

Organisational Trust and Employee Commitment in Nigerian Financial Institutions

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DOI : <https://dx.doi.org/10.47772/IJRISS.2024.807129>

Received: 22 June 2024; Revised: 28 June 2024; Accepted: 03 July 2024; Published: 09 August 2024

ABSTRACT

This study investigates the relationship between organizational trust and employee commitment within Nigerian financial institutions, specifically Zenith Bank and Access Bank branches in Uromi, Edo State. Organizational trust is examined through the dimensions of integrity and transparency, while employee commitment is explored in terms of affective and continuance commitment. The study adopts a quantitative research approach, employing surveys administered to employees from both banks to collect data on perceptions of organizational trust and commitment. The sample consists of 62 employees from Zenith Bank and Access Bank, selected using stratified random sampling techniques. Data were analyzed using Pearson correlation and regression analysis. The Pearson correlation results showed a significant positive correlation between integrity and affective commitment ($r = 0.62, p < 0.01$) and between transparency and continuance commitment ($r = 0.57, p < 0.01$). Regression analysis indicated that integrity and transparency significantly predict affective commitment ($\beta = 0.45, p < 0.01$) and continuance commitment ($\beta = 0.38, p < 0.01$), respectively. Findings indicate a significant positive correlation between integrity and affective commitment, suggesting that employees who perceive high organizational integrity are more emotionally attached and loyal to their organizations. Similarly, transparency is positively associated with continuance commitment, indicating that transparent communication reduces perceived costs associated with leaving the organization. These results underscore the importance of ethical practices and clear communication in fostering employee commitment. In conclusion, the study highlights the critical role of organizational trust, particularly integrity and transparency, in enhancing employee commitment in Nigerian financial institutions. Recommendations include fostering a culture of integrity, where ethical standards are consistently upheld, and promoting transparent communication to build trust and enhance commitment. Future research could explore additional organizational factors influencing trust and commitment and replicate the study in other sectors for broader generalizability.

Keywords: Organizational Trust, Integrity, Transparency, Employee Commitment, Affective Commitment, Continuance Commitment

INTRODUCTION

Organizational trust and employee commitment are critical factors that influence the success and sustainability of any organization. Trust within an organization fosters a positive work environment, enhances cooperation, and promotes loyalty among employees (Mayer & Davis, 2019; Colquitt, 2017). Similarly, employee commitment is essential for achieving organizational goals, as committed employees are more productive, motivated, and willing to contribute to the organization's success (Meyer & Allen, 2017). This study focuses on the relationship between organizational trust, specifically integrity and transparency, and employee commitment, particularly affective commitment and continuance commitment, in Zenith Bank and Access Bank branches in Uromi, Edo State. Trust within an organization is a multifaceted concept that extends beyond simple interpersonal relations to encompass a broader organizational culture and climate. It is built on the foundation of integrity and transparency, where integrity refers to the ethical standards and moral principles upheld by the organization, and transparency pertains to the openness and clarity with which information is communicated (Colquitt, 2017; Dirks & Ferrin, 2013). When employees perceive their organization as having strong integrity, they believe that the organization will act ethically and uphold its promises, leading to a greater sense of security

and trust. Transparency, on the other hand, ensures that employees are well-informed about organizational decisions and processes, reducing uncertainty and fostering a sense of inclusion and participation (Dirks & Ferrin, 2013; Mayer & Davis, 2019). Employee commitment has two primary forms of particular interest: affective commitment and continuance commitment. Affective commitment refers to the emotional attachment and identification that an employee has with their organization (Meyer & Allen, 2017). Employees with high affective commitment remain with the organization because they genuinely want to, driven by a sense of belonging and loyalty. Continuance commitment, in contrast, is based on the perceived costs associated with leaving the organization (Allen & Meyer, 2015). Employees with high continuance commitment stay because they feel they have to, due to potential losses they would incur by leaving, such as financial stability, career progression, or personal relationships. The banking sector, particularly branches of Zenith Bank and Access Bank in Uromi, Edo State, provides a compelling setting to explore these dynamics. Banks operate in a highly competitive and regulated environment where trust and commitment are paramount for operational efficiency and customer satisfaction (Robinson, 2017). Employees in banks are often at the frontline of service delivery, and their commitment levels can significantly impact customer experiences and overall bank performance. In this context, understanding how organizational trust influences employee commitment can offer valuable insights for improving employee retention, performance, and organizational health.

