



THE MEDIATING IMPACT OF ORGANISATIONAL TRUST: OVERCOMING ORGANISATIONAL HINDRANCE IN MANAGING ORGANISATIONAL SUCCESS

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Article history:	Abstract:
<p>Received: 26th January 2021 Accepted: 7th February 2021 Published: 27st February 2021</p>	<p>Purpose - This paper explores the impact of organisational trust as a basis for strengthening organisational collaboration and reducing perceived organisational hindrance. The paper highlights that organisational trust is a critical element for social interaction between organisational leaders and their subordinates. A conceptual framework for understanding the relationship between organisational trust and participative leadership styles was designed to help overcome possible hindrance.</p> <p>Design/methodology/approach - Regression analysis were carried out on a sample of 250 employees in the Nigerian petroleum sector.</p> <p>Findings - Results indicate that organisational trust is increasing the level of organisational success via democratic and transformational leadership styles.</p> <p>Limitations/implications - The findings show that the dimensions of organisational trust will predict more of organisational success when the values of democratic and transformational leadership styles are high.</p> <p>Originality/value - The study presents and an innovative conceptual framework which empirically investigates the direct impact of organisational trust on organisational success and how organisational trust is mediating the relationship between leadership and organisational trust.</p>
<p>Keywords: Organisational trust, Interpersonal trust, Institutional trust, Democratic leadership, Transformational leadership.</p>	

INTRODUCTION

Organisational trust as an organisational factor for success has been widely studied over the last few years (Neves and Caetano, 2009; Guinot *et al.*, 2014). However, organisational trust is a complex, multifaceted phenomenon, and different conceptualisations of the nature of organisational trust exist in numerous organisations, for example, trust between employees, supervisor-subordinates, and at managerial levels can either increase or reduce the level of organisational success or change (Mayer *et al.*, 1999). However, research has proven that where employees do not trust themselves and their organisation when engaged with change implementation practices or organisational success, such an organisation will record little or no success (Ben-Gal and Tzafrir, 2011; Smollan, 2013; Al-Shalab 2019). The influence of organisational trust on the level of organisational success has been linked to leadership with a view of increasing the organisational member's participation in organisational success (Ellonen *et al.*, 2008). Neves and Caetano (2009) viewed that organisational trust has been perceived as a strong recipe for change implementation because it has elements of increasing people's expectations and motivation.

This argument implicitly presumes that organisational trust has a link with organisational perceived leadership behaviour and organisational success. So, in order to examine the impact of organisational trust on organisational success the following research questions are put forward:

- What impact does organisational trust have in increasing the level of organisational success?
- Can an organisational predominant leadership style further increase the impact of organisational trust?

Organisational trust is viewed as a critical factor that can increase or decrease the reaction of organisational members especially in times of recording success (Ben-Gal and Tzafrir, 2011; Smollan, 2013). Mayer *et al.* (1999) identified two dimensions of organisational trust such as interpersonal and institutional trust which can fit into organisational strategy for increasing commitment and success. The literature has reviewed a variety of leadership styles and their impact to either promote or reduce organisational members' preparedness for change (Sapru, 2008; Northouse, 2011; Larsson and Eid, 2012). For example, Bass and Avolio (1993) affirmed that the autocratic leader is often centralised with authority, associated with dictating the method of work to subordinates all the time. This type

of leadership practice often leads to less commitment and high staff turnover (Avery, 2004; Grint, 2005; Al-Shalab 2019). Similarly, studies have proven that a laissez-faire leadership style does not encourage feedback because tasks are often left for subordinates to accomplish with little or no support for their leaders (Northouse, 2011). However, the literature identified leadership styles such as democratic and transformational as supportive leadership practice for organisational change implementation (Bass and Avolio, 1993; Howell and Shamir, 2005). But, there seems to be some gaps in the literature for not properly aligning the dimensions of organisational trust with leadership behaviour capable of further increasing the level of organisational success. For example, Lester and Kickul (2001) believes that when the dimensions of trust are not adequate, an organisation will experience a lack of leadership respect, absence of open and honest communication and unfair treatment between leaders and subordinates as well as a weak interaction among organisation workers. Therefore, an examination of the influence of interpersonal and institutional trust on leadership will enhance the level of organisational success.

LITERATURE REVIEW

Organisational Trust

Early studies on the concepts of organisational trust were drawn from the sociology and social psychology perspectives (Luhmann, 1979; Jiang and Chen (2017)). This is considered as a one dimensional view of trust in organisations which appeared to preclude the need for trust to be an issue in organisational settings and, as noted by Grey and Garsten (2001 p. 233) Bureaucracy will "inculcate into organisational members the necessity for rules following, identifying and punishing those that do not". Trust in organisations enables organisational members to rely on organisational policies and respect for organisational members (Mayer *et al.*, 1999). McKnight *et al.* (1998) defined organisational trust as the positive expectations individuals have about the competence, reliability and benevolence of organisational members, as well as the institutional trust within the organisation.

