

Organizational Change and Employee Trust:

The Mediating Roles of Perceived Organizational Support and Organizational Justice

by

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## Abstract

Over the past decade, the prevalence of organizational change in today's economy has increasingly become more and more evident, in Canada and internationally. As a result, organizations feel the pressure to reorganize, downsize, merge with or acquire organizations. Organizational change has been found to be a critical event that may create or destroy trust in management (Lines et al., 2005; Morgan & Zeffane, 2003; Pritchett, 1985). The fact that employee trust is vulnerable during change is concerning because trust is known to be at the foundation of positive working relationships, commitment, employee performance, morale, loyalty and many other job attitudes and outcomes (Bromiley & Cummings, 1995; Dirks & Ferrin, 2002; Kwang & Burgers, 1997; Wells & Kipnis, 2001). Using a sample of employed individuals ( $n = 272$ ), the present study examined the direct effect of organizational change, and the mediating effects of perceived organizational support and the four components of organizational justice on employee trust. It was found that positive perceptions of organizational change predicted greater employee trust, and perceived organizational support and the four components of organizational justice were significant partial mediators of the effect of perceptions of organizational change on employee trust. Future research could examine similar effects of organizational change using a longitudinal design in order to better determine causality.

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## Organizational Change and Employee Trust:

### The Mediating Roles of Perceived Organizational Support and Organizational Justice

#### *Overview*

In order to stay competitive in the current global economy, many organizations feel pressure to strategically streamline costs by reorganizing, downsizing (laying off a large proportion of their workforce), or gaining resources through merging with or acquiring another organization. Consequently, the prevalence of organizational change has increased over the past decade and continues as the competition in the global market rises. After experiencing organizational change, employees who “survive” must deal with the after-effects, including, for example, increased workload, loss of colleagues, continued uncertainty, and job insecurity (Lines, Selart, Espedal, & Johansen, 2005). Due to these after-effects, change often results in high turnover, lower morale, satisfaction and commitment, unproductive behaviour, sabotage, and absenteeism (Morrison & Robinson, 1997; Robinson & Rousseau, 1994).

Despite the fact that there is a great deal of information available to managers on how to manage organizational change, roughly three-quarters of changes fail typically because organizations (management) tend to focus on strategic orientation, finances and cutting costs while failing to provide the organization with any true enhancements in how work is accomplished and overlooking human resource needs (Kotter, 1995; Miller, 2002; Sastry, 1997). In the defense of these failed changes, Marks (2006) argues that it is challenging for executives to effectively facilitate change and apply best practices because, in reality, mergers and acquisitions often happen in secrecy for competitive and

legal reasons. As a result, given that executives must keep a tight lid on their intentions, it is not always possible to follow best-practice advice that tells managers, for example, that in order to facilitate change there must be open communication with employees early in the process, and/or the incorporation of employee involvement in decision-making to increase buy-in. Therefore, in many cases, particularly with mergers and acquisitions requiring secrecy, strategies to facilitate smooth transitions, such as increased participation (Glew, O'Leary-Kelly, Griffin, & Van Fleet, 1995) and open communication (Schweiger & DeNisi, 1991; Young & Post, 1993), are not very practical. Hence, there is a disconnect between the ideal and the practical enactment of organizational change, which may explain why there continues to be many negative attitudinal and behavioural consequences of change.

It is evident that organizational change is a challenging process and the impact of such change runs deep for employees who have remained with the organization during times of turmoil and uncertainty, affecting emotions, attitudes, and behaviours. Specifically, organizational change has been found to be a critical event that may create or destroy trust in management (Lines et al., 2005; Morgan & Zeffane, 2003; Pritchett, 1985). At its core, organizational change may break the relational exchange between employees and the organization, leading to a loss of trust (Lines et al., 2005), which is problematic considering that trust is a key variable in effective social exchange relationships (Blau, 1964; Konovsky & Pugh, 1994) and fosters loyalty, commitment, and overall positive working relations within an organization. As a result, it is possible that the loss of trust may be the mechanism underlying many of the other negative effects resulting from an organizational change.

Thus, if trust is a critical component in the positive operation of organizations, and when it is broken, the result is counter-productive organizational behaviour (Dirks & Ferrin, 2001), then it becomes critical to know what factors affect trust and whether it is possible to regain it once it has been broken. Therefore, the purpose of the present research was to examine what affects employee trust in the context of organizational change.

