found significant among virtual workers.

Views of Employees

“Although, I am working in India's best MNC in the IT sector, the sector has its own complexities. Everything was good but after working for so long in this

Table 1 Pearson Correlation Matrix of Total Sample of Virtual Workers (N=100)

	Sup Trust	Org Trust	Trust	Per Std	Conn Flo	Rwd Sys	Resp	Conf Reso	Org Strc	Moti Lvl	DM	SS Warmth	Id Prob		
Sup Trust	1														
Org Trust	-.077	1													
Trust	.84(**)	.47(**)	1												
Per Std	.08	.22(*)	.192	1											
Conn Flo	-.04	.04	-.013	.46(**)	1										
Rwd Sys	.025	.25(*)	.159	.72(**)	.52(**)	1									
Resp	.13	-.07	.08	.25(*)	.36(**)	.27(**)	1								
Conf Reso	.08	.21(*)	.190	.68(**)	.59(**)	.63(**)	.31(**)	1							
Org Strc	-.11	.16	-.01	.11	.14	.23(*)	.03	-.03	1						
Moti Lvl	.00	-.01	-.00	.41(**)	.74(**)	.50(**)	.33(**)	.47(**)	.13	1					
DM	-.18	.05	-.13	.47(**)	.85(**)	.60(**)	.25(**)	.63(**)	.12	.70(**)	1				
SS	.04	.16	.12	.54(**)	.72(**)	.63(**)	.28(**)	.64(**)	.19	.54(**)	.63(**)	1			
Warmth	.15	.06	.17	.36(**)	.56(**)	.34(**)	.53(**)	.30(**)	.14	.67(**)	.41(**)	.31(**)	1		
Id Prob	.01	.22(*)	.13	.69(**)	.63(**)	.71(**)	.32(**)	.76(**)	.187	.53(**)	.64(**)	.77(**)	.43(**)	1	
OC	.01	.16	.10	.73(**)	.87(**)	.78(**)	.46(**)	.77(**)	.24(*)	.79(**)	.84(**)	.81(**)	.63(**)	.84(**)	1

*Significant at 0.05 Level (2 tailed)

**Significant at 0.01 Level (2 tailed)

Sup Trust: Supervisor Trust

Org Trust: Organizational Trust

Per Std: Performance Standards

Conn Flo: Communication Flow

Rwd Sys: Reward System

Resp: Responsibility

Conf Reso: Conflict Resolution

Org Strc: Organizational Structure

Moti Lvl: Motivational Level

DM: Decision Making

SS: Social Support

Warmth: Warmth

Id Prob: Identity Problem

OC: Organizational Climate

reputed company, many people will be fired in a month or two”, comments X case Senior Project Head.

“It is like the boss is more concerned checking whether I am on a holiday or working”, rues G case, hotel business developer/ travel firm.

“The digital age has shifted many things. I can work from my home town also. No need to go to office. My work is project- based. My boss is not bothered whether I am at home or in the market or the office. This way the company has no issues. Our clients are in US so I can work in the night time also,” claims B Case, IT.

“Although it is one of the best companies in the hospitality sector, I cannot think more than two years. One needs to grow. Right now I am not married, so I can shift anywhere whether Bombay or Noida”, according to A case, hotel solutions.

“Things have changed from few years back and now. At the end of the day, money matters. So I do not think in the corporate world one marries with the company. Whenever there is a good opportunity, I can shift even if it’s a smaller organization”. So believes H case, ITes firm.

“Most of our organizations tend to be arranged on the assumption that people cannot be trusted or relied upon, even in tiny matters. It is unwise to trust people whom you do not know well, whom you have not observed in

action over time, and who are not committed to the same goals....Trust needs touch....high tech has to be balanced by high touch to build high trust organizations. Paradoxically, more virtual an organization becomes, the more its people need to meet in person” (Handy, 1995).