Hosmer (1995) defined organisational trust in five different contexts which are: individual expectations; interpersonal relationships; economic exchanges; social structures; and ethical principles. These have been described in the following ways:

Individual expectations: This arose from the view that trust depends on vulnerability where the person who places his/her trust in another will be worse off if the trust is not fulfilled than s/he would have been had s/he not trusted the other party (Deutsch, 1958). Barber (1983) expanded on this and came up with a set of optimistic expectations which might determine the outcome of an event and, they are:

1. Expectation of persistence of the existing social order: thus, the "rules of society" will not change to such an extent as to alter the basis for trust.
2. Expectation of technically competent role performances by those being trusted: this has to do with "competency" which is someone's ability to do the job with the right behaviour.
3. Expectation of a "morally correct" performance from those being trusted.

The concept of expectancy is drawn from the agency perspective, where trust is based upon as expectation of competence, predictability and fairness (Gambetta, 1988). In this context, trust is seen as particularly relevant when the two following conditions are applied:

1. When there is a relationship of interdependence and obligation between parties and where a party has the freedom not to trust the other. A relationship where an individual has no choice but to enter into a risky relationship. When no alternatives are available, it is not so much a trusting relationship, as one of dependency (Gambetta, 1988). It has been proposed that the development of trust is affected by the way in which power and authority are exercised within an organisational context (Kelley, 2007). This limitation and the general lack of institutional leverage over their behaviour raised some concern that the relationship between organisational managers and their subordinates may be in line with the characteristics of dependency (Davies and Mannion, 2000).
2. When there is ignorance or uncertainty over the motives and behaviour of others, trust will be seen as a coping mechanism in response to "the limits of our foresight" (Shklar, 1984). Where trust exists, behavioural uncertainty can be reduced and the likelihood is increased that promises will be honoured. Trust assumes a great significance among organisational members when their trustworthiness for proving the quality of work is needed (Kelley, 2007).

Trust as interpersonal relations: trust is frequently acknowledged as a central construct in the framing and dynamics of managerial relationships (Creed and Miles, 1996) and developing and maintaining trust is seen as especially important to managerial effectiveness and organisational change (McAllister, 1995; Brockner *et al.*, 1997; Daley and Vasu, 1998; Davis *et al.*, 2000). According to Atkinson (2004) it is difficult to ascertain precisely how much trust plays a part in managerial relationships and indeed, whether it is practically possible. Child (2001) viewed that the growing stream of interest in trust has also produced a good understanding of the value of trusting relationships. This aligned with Barber's (1983) concept of a trusting person, interacting with a trusted person, forms the basis of a trusted relationship, acting to strengthen the spirit of readiness for change and organisational change implementation.

Trust as commercial transactions: Williamson (1985 p. 47) affirmed that the economic transaction of trust is based on the premise of distrust, where the individual or enterprise is not to be trusted, and that their behaviour will be opportunistic "self interest seeking with guile". Williamson's (1985) affirmation was based less on the idea that

nobody in business could be trusted. His empirical work confirmed that many do act on the basis of trust, while others found it difficult to identify those who they can trust and those who cannot be trusted. On this basis contracts and other controls, termed substitutes for trust must be put in place to protect the individual and the enterprise. The costs associated with these strategy transaction costs could be reduced if partners trusted each other (Kelly, 2007). Where one partner trusts the other, the idea of highly specific contracts will be reduced. The empirical foundations to the economic transaction model comes from the game theory of Axelrod (1984), which was based on the "prisoner's dilemma" game in which aspects of cooperation and trust can be modelled via either or/win lose contests.

Within the literature, trust between economic agents is often linked with the notion of social capital which is an institutional response to facilitating efficient production through coordinating joint action and smoothing of economic exchange (Bowles and Gintis, 2002). From this viewpoint, organisational trust is cast as an intangible social capital asset, which facilitates efficient economic production and serves to mediate, complement and substitute for a range of economic institutions.

Trust as a social construct: because our interactions are complex, we implicitly trust others, who will themselves trust others, creating a "social organisation of trust" (Coleman, 1984). As these complex networks of trust develop so the actors within them find their behaviour guided by their experiences and trust in the past will lead to trust in the future (Granovetter, 1985). Such a model moves away from the notion of trust as individual and calculative and towards one that is also social and normative.