### *Employee Trust*

In Organizational Psychology, trust has been conceptualized in various ways. Boon and Holmes (1991) define trust as a positive expectation that another will not act opportunistically through words, actions, or decisions. Similarly, Rousseau, Sitkin, Burt, and Camerer (1998) conceptualize trust as a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intention or behaviour of another. Zand (1972) describes trust as “behaviour that conveys appropriate information, permits mutuality of influence, encourages self-control, and avoids abuse of the vulnerability of others” (p. 238). Cummings and Bromiley (1996) define trust as “an individual’s belief or a common belief among a group of individuals that another individual or group (a) makes good-faith efforts to behave in accordance with any commitments both explicit or implicit, (b) is honest in whatever negotiations precede such commitments, and (c) does not take excessive advantage of another even when the opportunity is available” (p. 300). Lines et al. (2005) argue “risk, independence, and the willingness to accept vulnerability are necessary conditions in all formulations of trust”

(p.225). As such, it appears the common thread across these definitions is the idea that trust is about accepting vulnerability and having favourable expectations of another.

Trust is important because it is the foundation of commitment and positive working relationships (Bromiley & Cummings, 1995; Dirks & Ferrin, 2002; Ferrin, Dirks & Shah, 2006; Kwang & Burgers, 1997; Wells & Kipnis, 2001). Trust has consistently been found to be positively related to many organizational variables such as quality of communication (Muchinsky, 1977; Roberts & O'Reilly, 1974; Yeager, 1978), problem solving (Zand, 1972), cooperation (Deutsch, 1962), organizational commitment (Cook & Wall, 1980; Dirks & Ferrin, 2002; Morgan & Hunt, 1994), better task performance (Earley, 1986; Oldham, 1975; Robinson, 1996), organizational citizenship behaviour (Konovsky & Pugh, 1994; McAllister, 1995) and job satisfaction (Dirks & Ferrin, 2002). Moreover, results from a meta-analysis conducted by Meyer, Stanley, Herscovitch, and Topolynsky (2002) revealed that employees with high affective commitment based on trust were less likely to be absent or quit their jobs, more likely to have better job performance, report more organizational citizenship behaviours, and report lower levels of stress and work-family conflict. Therefore, the importance of trust is unquestionable.

### *Building of Trust*

According to social exchange theory (Blau, 1964), trust emerges from the successive exchange of benefits between the parties involved. Successful social exchanges lead to trust because they involve unspecified obligations for which no binding contract can be written, which is a sign of mutual support and investment in the relationship. Most likely it is the norm of reciprocity, the belief that one should help and

not hurt those who have helped oneself (Gouldner, 1960), that facilitates the production of mutual trust between individuals (Gambetta, 1988). Koeszegi (2004) looked at the effects of trust in negotiations and how trust-building can be facilitated during negotiation processes and found that the norm of reciprocity supports trust-building dynamics, which is consistent with Gouldner's (1960) hypothesis that individuals who fail to reciprocate experience disapproval from others.

Other key aspects of building trust are that it requires choice and open communication. Research from the field of conflict and negotiation by Koeszegi (2004) presents a strategy related to trust-building that involves the creation of alternatives and choice for negotiation partners. According to this author, trust needs choice in order to be elicited; absolute dependence and force contradicts the concept of trust. The larger the set of alternatives that are available to the other party, the more salient trust becomes, a strategy which is often referred to as "enlarging the pie," (Koeszegi, 2004) that is, extending the context for problem solution to create win-win situations.

Moreover, Gambetta (1988) explains "trust will typically be relevant when at least one party is free to disappoint the other, free enough to avoid a risky relationship, and constrained enough to consider that relationship an attractive option" (p. 219). Therefore, it seems that in order to build trust, the trustor should have options and feel that he or she has a say in his or her decision to enter into the relationship. Furthermore, research has found that open communication, in which managers and employees openly exchange thoughts and ideas, enhances perceptions of trust (Whitener, Brodt, Korsgaard, & Werner, 1998); more specifically, Schweiger and DeNisi (1991) found that during

acquisitions, communication reduced uncertainty and increased trustworthiness and reliability of the management of the acquiring firm.

Another approach for understanding how trust is built is to examine its known antecedents. Research shows that organizational justice and perceived organizational support are two important factors for enabling trust during the organizational change process.

*Organizational justice.* An important predictor of employee trust is the fairness with which employees are treated by the organizational agents (Colquitt et al., 2001; Konovsky & Pugh, 1994). Organizational justice theory focuses on perceptions of fairness in organizations, by categorizing employees' views and feelings about their treatment and that of others within an organization (Greenberg, 1987). Current research (Colquitt et al., 2001) has identified four types of organizational justice: 1) distributive justice entails perceptions about the outcomes of decisions/allocations (Homans, 1961; Leventhal, 1975); 2) procedural justice focuses on employee perceptions of the fairness of procedures and processes used to make decisions (Thibaut & Walker, 1975); 3) interpersonal justice reflects the degree to which people are treated with politeness, dignity, and respect (Bies & Moag, 1986); and 4) informational justice focuses on the explanations provided to people that convey information about why procedures were used in a certain way (Bies & Moag, 1986). Traditionally, interpersonal and informational justice have been grouped together as "interactional justice," focusing on employees' perceptions regarding the assessment of fairness of the interpersonal treatment they receive when procedures are implemented. The present research followed

the more recent trends having measured interpersonal and informational justice as separate constructs.