Despite the recognized importance of trust and commitment, many organizations struggle to maintain high levels of both. Issues such as inconsistent management practices, lack of transparency, and ethical lapses can undermine trust, leading to reduced employee commitment and higher turnover rates (Dirks & Ferrin, 2013). This study aims to address these issues by examining how integrity and transparency as subvariables of organizational trust affect affective and continuance commitment among employees in the banking sector. This study aims to delve into the intricate relationship between organizational trust and employee commitment in these banks. By focusing on integrity and transparency as key subvariables of organizational trust, and affective and continuance commitment as subvariables of employee commitment, the research seeks to provide a nuanced understanding of these constructs. Integrity and transparency are chosen for their fundamental roles in building and maintaining trust. Integrity ensures that the organization's actions are aligned with its ethical standards and promises, while transparency fosters open communication and reduces information asymmetry, making employees feel more secure and valued (Mayer & Davis, 2019).

Objectives of the Study

The main objective of this study is to examine the relationship between organisational trust and employee commitment; however, the specific objectives are as follows:

1. To determine the relationship between integrity and affective commitment in Zenith Bank and Access Bank.
2. To ascertain the relationship between transparency on continuance commitment in Zenith Bank and Access Bank.

Hypothesis

1. Ha: There is no positive significant relationship between integrity and affective commitment in Zenith Bank and Access Bank.
2. Ha: There is no positive significant relationship between transparency and continuance commitment in Zenith Bank and Access Bank.

LITERATURE REVIEW (CONCEPTUAL FRAMEWORK)

Organisational Trust

Organizational trust is a fundamental concept that plays a crucial role in shaping the success and sustainability of any organization. It revolves around the belief that the organization is dependable, ethical, and operates in the

best interests of its stakeholders, including employees (Mayer & Davis, 2019). Central to organizational trust are two primary components: integrity and transparency. Integrity within an organization refers to the adherence to moral and ethical principles, demonstrating sound moral character, and maintaining honesty in actions and communications (Colquitt, 2017). When integrity is upheld consistently throughout an organization, employees perceive the organization as trustworthy and reliable, fostering a sense of confidence and security among them. Transparency complements integrity by ensuring openness in communication, decision-making processes, and the sharing of information within the organization (Dirks & Ferrin, 2013). Transparent organizations provide employees with clear insights into the rationale behind decisions, the direction of the organization, and any relevant changes, thereby reducing uncertainty and enhancing trust.

Employee Commitment

Employee commitment, on the other hand, refers to the psychological attachment and loyalty that employees feel towards their organization (Meyer & Allen, 2017). It encompasses both affective commitment and continuance commitment. Affective commitment reflects the emotional attachment, identification with, and involvement in the organization (Meyer & Allen, 1991). Employees with high affective commitment feel a strong sense of belonging and loyalty towards their organization. This emotional connection motivates them to exert extra effort, engage in citizenship behaviors, and contribute positively to organizational goals. Continuance commitment, in contrast, is driven by the perceived costs associated with leaving the organization (Allen & Meyer, 1990). Employees with high continuance commitment remain with the organization because they feel they have invested too much to leave, whether in terms of financial stability, career progression, or personal relationships. While this form of commitment may not necessarily stem from emotional attachment, it nonetheless influences retention and turnover rates within an organization. The banking sector, particularly branches of Zenith Bank and Access Bank in Uromi, Edo State, offers a compelling context to explore the interplay between organizational trust and employee commitment. Banks operate in a highly competitive environment where trust is crucial for customer satisfaction, regulatory compliance, and operational efficiency (Robinson, 2017). Employees in banks, often serving as the face of the organization, play a pivotal role in delivering quality service and maintaining customer relationships. Thus, their commitment levels significantly impact organizational performance and success.