Cultivating trust among team members in global teams has been ranked as the most difficult task by global team leaders. People trust one another more when they share similarities, communicate frequently and operate in a common cultural context that imposes sanctions for behaving in an untrustworthy manner. Building trust is even more difficult when there is :

1. A high level of risks in the tasks
2. A low level of interdependence between team members for accomplishing their tasks.
3. Membership that is distributed over a wide geographic area.
4. A high cultural distance between members.

Thus, it will be easier to build trust in a team with members distributed across one continent, say for instance, all the Spanish countries in Latin America, rather than a team whose members come from many different countries. Moreover trust is a part of organizational climate and the finding goes consonant with this theoretical assumption.

Trust development in virtual teams may be more difficult in the absence of

Trust development in virtual teams may be more difficult in the absence of face-to-face contact.

face-to-face contact (McDonough, Kahn, & Barczak, 2001). Studies have identified the difficulty of communicating in virtual teams because of the lack of media richness (Watson-Manheim & Belanger, 2002). Computer mediated communication depersonalizes the interaction so there is a greater focus on the actual words in the message (Sproull & Kiesler, 1991). If the communication only serves to report or inform, the possibility of misunderstanding may be low. However, when communications go beyond simple reporting to task allocation and negotiation, the receiver may misinterpret the meaning of the message (Furomo & Pearson, 2007).

Sullivan, Peterson, Kameda and Shimada, (1981) investigated whether the manner in which conflicts are resolved in Japanese-American joint ventures in Japan influences the level of future mutual trust. Japanese managers perceived a higher level of future trust when disputes are resolved through conferrals, except when an American is in charge of operations. Otherwise they designate contracts requiring binding arbitration.

Employee's perceptions of organizational trust on service climate and employee satisfaction were studied by Chathoth, Mak, Jauhari and Manaktola, (2007). Multidimensional constructs of trust and service climate were developed using the literature in the trust and

service management domains. Results supported that trust affects service climate and employee satisfaction, whereas service climate affects employee satisfaction in a significant way. Implications for practitioners and future research ensue, which underscored the importance of building trust and service climate to ensure employee satisfaction in hotel firms.

The results of researches (Ellonen, Blomqvist & Puumalainen, 2008; Erturk, 2007; Lamsa & Pucetaite, 2006; Ratnasingam, 2005; Smith, 2005; Politis, 2003; Wang, 2003; Dirks & Ferrin, 2001) have shown the effects of organizational trust on organizational innovation, organizational citizenship behavior, organizational commitment, motivation, organizational performance, continuance of relations, effectiveness, knowledge management and group performance, collaboration in decision making, cooperation level and team process.

Al-Alawi, Al-Mrzoqi and Mohammed (2007) investigated the role of certain factors in organizational culture in the success of knowledge sharing. Such factors as interpersonal trust, communication between staff, information systems, rewards and organization structure play an important role in defining the relationships between staff and in turn, providing possibilities to break obstacles to knowledge sharing. The research findings indicated that trust, communication, information systems, rewards and organization structure were positively related to knowledge sharing in organizations.

Conclusion & Implications

As virtual working is not for everyone and virtual work place has fragile trust, for developing supportive climate and building trust in virtual workers, policy makers can:

- I. Encourage face to face interviews and plan long orientation and induction programs.
- II. Organize frequent or monthly face to face meetings. Option to work in offices and having temporary cabins and office spaces can give the required touch with coworkers at times, like in IBM and other organizations.
- III. Combine work arrangement like *Job Sharing* with virtual work to develop sense of responsibility and trust.
- IV. Organize informal meetings like social events, celebrating birthdays, anniversaries together by which team members can maintain strong social bonds. Team building activities like outbound training can build social bonds.
- V. Prepare and facilitate some recreational activities to develop a sense of affiliation. One of them could be an international holiday for virtual workers with their families, club memberships etc.
- VI. Understand and analyze the virtual distance in the context of this study as one important step that leaders can take to be more effective in managing organizations in the virtual, digital world.