With respect to distributive justice in the organizational change context, when distributions of organizational allocations and outcomes are considered fair, higher levels of trust are likely to follow (Pillai, Williams, & Tan, 2001). Assessments of trust not only depend on perceptions about fairness of allocations and outcomes, they also depend on perceptions of fairness of the procedures used to arrive at such decisions (procedural justice). Aquino, Tripp, and Bies (2006) found that leaders enacting procedural justice positively affected followers' trust. Folger and Konovsky (1989) found that employees who felt that their supervisor had conducted appraisals in a fair manner tended to rate their trust more positively. Similarly, Brockner (1996) found that positive individual views of processes and procedural justice were linked to higher levels of trust in the organization and supervisor. Moreover, these authors found that genuinely fair procedures moderated the impact of negative reactions, such as mistrust, that arose from decisions leading to undesirable employee outcomes.

Saunders and Thornhill's (2003) research supports the findings regarding the relationship between procedural justice and trust, however they also reveal the distinct importance of the perception of fairness in treatment (interactional justice) in enabling trust. That is, they found that the way in which employees are treated by their managers leads to increased perceived organizational support, and this treatment may in turn convey that a manager is trustworthy. Consequently, it can then be argued that when

there is perceived injustice, trust will be negatively affected, which is where the link between organizational change and the breach of trust becomes particularly evident.

*Perceived organizational support.* According to Eisenberger, Huntington, Hutchison, and Sowa (1986), in order to meet socio-emotional needs and to assess the benefits of increased work effort, employees form a general perception concerning the extent to which the organization values their contributions and cares about their well-being. Such perceived organizational support tends to be related to an increase in employees' felt obligation to help the organization reach its objectives, their affective commitment to the organization, and their expectation that improved performance would be rewarded. In other words, perceived organizational support is influenced by various aspects of an employee's treatment by the organization and, in turn, influences the employee's interpretation of organizational motives underlying that treatment.

Trust is significantly related to perceived organizational support (Eisenberger, Huntington, Hutchinson, & Sowa, 1986; Tan & Tan, 2001), as an individual's perception of the quality of his or her exchange relationship with the organization (i.e. POS) is likely to influence their trust in the organization. Interestingly, perceived organizational support is commonly conceptualized in terms of social exchange theory (Eisenberger et al., 1986; Eisenberger, Fasolo, & Davis-LaMastro, 1990; Eisenberger, Stinglhamber, Vandenberghe, Sucharski, & Rhoades, 2002). The benefits of perceived organizational support often are understood in reciprocal terms, that is, an employee who sees the employer as supportive is likely to return the gesture. When perceived organizational support is high, workers are more likely to engage in organizational citizenship behaviour

(Lynch, Eisenberger, & Armeli, 1999; Moorman, Blakely, & Niehoff, 1998), higher job performance (Randall, Cropanzano, Bormann, & Birjulin, 1999), and reduced absenteeism (Eisenberger et al., 1986). In this way, researchers have often conceptualized perceived organizational support as the “quality” of the social exchange that takes place between an employee and the employer as a whole. Therefore, since an individual’s perception of the quality of their exchange relationship with the organization has been found to affect their trust in the organization (Eisenberger et al., 1986; Tan & Tan, 2001), it was important to include perceived organizational support in the present study.

### *Propensity to Trust*

Despite these theories on building trust, people inherently differ on their ability to trust. That is, an individual’s *propensity to trust* is an individual’s general willingness to trust others (Mayer, Davis, & Schoorman, 1995) or a stable disposition to believe in the goodness of others (Rotter, 1980). It is likely that individual differences in a person’s disposition to trust will affect their level of employee trust regardless of organizational change. For example, Bernerth and Walker (2009) found that employees’ propensity to trust was positively related to their perceived social exchange quality and that most positive exchange relationships were perceived to exist when both managers and employees were high on propensity to trust.

As such, employees’ propensity to trust would affect their perceptions of the relationships they form with their managers. For example, individuals who are predisposed to trust others would likely pay more attention to the positive aspects of social exchanges with their managers, while paying less attention to the negative aspects

of the exchange relationship (Colquitt, Scott, Judge, & Shaw, 2006; Dirks & Ferrin, 2002). Therefore, given that it is expected that individuals who are predisposed to trust others will likely interpret managerial actions in a more favourable light than those who are naturally suspicious, regardless of the reality of the situation, the present study used this theory to control for these individual differences in the analysis.