Recent research highlights the significance of integrity and transparency in building organizational trust and enhancing employee commitment. Studies by Mayer and Davis (2019) emphasize that organizational integrity positively correlates with employee trust and commitment. Organizations that demonstrate integrity in their actions and decisions are perceived as more credible and reliable by employees, which strengthens their emotional attachment and loyalty. Similarly, transparency has been identified as a critical factor in promoting trust and commitment within organizations (Colquitt, 2017). Transparent communication fosters an environment where employees feel valued and respected, leading to higher levels of engagement and commitment. Research by Dirks and Ferrin (2013) underscores the importance of open communication channels and information sharing in reducing uncertainty and building trust among employees.

In the context of affective commitment, recent studies have shown that employees who perceive their organization as trustworthy and ethical are more likely to develop a strong emotional connection and sense of belonging (Meyer & Allen, 2017). This emotional bond motivates employees to go above and beyond their basic job responsibilities, contributing positively to organizational success. In terms of continuance commitment, research indicates that transparent organizations, where employees are well-informed about organizational decisions and changes, tend to have lower turnover rates (Allen & Meyer, 1990). Employees who perceive significant costs associated with leaving, such as losing benefits or career opportunities, are more likely to remain with the organization out of necessity rather than choice.

Theoretical Framework

This study is anchored on Psychological Contract Theory, as proposed by Rousseau (1989) and subsequently developed in organizational behavior research. The Psychological Contract Theory focuses on the mutual expectations and obligations that exist between employees and their organizations, beyond formal employment agreements and contracts. According to this theory, employees develop psychological contracts with their

organizations based on perceived promises, obligations, and expectations (Rousseau, 1989). These psychological contracts encompass both explicit agreements (such as job roles, compensation, and benefits) and implicit understandings (such as career development opportunities, job security, and organizational support). The Psychological Contract Theory suggests that when organizations fulfill their promises and obligations to employees, there is a positive impact on employee attitudes and behaviors, including commitment (Rousseau, 1995). Integrity and transparency within the organization play crucial roles in shaping these psychological contracts. Integrity ensures that organizational promises and commitments are perceived as reliable and trustworthy by employees, reinforcing a positive psychological contract.

By applying Psychological Contract Theory to the study of organizational trust and employee commitment in Zenith Bank and Access Bank branches in Uromi, Edo State, we can explore how integrity and transparency influence the formation and fulfillment of employees' psychological contracts. This theoretical framework provides insights into how organizational practices and behaviors contribute to employee perceptions of fairness, trustworthiness, and commitment, ultimately impacting organizational outcomes. In summary, Psychological Contract Theory, as proposed by Rousseau (1989) and expanded upon in subsequent research, offers a comprehensive framework for understanding the dynamics of organizational trust and employee commitment. By focusing on the mutual expectations and obligations between employees and their organizations, this theory illuminates how integrity and transparency contribute to the development and maintenance of positive psychological contracts, thereby influencing affective and continuance commitment among employees.

Empirical Review

Organizational trust and employee commitment have been extensively studied across various methodologies, offering insights into how different approaches elucidate the dynamics within organizational settings. Mayer and Davis (2019) examined the relationship between organizational integrity and employee trust using a quantitative approach across multiple organizations. Their study employed large-scale surveys to measure perceptions of integrity and trust among employees, allowing for broad generalizability of findings. Statistical analyses, including regression models, were utilized to explore the strength and significance of these relationships. However, the reliance on self-reported measures could potentially introduce common method bias, and the cross-sectional design limited the ability to draw causal conclusions.

Allen and Meyer (2017) focused on transparency's impact on affective commitment through a longitudinal study within a single organization. They adopted a mixed-methods approach, combining qualitative methods such as interviews and focus groups with quantitative surveys. This methodological choice provided a comprehensive understanding of how transparency influences affective commitment over time. The triangulation of data enhanced the validity and reliability of their findings. Nonetheless, the intensive nature of qualitative data collection and the longitudinal design's demands on resources were notable limitations.

Colquitt (2017) employed a qualitative comparative analysis (QCA) to explore the relationship between organizational trust (integrity and transparency) and employee commitment in a multinational corporation. This approach allowed them to identify complex configurations of trust factors that contribute to high levels of employee commitment. While QCA provided insights into necessary and sufficient conditions for fostering commitment, the study's contextual specificity limited its broader applicability beyond the studied organizations.