In another development, Cruz and Costa-Silva (2004) maintained that trust could be approached from numerous theoretical frameworks, such as transaction cost theory (Williamson, 1975), social exchange theory (Blau, 1964), agency theory (Eisenhardt, 1989), the resource based view of the firm and systems theory (Luhmann, 1979) and attribution theory (Kelley, 1967). For Rousseau *et al.* (1998) the theory of trust development has been more disparate focusing on a range and level of analysis from the interpersonal point of view to the inter organisational point of view. Saunders and Thornhill (2003) noted that Rousseau *et al.*'s (1998) view of trust has resulted in a variety of definitions which exhibit a number of common elements such as notion of "favourable expectations" and a "willingness to become vulnerable". However, the various dimensions of the organisation identified above have been summarised to two dimensions such as institutional and interpersonal trust (Saunders and Thornhill, 2003; Vanhala and Ahteela, 2011).

A study by Mollering (2001) who develops these elements argued that: trust develops from favourable expectations which are based on interpretations of the reality in which trust relates, enabled by a suspension of disbelief and related faith, which suggests that the process through which trust is developed is informed by the interpretation of reality which includes the willingness to think about unresolved issues and take a leap of faith with unknown ones (Saunders and Thornhill, 2003). For this approach, it implies that trust is based on the acceptance of interpretations about the awareness that information is imperfect (Saunders and Thornhill, 2003). However, for trust to be substantiated, it requires an interpretation that trust is actually developed (Mollering, 2001).

Herriot *et al.*'s (1998) four demonstrations of trust are closely related to Mollering's (2001) process based definition of organisational change. From their first demonstration, they emphasise that the expectation of an outcome of change will be favourable when obligations are fulfilled. Secondly, they believe that the spirit of deception should be eliminated; the third emphasis however viewed a willingness to become vulnerable, focusing on the trust placed in the ability of people managing the change process to undertake that role. Their final assertion is that trust originates from a belief that people are compassionate, that such people will not harm their co-worker or subordinates but rather they will care for their welfare during the change process. Their assumptions have been considered as having strong implications for organisational readiness for change and change implementation (Saunders and Thornhill, 2003).

Studies have indicated that organisational trust exists in dimensions, which are firstly, impersonal trust, which is based on the roles, systems and reputations from which assumptions are drawn about the trustworthiness of organisational members (Atkinson and Butcher, 2003). Secondly, that interpersonal trust, which is based on the interaction between two or more persons and used to increase concepts such as (integrity, character, ability and truth of a person), and thirdly, institutional trust which is determined by the efficacy and the fairness of an organisational system such as the policies, rules and regulation that glue the organisation together (Costigan *et al.*, 1998).

Atkinson and Butcher (2003) argued that institutional trust is measured on perception of an employee's competence to fulfil roles or tasks. Institutional trust is viewed on specific dimensions such as in top management (McCauley and Kuhnert, 1992; Tyler, 2003), in an organisation and its capability to perform and respond to change (Robinson, 1996; Lee, 2004). Under this assumption, it is presumed that organisations will increase some practical steps that can be tailored to building a trustworthy organisation. In line with this, McKnight *et al.* (1998) posit that an organisation's emphasis on institutional trust is likely to succeed because it enhances a normal situation as well as structural assurance. It also enhances a situation where promises are made and kept in line with contractual evidence.

Vanhala and Ahteela (2011) believe that organisations operate within a rapidly and dispersed complex environment. Therefore, institutional trust becomes necessary as a potential source of increasing competitive advantages. Institutional trust is thus used to increase interpersonal trust because the critical nature of being interpersonal will help organisational members to increase their personal character as related to their respective jobs. According to Vanhala and Ahteela (2011), employees, who are able to trust the organisation they work for, can as

well trust their future in the organisation even if where there is less perceived interpersonal trust. Kramer (1999) noted that employees can trust their organisation without having much to do with the organisation's decision making process. This, on the other hand, leads to institutional trust which is often referred to trust of the organisation's policies and regulations.

While interpersonal trust increases the trust in both subordinates and leaders/managers, institutional trust is characterised by organisational practices and processes which are not personalised to members of the organisation. Rather, they are the organisation's strategy, competence, technology and human resource practices of the organisation's communication system as well as the organisation's vision. In the current study, interpersonal and institutional trust is viewed as elements of organisational trust capable of increasing the level of organisational success.

LEADERSHIP

Stogdill's (1974) comprehensive review of leadership literature concluded that there are various definitions of leadership as there are persons who have attempted to define the concept of leadership in different perceptions. For example, while some authors view leadership as the behaviour of an individual directing the activities of a group toward a shared goal, others viewed leadership as about articulating visions, embodying values, and creating a conducive environment within which things can be accomplished, or the process of making sense of what people are doing together so that people will understand and be committed (see House and Dessler, 1974).