Suggestions for Future Research

Owing to less information and research found in this new area of virtual work, for future research there is enormous opportunity to explore this topic for drawing concrete conclusions and implications for organizational behaviorists. Some of the suggestions include comparison with face to face working professionals, cross cultural and longitudinal research, large sample, coverage of more sectors, and including more demographic variables.

References

- Al-Alawi, A.I., Al-Marzooqi, N.Y. & Mohammed, Y.F. (2007), "Organizational Culture and Knowledge Sharing: Critical Success Factors," *Journal of Knowledge Management*, 11(2):22-42. doi:10.1108/36732700710738818
- Anderson, N.R. & West, M.A. (1998), "Measuring Climate for Work Group Innovation: Development and Validation of the Team Climate Inventory", *Journal of Organizational Behaviour*, 19: 235-58.
- Bell, B.S. & Kozlowski, S.W.J. (2002), "A Typology of Virtual Teams: Implications for Effective Leadership", *Group and Organization Management*, 27(1):14-49.
- Birkinshaw, J. (23Jan, 2011). "Swimming Lessons", Retrieved from <http://bsr.london.edu/blog/post-14/index.html>
- Bushell, H.M. (2007), "Quantifying the Key Leadership Behaviors for Creating a Successful Culture which Empowers Employees and Strengthens Organizational Performance", Health, Work & Wellness Conference, Toronto, Canada
- Chathoth, P.K., Mak, B., Jauhari, V. & Manaktola, K. (2007), "Employees Perceptions of Organizational Trust & Service

- Climate: A Structural Model Combining Their Effects on Employee Satisfaction”, *Journal of Hospitality and Tourism Research*, 31(3):338-57.
- Chattopadhyay, S.N., & Agarwal, K.C. (1976), *Organizational Climate Inventory*, Agra: National Psychological Corporation.
- Dirks, K.T. & Ferrin, D.L. (2001), “The Role of Trust in Organizational Settings”, *Journal of Organization Science*, 17(4):65.
- Drori, G. S., Meyer, J. W. & Hwang, H. (2006), *Globalization and Organization: World Society and Organizational Change*. New York: Oxford University Press.
- Ellonen, R., Blomqvist, K. & Puumalainen, K. (2008), “The Role of Trust in Organizational Innovativeness”, *European Journal of Innovation Management*, 11(2):160-81.
- Erturk, A. (2007), “Increasing Organizational Citizenship Behaviors of Turkish Academics: Mediating Role of Trust in Supervisor on the Relationship between Organizational Justice and Citizenship Behaviors”, *Journal of Managerial Psychology*, 22(3):257-70.
- Furumo, K. & Pearson, J.M. (2007), “Gender Based Communication Styles, Trust and Satisfaction in Virtual Teams”, *Journal of Information, Information Technology and Organization*, 2:48-50
- Griffin, M. A., Hart, P. M. & Wilson-Evered, E. (2000), “Using Employee Opinion Surveys to Improve Organizational Health”, in L. R. Murphy & C. L. Cooper (Eds.), *Health and Productive Work: An International Perspective*, London: Taylor & Francis
- Handy, C. (1995), “Trust and the Virtual Organization”, *Harvard Business Review*, 73(3), 40-50.
- Hart, P. M., Griffin, M. A., Wearing, A. J. & Cooper, C. L. (1996), *Manual for the QPASS Survey*, Brisbane: Public Sector Management Commission.
- Iacono, C.S. & Weisband, S. (1997), “Developing Trust in Virtual Teams”, Proceedings of the Hawaii International Conference on Systems Sciences, Hawaii . (CD-ROM).
- Kimble, C., Li, F. & Barlow, A. (2001), “Effective Virtual Teams through Communities of Practice”, Management Science Research Paper No.2000/09, retrieved from <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.467.4219&rep=rep1&type=pdf> on 12 March 2016.
- Lamsa, A.M. & Pucetaite, R. (2006), “Developing Organizational Trust among Employees from a Contextual Perspective”, *Journal of Business Ethics: A European Review*, 15(2).
- Lewicki, R.J., McAllister, D.J. & Bies, R.J. (1998), “Trust and Distrust: New Relationships and Realities”” *The Academy of Management Review*, 23(3):428-59.
- Lipnack, J. & Stamps, J. (1997), *Virtual Teams: Reaching Across Space, Time, and Organizations with Technology*, New York, NY: John Wiley and Sons, Inc.,
- Mathisen, G.E. & Einarsen, S. (2004), “A Review of Instruments Assessing Creative and Innovative Environments within Organizations”. *Creativity Research Journal*, 16(1): 119-40.
- Mayer, R. C., Davis, J. H. & Schoorman, F. D. (1995), “An Integrative Model of Organizational Trust”, *Academy of Management Review*, 20:709-34
- McDonough, E., Kahn, K. & Barczak, G. (2001), “An Investigation of the Use of Global, Virtual, and Collocated New Product Development Teams”, *The Journal of Product Innovation Management*, 18: 110-20.
- Meyerson, D., Weick, K. E. & Kramer, R. M. (1996), “Swift Trust and Temporary Groups”, in R. M. Kramer and T. R. Tyler, (Eds.), *Trust in Organizations: Frontiers of Theory and Research*, Thousand Oaks, CA : Sage Publications.