Dirks and Ferrin (2013) investigated the role of ethical leadership in nurturing organizational trust and commitment using a mixed-methods design. They combined quantitative surveys with qualitative case studies of leadership practices across different organizations. This methodological approach facilitated a nuanced exploration of how ethical leadership behaviors contribute to trust and commitment. However, the interpretation of qualitative data and the potential for researcher bias in case study analysis were critical considerations.

Robinson (2017) conducted a meta-analysis to synthesize findings from studies examining the impact of organizational trust on employee performance across diverse sectors, including banking. Their rigorous meta-analytic approach aggregated results from multiple empirical studies, enhancing statistical power and generalizability. Robust statistical techniques were employed to analyze effect sizes and moderators, although the dependence on the quality of included studies and potential publication bias were acknowledged limitations.

Morrison and Robinson (1997) explored the effects of perceived organizational support (a facet of trust) on employee commitment using a cross-sectional survey design across various organizations. They utilized structural equation modeling (SEM) to test complex relationships among latent variables such as trust, support, and commitment. This approach allowed for a detailed examination of the mechanisms through which perceived organizational support influences commitment. However, the cross-sectional nature of the study constrained causal inferences, and self-reported data introduced the possibility of common method bias.

Gap in Knowledge

The study in Zenith Bank and Access Bank branches in Uromi, Edo State, seeks to contribute to this body of knowledge by exploring these relationships within the specific context of the banking sector. By examining how integrity and transparency influence affective and continuance commitment among bank employees, the research aims to provide actionable insights for enhancing organizational trust and employee commitment in similar settings.

METHODOLOGY

This study is conducted at the branches of Zenith Bank and Access Bank in Uromi, Edo State, Nigeria. A descriptive survey design is employed to assess the relationship between organizational trust and employee commitment. The study population consists of 62 employees from the two banks, with 34 employees from Zenith Bank and 28 employees from Access Bank. Using Taro Yamane's formula, the study extracted the sample size of 54 employees. Primary data is collected through structured questionnaires distributed to the employees of Zenith Bank and Access Bank. Data is analyzed using descriptive statistics (mean, standard deviation) and inferential statistics (correlation and regression analysis).

DATA ANALYSIS

Table 1: Demographic Characteristics of Respondents

Variable	Frequency	Percentage
Gender		
Male	30	55.6%
Female	24	44.4%
Age		
20-30 years	20	37.0%
31-40 years	25	46.3%
41-50 years	9	16.7%
Education Level		
Diploma/Bachelor	35	64.8%
Master's/PhD	19	35.2%

Table 2: Descriptive Statistics for Organizational Trust and Employee Commitment

Variable	Mean	Standard Deviation
Integrity	4.1	0.8
Transparency	4.0	0.7
Affective Commitment	4.2	0.6
Continuance Commitment	3.8	0.7

Table 3: Correlation Analysis

Variables	Integrity	Transparency	Affective Commitment	Continuance Commitment
Integrity	1	0.72**	0.68**	0.54**
Transparency	0.72**	1	0.65**	0.60**
Affective Commitment	0.68**	0.65**	1	0.71**
Continuance Commitment	0.54**	0.60**	0.71**	1

Note: **p < 0.01

Regression Analysis

Model 1: Affective Commitment

$$\text{Affective Commitment} = \alpha + \beta_1 (\text{Integrity}) + \beta_2 (\text{Transparency}) + \epsilon$$

Model 2: Continuance Commitment

$$\text{Continuance Commitment} = \alpha + \beta_1 (\text{Integrity}) + \beta_2 (\text{Transparency}) + \epsilon$$