Scholars who introduced the four basic leadership styles or what others referred to as the behavioural leadership theories tend to answer questions about what behaviours make a leader more effective and efficient (Bratton *et al.*, 2005). This area of study began in the 1960's after the arguments on traits theories failed to adequately establish what could make a good leader and the ability to distinguish between one leader and another (Zastrow and Kirst-Ashman, 2009). Afterwards researchers began to pay attention to the behaviour exhibited by some leaders at specific points (Sapru, 2013), which began to attract the attention of behavioural theories to provide more vital information on the nature of leadership. More precisely, theorists of leadership behaviour were concerned with critical aspects of behaviours that could determine a good leader (Maurik, 2001). Also the study at *Iowa University* conducted by *Lewin* and his associates explores three leadership behaviour types namely; autocratic leadership, democratic or participative and laissez-faire leadership styles (Avery, 2004). The study attaches the following explanations to the three leadership types:

Autocratic leadership style: is where leaders have absolute power over subordinates or a team. Here the employees have little or no contributions in decision making even where such decisions would create an opportunity for them (Sapru, 2013). The leader centralised authority, dictated methods of work and limited employees' suggestions (Avery, 2004), this leadership style usually leads to high staff turnover or absenteeism.

Democratic leadership style: unlike autocratic, the democratic leader tends to involve subordinates and hence, considers their suggestions in decision making. Delegating authority is encouraged as well as a fair level of participation in deciding on work methods and goals. Sapru (2013) agrees that democratic behaviour encourages feedback and gives opportunity for training or coaching. Avery (2004) equally affirms that it increases job satisfaction and enables skills development. Self-confidence is enhanced among employees. More so, employees are ensured of feeling in control of their own destiny and able to promote what they want. With this type, workers are motivated to effectively and efficiently engage with their job well by more than just a financial reward (Avery, 2004). In another development, Spance's (2009) study shows that democratic leadership style enables organisational leaders to actively engage subordinates by encouraging them to increase their inputs and participation as well as providing support and facilitating interaction. Spence (2009) study further shows that democratic leadership behaviour was better at enhancing feedback and increasing work alignment among employees.

Laissez-faire leadership style: in English this means "leave it be" or "let things ride" and is described as a leadership behaviour that allows or gives complete freedom for employees to get on with their work (Sapru, 2013). This approach hardly encourages feedback and the leader makes little effort to help his/her subordinate satisfy or accomplish tasks (Northouse, 2011). An example of laissez-faire leadership behaviour is where a manager of a small manufacturing firm, who hardly calls meetings with his/her plant supervisors, has no long-range plan for the firm and barely makes contact with employees (Northouse, 2011). Lewin's study at *Iowa University* found that, the group with an autocratic leader was more dissatisfied and behaviour was either more aggressive or apathetic. While the group with laissez-faire behaviour showed no particular dissatisfaction, and had ineffective input, low productivity as well as low performance (Sapru, 2013). However, the group with a democratic leader showed more co-operation and enjoyment, evidence of a high performance level and there was evidence of good contributions to both good quality and good quality of work (Northouse, 2011).

Lewin aimed to show that the democratic style achieves better results (Arnold and Randall, 2010). Though, social and cultural influences undermined their finding to some extent, the study nevertheless suggests numerous benefits of democratic behaviour (Sapru, 2013). Other discussions of democratic leadership behaviour pointed out that it does not only allow the subordinates to be involved in the work but it allows three main elements, namely: Distributing responsibility, Empowerment, and Aiding deliberation (Gastil, 1994). These three elements ensure employees' maximum involvement and participation, giving responsibilities to employees, setting instructions by avoiding unproductive roles, as well as encouraging individual participation in problem solving. Keller and Dansereau

(1995) agreed that the use of empowerment by leaders can both help achieve the performance they want from subordinates and increase subordinates' satisfaction with their leadership.

The work of Tannenbaum and Schmidt in 1958 entitled "How to choose a Leadership Pattern" expressed a continuum ranging from behaviour between leaders and subordinates that focused on manager-centred leadership and subordinate-centred leadership (Maurik, 2001). The main emphasis in the continuum is the use of some management measures by managers to focus on their subordinates in order to take possible actions and make good decisions. The continuum which has seven different approaches was described as follows:

1. The leader/manager permits subordinates (followers) to function with the scope of design, with confidence in the subordinate and only wishes to conduct an occasional check on activities.
2. The leader/manager makes provisions within which the group (followers) operate and then allows subordinates to make their decisions as to how they would undertake the tasks.
3. The problem is presented to subordinates by the leader or manager, who asks them to make suggestions about solutions in solving the problem and make a head way.
4. Leader/manager makes thoughtful decisions that are subject to change before presenting such to the team (followers).
5. Leader/manager invites team and seeks their opinion about organisational issues but make their own input where necessary.
6. Leader/manager imposes decisions without considering adequate deliberations from the team.
7. When the leader/manager makes a decision, it is announced to the group and everybody is expected to work accordingly.