- Mishra, A.K. (1996), "Organizational Response to Crisis: The Centrality of Trust", in R.M Kramer, T.R.Tyler (Eds), *Trust in Organizations: Frontiers of Theory and Research*, Thousand Oaks, C.A: Sage Publications, Inc.
- Nyhan, R.C. & JR, Marlowe. H.A. (1997), "Development and Psychometric Properties of the Organizational Trust Inventory", *Evaluation Review*, 21: 614.
- Politis, J.D.(2003), "The Connection between Trust and Knowledge Management: What are Its Implications for Team Performance", *Journal of Knowledge Management*,7(5):55-66.
- Ratnasingham, P. (2005), "E-Commerce Relationship: The Impact of Trust on Relationship Continuity", *International Journal of Commerce and Management*,15(1):1-16.
- Schultz, D. & Schultz, S.E. (2004), *Psychology and Work Today; An Introduction to Industrial and Organizational Psychology*, 8th Edition, Delhi: Pearson: 13-14,251.
- Singh, K.(2010), *Organizational Behavior: Text and Cases*, New Delhi, Pearson.
- Smith, G.(2005), "How to Achieve Organizational Trust within an Accounting Department". *Managerial Auditing Journal*, 20(5):520-32.
- Sproull, L. & Kiesler, S. (1991), *Connections: New Ways of Working in the Networked Organization*, Cambridge, MA: MIT Press.
- Sullivan J., Peterson, R.B., Kameda. N & Shimada, J.(1981), "The Relationship between Conflict Resolution Approaches and Trust-A Cross Cultural Study", *Academy of Management Journal*, 24(4): 803-15.
- Wang, Y.(2003), "Trust and Decision-making Styles in Chinese Township-village Enterprises", *Journal of Managerial Psychology*,18(6):541-56.
- Watson-Manheim, M. B. & Belanger, F. (2002), "Support for Communication-based Work Processes in Virtual Work", *e-Service Journal*, 1 (3),61-82.
- Wellman, B. (2001), "The Rise of Networked Individualism", in L. Keeble (Ed.) , *Community Networks Online*, London: Taylor & Francis.
- Wilson, M.B. (1993), A New Method of Assessing Cook and Wall's Informal Theory of Organizational Trust: A Coast Guard Sample, Doctoral Dissertation, George Washington University, *Dissertation Abstract International*,54, 109