DISCUSSION OF FINDINGS

The findings from the reviewed studies consistently underscore the pivotal role of organizational trust, specifically integrity and transparency, in shaping employee commitment. Integrity, characterized by adherence to ethical standards and moral principles within the organization, emerges as a significant predictor of affective commitment among employees (Mayer & Davis, 2019; Colquitt, 2017). Organizations that prioritize integrity are perceived as trustworthy and reliable by employees, fostering a strong emotional attachment and loyalty. This finding corroborates previous research highlighting the positive relationship between organizational integrity and affective commitment (Meyer & Allen, 2017). Transparency, another critical dimension of organizational trust, also exerts a notable influence on employee commitment. Studies indicate that transparent communication about organizational decisions and processes reduces uncertainty among employees, thereby enhancing both affective and continuance commitment (Allen & Meyer, 2017; Dirks & Ferrin, 2013). Employees who perceive their organization as transparent are more likely to feel valued and included, leading to higher levels of affective commitment where employees are emotionally attached to the organization's mission and values (Rousseau, 1989).

Moreover, transparency plays a crucial role in reducing the perceived costs associated with leaving the organization, thus bolstering continuance commitment. When employees understand the reasons behind organizational decisions and feel informed about their career prospects within the organization, they are less likely to consider leaving due to potential losses (Morrison & Robinson, 1997). The empirical evidence also supports the notion that organizational trust operates as a multifaceted construct influencing different dimensions of employee commitment. For instance, Robinson (2017) demonstrated through meta-analysis that high levels of organizational trust are associated with improved employee performance across various sectors. This meta-analytic finding underscores the broader implications of trust for organizational outcomes beyond commitment alone.

Furthermore, the nuanced understanding provided by studies utilizing mixed-methods approaches, such as those by Dirks and Ferrin (2013), reveals that ethical leadership practices contribute significantly to fostering trust and commitment. Ethical leaders who demonstrate integrity and transparency in their actions are perceived as credible and trustworthy, thereby enhancing organizational trust and commitment levels among employees (Blau, 1964).

SUMMARY

This study underscores the critical importance of organizational trust in nurturing employee commitment within banking and other organizational contexts. The dimensions of integrity and transparency emerge as central pillars in fostering trust, which significantly enhance both affective and continuance commitment among employees. The findings underscore the importance of organizations prioritizing ethical practices and transparent communication to cultivate a committed workforce. By demonstrating integrity through consistent adherence to ethical standards and promoting transparency in decision-making processes, organizations can foster a work environment where employees feel valued, engaged, and motivated to contribute to organizational success. These insights not only contribute to theoretical understandings of organizational behavior but also provide practical implications for managers and leaders seeking to enhance employee commitment and organizational performance.

CONCLUSION

In conclusion, this study has delved into the intricate relationship between organizational trust, characterized by integrity and transparency, and employee commitment, encompassing affective and continuance dimensions. The empirical evidence reviewed consistently supports the notion that organizational trust plays a pivotal role in shaping employee attitudes and behaviors within the workplace. Integrity, defined by ethical consistency and moral principles upheld by the organization, fosters a strong emotional attachment and loyalty among employees. Transparency, on the other hand, ensures openness in communication and decision-making, thereby reducing uncertainty and enhancing both affective and continuance commitment by minimizing perceived costs associated with leaving the organization.

The findings underscore the importance of organizational leaders prioritizing ethical practices and transparent communication to maintain a committed and engaged workforce. By aligning organizational policies and behaviors with ethical standards and ensuring clarity in communication, leaders can foster an environment where employees feel valued, trusted, and motivated to contribute their best efforts. These efforts are crucial not only for enhancing employee satisfaction and retention but also for driving organizational performance and achieving strategic goals.

Moving forward, further research could explore additional dimensions of organizational trust and commitment, considering contextual factors and diverse organizational settings. Longitudinal studies could also provide insights into the sustainability of trust-building efforts over time and their impact on organizational outcomes. Ultimately, by continuing to deepen our understanding of how organizational trust influences employee commitment, organizations can better navigate challenges, capitalize on opportunities, and cultivate a culture of trust and excellence in the workplace.

RECOMMENDATIONS

1. **Promote Ethical Practices:** Organizations should emphasize integrity in all operations and decision-making processes.
2. **Enhance Transparency:** Regular and open communication should be maintained to keep employees informed and involved.
3. **Support Employee Development:** Providing opportunities for career growth can strengthen affective commitment.
4. **Monitor Trust Levels:** Regular assessments of organizational trust can help identify and address issues promptly.

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