From an organizational perspective it is apparent that there are several factors that help to build employee trust. Namely, having successful social exchange relationships, open communication, choice, perceptions of fairness in process and treatment, and the perception of organizational support. Although it is important to understand the role of antecedents in building trust in general, the period following an organizational change requires a re-building of trust, if the trust has been broken, and may, therefore, have unique properties and additional barriers to overcome. Nonetheless, to potentially help understand what rebuilds trust, the present study assessed the effect of organizational change on employee trust while examining mediating factors as well.

### *Trust after Organizational Change*

The past decade has witnessed an increasing awareness of the importance of trust for the functioning of organizations (Brass, Galaskiewicz, Greve & Tsai, 2004; Dirks & Ferrin, 2001; Kramer & Tyler, 1996; Nooteboom & Six, 2004). Given the evidence of the vulnerability of trust during change, it is crucial to understand what affects trust in order to begin to understand how trust may be restored after it is broken. It is possible that even if trust is lost, there are ways to work towards restoring it. There is a limited amount of published research in Organizational Psychology that provides empirical evidence on

how, or even whether, trust may be restored following an organizational change; therefore, there is a need to extrapolate information on trust restoration from other areas of Psychology.

A relationship-based commitment conceptualization of trust has some useful implications for understanding how trust can be restored. Research by Tomlinson, Dineen and Lewicki (2004) reveals how rebuilding a relationship requires actions by both parties in which some concession is both offered and accepted. The violator must play a prominent role in trying to provide redress for his or her actions, and it is also necessary for the violated to be willing to reconcile for fear that the relationship will terminate. Similarly, Wilson (1988) argues that reconciliation and the repair of trust requires steps by both parties since a relationship involves an implicit set of agreements to which both parties must agree. Further, Driver et al. (2003) found that an important component of relationship repair is each partner's ability and willingness to respond when repair is attempted. Therefore, based on these perspectives from the relationship literature, there is some application for an organizational setting, such as ensuring both parties are actively involved in the process and that there is willingness for reconciliation. Thus, it appears that trust building can only begin when the organization (management) accepts responsibility or acknowledges the breaking of trust and is willing to reconcile.

From another perspective, based on research in the counseling field for rebuilding trust, Mitchell (1990) recommends starting with small issues that require minimal trust, in order to reduce the perception of vulnerability, and progress from there. By "practicing" the acceptance of being vulnerable, starting with small issues or requests, employees

could potentially rebuild their trust over time. This point begs the question, “how long does it take for trust to be restored?” and “can trust ever be fully restored?”

It is quite likely that some of the same mechanisms through which trust is initially built are necessary to rebuild trust after it is broken. That is, examining the antecedents of trust may be useful for future research to understand how trust could potentially be restored. As described previously, two important antecedents of trust include perceived organizational support and organizational justice. In the context of organizational change, strong social exchange relationships, in the form of high perceived organizational support, appear to be crucial for employee trust and the relevance of organizational justice, namely how this might influence employee perceptions of fairness regarding the process of organizational change. Therefore, the idea is that once change has occurred, the more support and fair treatment of employees, the more they will take steps (the social exchanges) to rebuild trust.

In sum, evidence suggests that perceptions of organizational support and organizational justice appear to be two important factors for enabling trust during the organizational change process. This is important because, at this point, we know that organizational change is occurring with increasing frequency due to the pressure to remain competitive in today’s economy. If an organization makes a change that appears to be unfair in process or distribution, and does not seem to tell a true story about the change to the employees, it breaks the employees’ trust. Furthermore, it can be presumed that throughout the change process perceived organizational support will be minimal, tainting an employee’s interpretation of organizational motives, thus weakening

employee trust. If the organization appears to not support the employees through the change, and the employees have the expectation of organizational support, then they will feel that their trust has been broken. As a result of the broken trust, employees are likely to respond negatively, with feelings of dissatisfaction about their jobs, reduced commitment, and lowered job performance. To the present researcher's knowledge, the proposed study was the first attempt at examining all of these variables together in this pattern.

### *Purpose*

The overall purpose of the present study was threefold: first, to examine the impact of organizational change on employee trust; second, to examine the effect of organizational change on the four components of organizational justice and on perceived organizational support; and third, to assess the mediating roles of perceived organizational support and organizational justice for the effect of organizational change on employee trust.