The criticism here is that the relationship between leaders and their subordinates cannot be cordial as most of the decisions were imposed on the followers by their leaders (Maurik, 2001). More so, in view of the three leadership styles, the democratic style has been adopted in various studies but faced forms of criticism (Maurik, 2001). However, it was viewed that with the democratic leadership style it is better to encourage a greater leader and follower relationship which is equally geared to move organisations forward. However, an alignment of trust and leadership style may offer a greater collaboration amongst leadership and their subordinates.

THEORETICAL FRAMEWORK AND HYPOTHESIS

Organisational trust has been viewed as a critical component of organisational effectiveness and success (McCauley and Kuhnert, 1992; Costigan *et al.*, 1998; McKinght *et al.*, 1998; Atkinson and Butcher 2003). As indicated in the literature section above, organisational trust has been linked to the survival of organisational success (Mollering, 2001; Saunders and Thornhill, 2003; Erturk, 2008; Ben-Gal and Tzafir, 2011; Smollan, 2013). On the other hand, leadership behaviour such as participative style attempts to organise subordinates in the right direction (Moore *et al.*, 2005; Weyer, 2007). For example, Yukongdi (2004) study suggests that organisational members who participate under a democratic behaviour are more comfortable and work hard towards organisation success. This implies that organisational consideration of a participative leadership style such as democratic and transformation may further increase the level of trust their members have on the organisation. Bosiok (2013) advised against autocratic leadership behaviour because such leaders often associate with too much power over team members and consequently reduces the employee's level of participation and trust. Bosiok (2013) equally believes that autocratic leadership style is characterised with unidirectional communication channels and the leader is mostly not interested in feedback.

Vito *et al.* (2011) posit that autocratic leaders often obtain and maintain power. The leader is always at the centre of authority, dictating methods of work and limiting employees' suggestions. Oshagbemi and Ocholi (2006) add that this leadership style usually leads to high staff turnover or absenteeism. Other studies equally viewed that managers adopting the autocratic style force or impose changes on organisational members with insufficient or no consultation, taking action without considering the effects on the members (Ellinger *et al.*, 2008). This category of leaders are seen as uncaring, self-serving management/undermining, with depriving and intimidating behaviour who always omit giving recognition or praise for the good work of their subordinates (Ellinger *et al.*, 2008). On the other hand, democratic leadership is characterised with two way communication such as exchange of feedback among members (Avery, 2004; Northouse, 2011). The democratic leaders are more compliant and consider the views and suggestions of other members of the organisation in decision making. Sapru (2013) confirmed this when he concluded that the democratic leadership style encourages feedback and gives opportunity for training or coaching. Oshagbemi and Ocholi (2006) affirm this and added that democratic leadership style increases employee's job satisfaction and enables skills development and trust, which often leads to self-confidence and passion to accomplish organisational goals. Avery's (2004) view is in conformity with this when he confirmed that organisational members who are associated with democratic leadership style are better motivated and can effectively and efficiently engage with their job.

Also, studies that compared variations in leadership styles believe that the elements of transformational leadership behaviour have a relationship with organisational change implementation (Bass and Riggio, 2006; Detert and Burris, 2007; Herold *et al.*, 2008), generally influenced subordinates attitude and behaviour in responding to implementing organisational change. Other researchers believe specifically that, transformational leaders are able to transform subordinates' beliefs and values by creating a vision of the future and inspire them to work toward

achieving organisational change (Cardona, 2000; Ivey and Kine, 2010). Agle *et al.*'s (2006) study viewed that leaders associated with the transformational style are able to overcome the 'inactive work nature' that often keeps individuals away from working hard and adapting to the organisational change mechanism. In another development, Avolio and Gibbons, (1988) and Shamir *et al.* (1993) conclude that the transformational leader increases subordinates' self-efficacy and confidence as well as encouraging a positive change implementation process. This means that with transformational leadership behaviour in place, organisational leaders may be able to increase the level of trust in their subordinates by ensuring a higher level of confidence in the organisation. This is why Grove (2005) agreed that transformational leadership styles lead to a positive relationship capable of generating openness among organisational members. The above empirical evidence clearly revealed that participative leadership behaviours such democratic and transformational styles could have a positive impact on employee attitude and can increase the level of trust in the organisation. Based on this, the following sub hypotheses that will bring more clearly the link between organisational trust and leadership are proposed:

- **H1:** Democratic leadership style has positive significant effect on organisational trust.
- **H2:** Transformational leadership style has positive and significant effect on organisational trust.
- **H3:** A high level of interpersonal trust will lead to an increasing level of organisational success.
- **H4:** A high level of institutional trust will lead to an increasing level of organisational success.