Employee trust is crucial for facilitating successful working relationships, which in turn affect employee performance and organizational behaviour; however, organizational change can be detrimental to employee trust, particularly if employees feel they were treated unfairly or that the organization did not support them. Indeed, it is likely the perception of organizational change, that is whether the change was generally more positive or negative, and satisfaction with the change that have greater influence rather than simply the presence or absence of change or even the kind of organizational change. A positive perception of the change would be a belief that a change was less

disruptive, necessary, and handled well by the organization, whereas a negative perception of change would be a belief that the change was disruptive, perceived to be unnecessary, and handled poorly. Given that an individual's propensity to trust would likely affect their levels of trust throughout the change process, this individual difference was measured and controlled. For the present study, the following was hypothesized:

H1: More positive perceptions of organizational change would predict greater employee trust, while controlling propensity to trust.

H2: More positive perceptions of organizational change would be positively associated with higher levels of perceived organizational support.

H3: Higher perceived organizational support would predict greater employee trust, while controlling propensity to trust.

H4: More positive perceptions of organizational change would be positively associated with each component of organizational justice.

H5: Higher levels of each component of organizational justice would predict greater employee trust, while controlling propensity to trust.

H6: Propensity to trust and time since the change would moderate the association between perception of organizational change and employee trust.

H7: Perceived organizational support and each component of organizational justice would mediate the association between perception of organizational change and employee trust.

## Method

### *Sample*

Given the difficulty in gaining approval to conduct research within organizations, especially those that are in the process of change, it was decided that the most appropriate approach for this study would be an online survey using convenience sampling techniques, such as snowball sampling using email and social networking websites. This sampling method was selected to increase the likelihood of obtaining a diverse sample with respect to participants from a wide range of organizations that have experienced various types of organizational changes, who are in varying occupational sectors, job levels, and roles. A diversified sample also helps to limit organization-specific confounds and alternative explanations, such as management style, particular culture, or interpersonal dynamics, which helps with the generalizability of the findings.

The final sample consisted of 272 employed individuals, of which 60% were female ( $n = 163$ ). Exactly half of the sample completed, at minimum, a university undergraduate degree, with 36% having completed graduate school. Almost all respondents were employed full-time (91.5%) and the rest were employed part-time. In terms of the length of time respondents had worked for their current organization (tenure), the distribution ranged from less than 3 months to more than 15 years, with the majority of the sample between 1 and 7 years (54%). The sample distribution for job level was 8% administrative/support, 13% entry level, 28% intermediate level, 23% senior level, and 18% executive/management level. In terms of occupational sector, the largest proportion of respondents worked for the government (24%), and the second

largest proportion worked in the technology/high tech sector (14%). A large portion (35%) of respondents indicated that they were part of a union. Most of the respondents resided in Canada (85%), with 49% from Ottawa-Gatineau area and 12% from Toronto. Additionally, 7% were from the U.S. and 4% were from Europe (including the U.K., Switzerland, France, Italy and Spain).

The survey filtered respondents based on whether they had experienced organizational change in their current organization during the past three years or had not experienced a change within their current organization in the last 3 years. Limiting the time frame to the past three years allowed for sufficient time for some participants to potentially have restored trust after experiencing a change, while also helping to reduce the chance for errors in memory recall. As a result, 62% of the total sample reported experiencing an organizational change within the past 3 years ( $n=169$ ), with 60% of those participants reporting that the change was ongoing ( $n = 102$ ) and 40% had completed the change ( $n = 67$ ). The analyses also included respondents that had not experienced a change ( $n = 103$ ) as the 'no change' group for measures that were not specific to change. The largest proportion characterized the change as a type of re-organization or re-structure (45%) and the second largest proportion experienced 'downsizing' (9%).

### *Procedure*

Once the Carleton University Ethics Committee for Psychological Research approved the study, the survey was programmed for online administration using the CallWeb software, which is a highly sophisticated and secure online data collection

program with complete functionality<sup>1</sup>. A private consulting firm, Goss Gilroy Inc. (GGI), agreed to host the survey for this research and the data were collected and stored on their secure Internet server. No identifying information was collected to link data to the respondents, therefore once the participants entered their responses on each page of the survey and clicked to the next page, the data were saved. In addition, once the respondents completed and closed the survey they could not re-enter the survey to change their responses, and since there was no identifying information, the study participants could not request to have their data withdrawn from the study. There were no issues with confidentiality as the survey completions were anonymous.

Prior to implementation, the survey was pre-tested using approximately 10 people to ensure that the questions and answer categories were clear and appropriate and that there were no glitches or erroneous skips. Once the pre-testing was complete, the researcher sent an email invitation to her contact list inviting people to participate in the study and asking them to forward the email to their contacts that they thought may be interested in participating in the study. Email invitations (Appendix B) provided a brief description of the study, its purpose, what participation entailed, and contained an embedded link to the online survey. In addition to email recruitment, the researcher used social marketing and networking tools to recruit participants, such as a Facebook page dedicated to the study and via LinkedIn. The researcher also posted an invitation to complete the survey on various group discussion boards for these websites. To yield as high a response rate as possible, the survey was designed to be short and took approximately 10 to 15 minutes to complete, depending on whether or not the participant

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<sup>1</sup> <http://callweb.ca>

experienced an organizational change. The survey remained in the field for six weeks (although the first half of the sample was recruited within the first week).