Thus, this study proposes that democratic and transformational leadership styles will increase the level of organisational trust on organisational success as illustrated in Figure 1.

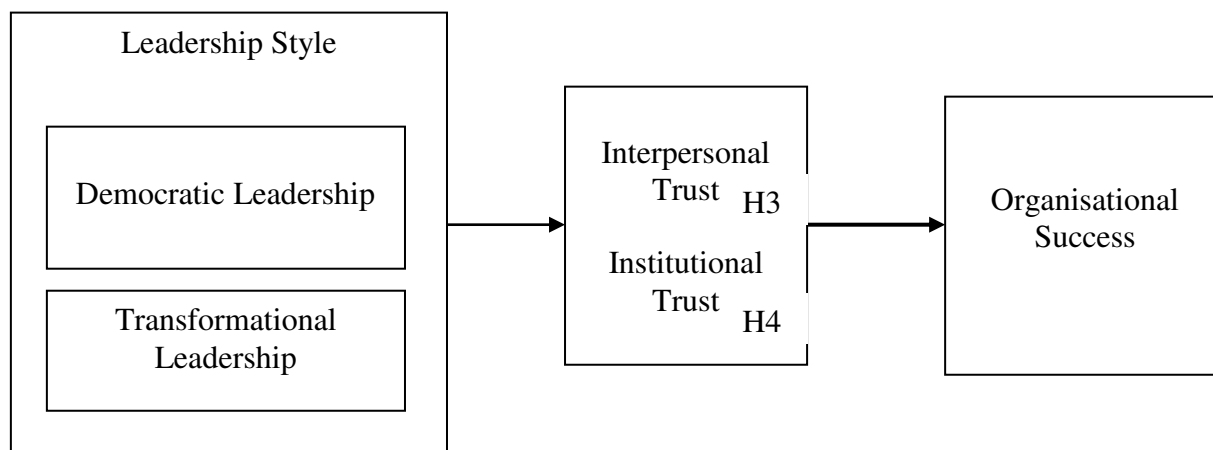


Figure 1: Conceptual Framework

As illustrated in Figure 1, the conceptual framework combined leadership and organisational trust and demonstrates their impact on organisational success. This means that, organisational trust is mediating the relationship between leadership and organisational success, or put differently, in order for organisations to enhance success there must be a high emphasis on trust in the view of bringing people together. The conceptual framework proposes that a high level of organisational trust will lead to a high level of organisational success, but this must be in line with the predominant leadership style in place. Scholars viewed organisational trust as a strong recipe for organisational success (Saunders and Thornhill, 2003; Neves and Caetano, 2009). Organisations most of the time failed to achieve a set objective because trust is often not considered in the centre of activities (Erturk, 2008). More so, when the emphasis on trust is slow, organisational success is muffled leaving the standard of management to decline (Erturk, 2008), which still left many managers failing to make a strong association between trust and their leadership style. Therefore Figure 1 evidenced that a thoughtful consideration of organisational trust will increase the relationship between organisational trust and democratic and transformational leadership styles. Democratic and transformational leadership styles engaged employees with the spirit of motivation (Avery, 2004) and encourages fair participation feedback (Sapru, 2013). So, democratic and transformational leadership styles can best deal with issues concerning frustration, anger, shock, fear and feelings of betrayal and lose confidences which are factors associated with trust amongst organisational members (Smollan, 2013), and are capable of reducing the level of organisational success. So, we conclude that organisational success is dependent on the relationship between leadership style and organisational trust. In order to measure the impact of organisational trust on organisational success with a consideration of democratic and transformational leadership style we assess previous instruments for measuring organisational effectiveness and organisational citizenship behaviour (Connell *et al.*, 2003) to improve the level of trust and acceptance in realising organisational goals. Both instruments are found worthy for measuring factors that can help improve organisational success (Podsakoff *et al.*, 2003), hence a combination of both was useful in order to measure success. Also, the multifactor leadership questionnaire (MLQ) was adopted to study leadership styles with

the full range of leadership development intervention in organisations as recommended by Bass and Avolio (1994). Therefore, both instruments enable us to measure the mediating impact of organisational trust in line with the influence of leadership styles with a view of reducing hindrances on the level of organisational success.

METHOD

With the surveying strategy, 250 questionnaires were received from employees in organisations of the Nigerian petroleum sector. A consideration of statistical techniques such as correlation and multiple regression analysis for data was necessary to enable us to examine the relationship between variables and the extent of the impact of such relationships (Pallant, 2010; Field, 2013). A bivariate correlation, also known as zero-order correlation, was adopted to explore the relationship between variables, while multiple regression analysis helps to predict significant relationships amongst a set of variables (Field, 2013). More so, the multiple regressions helped to determine the variables with the most significant impact. Secondly, the multiple regressions help this study with information about the research model as a whole and the relative contribution of each of the variables that make up the model, and thirdly, the multiple regressions provide statistical control for an additional variable(s) when exploring the predictive ability of a conceptual framework for adoption as a basis for organisational success (Pallant, 2010).

Table 1 presents a validation of the conceptual framework illustrated in Figure 1, the measure covers each aspect on a six-point Likert scale: we used Cronbach’s coefficient alpha to measure and estimate the degree of the internal consistency of all constructs (Pallant, 2010; Field, 2013). Cronbach’s Alpha (α) which was considered 0.7 or more signified reliable measures (de Vaus, 2002; Shah, 2011; Mueller *et al.*, 2012). We assessed the construct validity of each construct by using a principal components factor analysis (Pallant, 2010). Our results show that with all factors loaded Cronbach’s Alpha was acceptable.

Table 1: Reliability and Validity of Instruments

	Numbers of Items	Factor Loading	Percentage of Variance explained	Value of Cronbach’s Alpha
Organisational Success (OS)	15	0.783 – 0.890	69.373	0.889
Interpersonal Trust (IT)	12	0.813 – 0.858	69.045	0.790
Institutional Trust (ITT)	12	0.728 – 0.825	61.911	0.788
Democratic Leadership (DLs)	12	0.633 – 0.899	67.841	0.839
Transformational Leadership (TLs)	12	0.699 – 0.816	59.646	0.790

FINDINGS

Table 3 presents a regression analysis showing that both transformational and democratic leadership styles were better contributing to organisational success. As indicated, transformational leadership style was found with a significant positive impact with organisational success ($\beta = 0.366, p < .001$). Also, the regression analysis shows that democratic leadership style is positively impacting on organisational success ($\beta = 0.357, p < 0.001$). Comparing this result with the results found in the correlation coefficient further indicates that H1 and H2 were supported and retained. This result means that transformational and democratic leadership styles are capable to form associated variables for organisational success.

Table 3 Regression Analysis between Organisational Success and Leadership

Dependent Variable		Unstandardized Coefficients		Standardized Coefficient	T- test	Sig	Model Summary
		B	S.E	Beta			
	TFL	.360	.093	.366	3.875	.000	Sig of F = .000
	DL	.342	.098	.357	3.485	.001	
	OS	.561	.096	.574	53838	.000	Adjusted R ² = .648

The results in Table 4 also show that interpersonal and institutional trust are contributing significantly and can mediate the relationship between leadership and organisational success. The regression results indicated that interpersonal trust is mediating the relationship between leadership and organisational success ($\beta = 0.327, p = 0.089$). Also, the regression analysis indicated that institutional trust is mediating the relationship between leadership

and organisational success ($\beta = 0.419, p = 0.093$), showing that both dimensions of organisational trust are significant and capable of mediating organisational success.

Table 4 the Mediating role of Organisational Trust

		Unstandardized Coefficients		Standardized Coefficient	T- test	Sig	Model Summary
		B	S.E	Beta			Sig of F = .000
Dependent Variable	IT	.327	.248	.327	1.319	.089	Adjusted R ² =.697
	ITT	.420	.248	.419	1.692	.093	
	Tls	.214	.046	.210	2.401	.018	
	DLs	.173	.114	.176	1773	.079	
	OS	.782	.070	.764	11.161	.000	

DISCUSSION AND IMPLICATIONS

As indicated from both correlation and regression analyses, the dimensions of organisational trust are mediating the relationship between transformational ($\beta = 0.366, p < .001$) and democratic leadership ($\beta = 0.357, p < 0.001$) styles and organisational success. This means organisational trust ($\beta = 0.327, p = 0.089$), ($\beta = 0.419, p = 0.093$) acts as a mediator to predict more organisational success ($\beta = 0.764, p < 0.001$). The data collection and analysis suggest that a high perception of organisational trust in line with the adoption of transformational and democratic leadership style will increase the level of organisational success. Therefore, it is necessary to modify the conceptual framework illustrated in Figure 1 to empirically show the results of the data analysis/hypotheses testing and the impact of variables demonstrated in Table 4. Consequently, the revised framework presented in Figure 2 shows the empirical evidence of the research findings and relevant implications.