The URL to the online survey first brought participants to an informed consent page (Appendix C), which explained the purpose of the study, confidentiality, and data management, all in accordance with ethics procedures. At the end of the informed consent page participants who wished to participate in the study were asked to click on an “I agree” button in order to proceed. There was also a “do not agree” button for individuals who did not wish to participate, which brought them to a page that thanked them for their interest in the study and encouraged them to send the email invitation to their contacts.

Preliminary survey questions on employment status and age determined eligibility of the respondent, and those who did not meet the study’s criteria of being employed and over the age of 18 were thanked for their interest in the study and encouraged to forward the email invitation along to their contacts. Once eligibility of the participant was determined, the survey continued with basic demographic questions on gender, location of residence, level of education, field of work, occupational sector, job level, and the number of years they have been with their present employer. Participants were then asked whether they had experienced an organizational change in their present organization within the past three years, and those who indicated they experienced a change were asked questions on the type of change (e.g., restructure, downsize, merger, acquisition), the magnitude of the organizational change, status of the change (ongoing or complete) and the number of months/years the change process has been underway or took to be completed. All participants were asked about their current level of trust in their

manager(s), organizational justice, perceived organizational support, and propensity to trust. Current levels were measured because it was anticipated that the cross-sectional design (recruitment of participants at various stages in the change process) would allow for an assessment of trust, organizational justice, and support at various time periods in the change process.

The final section of the survey consisted of four open-ended questions that were targeted to those who had experienced an organizational change. These open-ended questions asked respondents to reflect on their experiences with the organizational change. Following the open-ended questions, the survey ended with a closing page that thanked the participant for their interest in the study and provided the debriefing information.

### *Measures*

In addition to the questions pertaining to demographic information (see Appendix A), such as age, gender, city of residence, and level of education, and questions about their occupation such as occupational sector, field of work, job position, job level, and the number of years they have been with their present employer (tenure), all respondents were asked whether they had experienced an organizational change at their present organization within the past three years. Those that had experienced an organizational change were asked some specific questions about the change, such as the type of change (restructure, downside, merger, or acquisition, other), the status of the change (ongoing or complete) and the number of months/years the change process has been underway or took to be completed (for those that were complete).

The following measures were used in the present study (refer to Appendix A for the complete measures). The means, standard deviations, and internal reliabilities for all scales can be found in the correlation matrix (Table 2).

*Perception of organizational change.* In order to characterize the nature of the organizational change, the present study developed a measure of perception of organizational change since no suitable validated measure was found in the literature. The measure focused on evaluative statements regarding how employees perceived the change, including perceptions of whether the change was generally positive or negative, their level of satisfaction with the change, opinions on how disruptive the change was, how necessary the change was, and how well the change was handled. Items were scored on 5-point likert-type scales from “not at all” (1) to “to a large extent” (5). These items were developed for the present study and, therefore, to establish the validity of the measure of perception of organizational change, the four items were subjected to a Principal Components Analysis (PCA). A PCA was selected as it is an exploratory technique that takes into account all variability in the items to determine the trends in the data in order to predict a single criterion variable. To reliably perform a PCA, the data were first assessed for sampling adequacy and sphericity using the Kaiser-Meyer-Olkin (KMO) measure and Bartlett’s test. The KMO statistic was .68, which is above the minimum acceptable value of .60 (Tabachnick & Fidell, 2007) and Bartlett’s test of sphericity was significant. Eigenvalues greater than one was the criterion by which components were extracted using the varimax rotation. The results from the PCA indicated that all four items represented a single component, which accounted for 51% of the variance in the data (Table 1). All component loadings ranged from .51 to .84.

The internal consistency of the four items was also assessed using Cronbach's alpha, which yielded an overall internal consistency of .68 with all four items. This alpha improved to .75 with the first item deleted ("Is/Was the change disruptive?"), therefore, this one item was deleted from the scale (Table 1), leaving a 3-item measure of perception of organizational change with a Cronbach's alpha of .75.