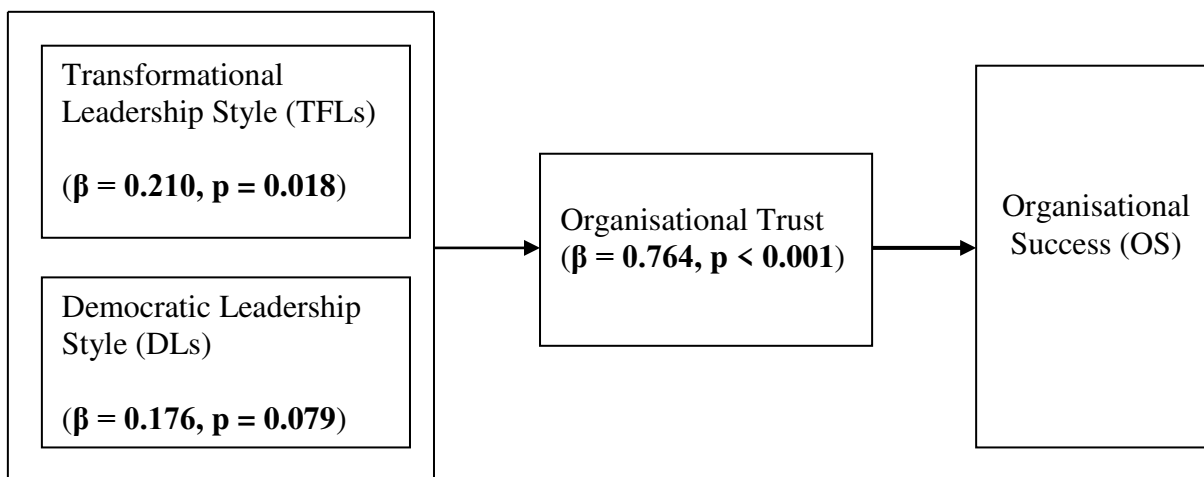


Figure 2 Validated Conceptual Framework

Figure 2 indicates that organisational trust has an impact on organisational success. Also, that organisational trust will mediate the relationship between leadership and organisational success in order to increase the level of success in organisations. The regression analysis indicated that democratic and transformational leadership styles were impacting on organisational success via the influence of organisational trust. This means that democratic and transformational leadership styles employ their influences on organisational success through mediating the impact of organisational success, and they impact directly on organisational success. These findings show that organisational trust enhances behavioural and overall organisational invention for success and encourages team building for effectiveness and change. This finding is consistent with the studies of other researchers such as Saunders and Thornhill (2003), Atkinson and Butcher (2003) and Vanhala and Ahteela (2011) who believe that organisational trust increases organisational potential resources to improve on the relativity and willingness to sustain organisational effectiveness. This shows that an emphasis on the dimensions of organisational trust will increase organisational effectiveness and the need to sustain success through transformational and democratic leadership styles. This is in line with studies emphasising the adherence to organisational trust because of its positive impact on organisational

innovativeness (Kanter, 1988; Dougherty and Hardy, 1996). Martins and Terblance's (2003) study adds that organisational trust improves the behavioural dimension that supports innovation and creativity.

This finding further indicates that organisational trust is able to set organisations on the road to building a strong organisational policy that connects people's perceptions to fairness and justice as well as strengthening human resources management (HRM) practices since organisational policies are tied into the heart of HRM. This means organisations that build a high level of trust will increase their efficiency and effectiveness towards engaging the fundamentals of organisational success. In other words, organisations that increase the level of trust will benefit from organisational members comprehensively understanding the need for success. Therefore, organisations that increase their levels of trust will enhance performance through cooperation capable of contributing to knowledge creation and innovation. For example, if organisational members are able to trust organisational policy through participatory leadership such as democratic and transformational, their level of interaction and contribution towards success will increase. This is in accordance with studies that confirmed that trust has a positive influence on effectiveness and efficiency (Levin & Cross, 2004; Faghihi & Allameh, 2012), that trust increases organisational value for efficiency, fairness of the organisational wide system and organisational policies (Tan & Tan, 2000; Ellonen *et al.*, 2008; Neves & Caetano, 2009; Smollan, 2013).

CONCLUSION

This paper explored the mediating impact of organisational trust on organisational success through democratic and transformational leadership styles. The theoretical contribution and practical implications of the study have been highlighted. The study makes a strong case that when organisations are willing to increase their level of success there is a need to increase the level of trust by considering factors such as interpersonal and institutional trust in order to ensure that organisational members play an active role in moving the organisation forward. This is expected to enhance a more friendly business environment for increasing the scope for success and competitive advantage. So, with democratic and transformational leadership behaviour in place, leaders in organisations such as those in the Nigerian petroleum sector must ensure that the characteristics of organisational trust are emphasized in order to ensure integrity, concern for welfare, fairness in dealing with co-workers and key knowledge about the job. The assurances of all these will lead to a reinforcement of employee's feelings about their self-effectiveness and consequently increase their readiness to contribute to success.

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