Table 1

*Inter-Item Correlations, Internal Reliability, and Principal Components Analysis on Perception of Organizational Change Scale*

Items	1	2	3	4	Alpha if item deleted	Component loading
1. Is/Was the change disruptive?	-				.75	.51
2. Is/Was the change necessary?	-.03	-			.70	.72
3. Is/Was the change handled well?	.33	.39	-		.47	.84
4. Are you satisfied with the change?	.30	.40	.69	-	.47	.75
Variance explained						51.1%

*Employee trust in management.* Stanley, Meyer, and Topolyntsky (2005) developed a scale of employee trust in management based on the definition by Mayer et al. (1995). The scale consisted of five items measuring willingness of employees to be vulnerable to decisions of management. A sample item is "If I was given a choice, I would not allow management to make decisions concerning employee well-being." Internal consistency (Cronbach's alpha) was reported as .85 by Stanley et al. (2005). Responses were rated on 5-point Likert scales anchored with "strongly disagree" (1) to "strongly agree" (5). The current study yielded an internal reliability of .78 (Cronbach's

alpha) for this scale.

*Organizational justice.* Organizational justice was measured using Colquitt's (2001) scale, which is composed of multiple sub-scales that assess four types of justice (procedural, distributive, interpersonal and informational). The present study yielded high internal reliabilities for all four sub-scales. Procedural justice was measured using a 7-item scale consisting of items such as, to what extent "Have you been able to express your views and feelings?" and "Have the procedures been free of bias?" The internal reliability of this sub-scale (Cronbach's alpha) was .90 for the present study. Distributive justice was measured using a 4-item scale consisting of items such as, to what extent "Does your (outcome) reflect the effort you have put into your work?" and "Is your (outcome) justified, given your performance?" The present study obtained an internal reliability (Cronbach's alpha) of .95 for this sub-scale. Interpersonal justice was measured using a 4-item scale consisting of items that refer to the authority figure that had enacted the change process, such as, to what extent "Has (he/she) treated you in a polite manner?" and "Has (he/she) refrained from improper remarks or comments?" The Cronbach's alpha for this sub-scale was .96. Informational justice was measured using a 5-item scale consisting of items such as, to what extent "Has (he/she) been candid in (his/her) communication with you?" All items were rated on 5-point scales anchored in "to a small extent" (1) to "to a large extent" (5). The present study yielded an internal reliability (Cronbach's alpha) of .93 for this sub-scale.

Given that this was a validated measure with four sub-scales, a factor analysis was conducted to verify that the four organizational justice sub-scales indeed loaded onto four

distinct factors. Eigenvalues greater than one was the criterion by which components were extracted using the oblimin rotation. The results indicated that one item in the procedural justice scale (“Have those procedures upheld ethical and moral standards”) had high cross-loadings with the other sub-scales. The procedural justice scale was re-computed without this item in order to verify whether this affected the results; however, the results were not different with this version of the scale and so the original procedural justice scale was retained.

*Perceived organizational support.* Perceived organizational support was measured with the shortened version of the 36-item Survey of Perceived Organizational Support (SPOS) (Eisenberger et al., 1986). The majority of studies on POS use a short form developed from the 17 highest loading items in the SPOS, which is what the present study used. Examples of items include “Management really cares about my well-being” and “Management is willing to extend itself in order to help me perform my job to the best of my ability.” Participants were asked to rate their level of agreement with the statements on five-point scales ranging from “strongly disagree” (1) to “strongly agree” (5). The present study yielded a high internal reliability for this scale with an alpha coefficient of .94 (Cronbach’s alpha).

*Propensity to trust.* Propensity to trust was considered in the present study as a control variable, since individual differences in a person’s disposition to trust could affect his or her level of employee trust regardless of organizational change. Propensity to trust was assessed using the 8-item measure used by Mayer and Davis (1999) and Schoorman, Mayer, and Davis (1996), which was derived from Rotter’s (1967) trust scale.

Participants responded to the items on 5-point scales (1 = strongly disagree, 5 = strongly agree). Sample items included, “One should be very cautious with strangers” and “Most people answer public opinion polls honestly.” Internal consistency (Cronbach’s alpha) reported by Mayer and Davis (1999) was .55 and .66 for two waves of their study. The present study yielded an improved internal reliability compared to Mayer and Davis (1999) with a Cronbach’s alpha of .71 for this scale.

Table 2

*Means, Standard Deviations, Correlations and Internal Reliabilities for Measured Variables*

Variables	<i>M</i>	<i>SD</i>	1	2	3	4	5	6	7	8
1. Employee Trust	2.78	.77	(.78)							
2. Procedural Justice	2.69	.98	.45**	(.90)						
3. Distributive Justice	3.08	1.17	.32**	.60**	(.95)					
4. Interpersonal Justice	3.88	1.14	.37**	.62**	.45**	(.96)				
5. Informational Justice	3.00	1.16	.42**	.76**	.61**	.66**	(.93)			
6. Perceived Org'l Support	3.49	.74	.48**	.61**	.51**	.58**	.60**	(.94)		
7. Propensity to Trust	2.84	.52	.10	.07	.14*	.10	.06	.05	(.71)	
8. Perception of Org'l Change	2.99	.91	.46**	.54**	.40**	.38**	.49**	.57**	-.00	(.75)

*Notes:* Means are based on 5-point scales. Internal reliabilities are presented on the diagonal.  
\*  $p < .05$ , \*\*  $p < .01$ , \*\*\*  $p < .001$  (2-tailed).

## Results

### *Preliminary Analyses*

Preliminary analyses included screening for outliers and missing data, followed by testing for the assumptions of multiple regression. There were no outliers identified as problematic within the dataset according to Cook's distance. A total of 79 cases did not complete the survey questions and therefore were removed from the initial sample of 352. Because data were collected using an online survey and answering each question was mandatory in order to proceed through the survey, these cases were generally those who

dropped out before completion. For those that did not wish to answer a given question or were unsure of their response, a 'do not know' response option was always provided, which was later recoded as a missing value. Subsequently, a missing value analysis was conducted on the items of the research variables, which found about 10% of missing data for each item. Since the data were missing at random, the values were imputed using regression, in which an item with a missing value was regressed on all other items in the scale and predicted values were inserted to replace missing values (Schafer & Graham, 2002).

Assumptions were tested using graphical residual analysis of normal Q-Q plots and scatter plots, for which evidence of normality, linearity, constant variance, existence and independence was found. Normal Q-Q plots revealed that the assumption of normality was satisfied, and a visual analysis of scatter plots revealed that the assumption of linearity was satisfied for all of the research variables. Constant variance, existence and independence were satisfied based on a visual examination of the residuals in the scatter plot graphs.

*Control variables.* In order to determine whether there were any confounding variables that may needed to be controlled in subsequent analyses, a series of one-way ANOVAs were computed to examine between-group differences for a number of the demographic variables (age, gender, organizational tenure, job level and unionization) on the main research variables (employee trust, perceived organizational support, each component of organizational justice, perception of organizational change, and propensity to trust). Post-hoc comparisons were conducted on each of the variables that obtained

significant group differences in order to examine the extent to which the groups actually differed.

The results of the demographic tests indicated that there were no group differences according to age or gender, but significant differences were found for the other demographic variables for many of the research variables. Significant differences were found for organizational tenure on perception of organizational change,  $F(8, 159) = 2.79, p < .01$ , and on interpersonal justice,  $F(8, 251) = 2.66, p < .01$ . Organizational tenure was categorized as (1) less than 3 months, (2) 3 to 6 months, (3) 7 to 12 months, (4) 1 to 2 years, (5) 3 to 4 years, (6) 5 to 7 years, (7) 8 to 10 years, (8) 10 to 15 years, and (9) more than 15 years. Post-hoc comparisons revealed that employees that had been with their organization for 1 to 2 years had significantly more positive perceptions of organizational change ( $M = 3.43, SD = .78$ ) as compared to employees that had been with their organization for 5 to 7 years ( $M = 2.69, SD = .82$ ). Although not precisely linear, with deviations at the higher end of tenure, those with shorter tenure had generally more positive perceptions of organizational change. For interpersonal justice, post-hoc comparisons revealed that employees that had been with their organization for 7 to 12 months had significantly lower perceptions of interpersonal justice ( $M = 3.12, SD = 1.17$ ) compared to employees that had been with their organization for 1 to 2 years ( $M = 4.17, SD = 1.03$ ) and 3 to 4 years ( $M = 4.14, SD = 1.07$ ). Interestingly, overall the results show more of a curvilinear relation, with lower interpersonal justice scores at the lower and the higher degrees of organizational tenure, and higher interpersonal justice scores in the middle (between 1 and 4 years of tenure).

Significant differences were also found for job level and employee trust,  $F(5, 263) = 2.87, p < .01$ , procedural justice,  $F(5, 262) = 7.07, p < .001$ , and distributive justice,  $F(5, 253) = 2.82, p < .05$ . Job level was classified as (1) Administrative/support, (2) Entry/junior, (3) Intermediate, (4) Senior, (5) Executive/Management, (6) Other/don't know. Post-hoc comparisons revealed that executive/management level respondents reported significantly higher levels of employee trust ( $M=3.08, SD=.81$ ), as compared to senior level employees ( $M = 2.64, SD = .73$ ) and employees in the "other/don't know" job level group ( $M = 2.49, SD = .91$ ). For procedural justice, post-hoc comparisons revealed that significant differences were found for all of the levels when compared with executive/management. That is, executive/management level respondents reported significantly higher levels of procedural justice ( $M = 3.37, SD = 1.01$ ) as compared to administrative/support ( $M = 2.62, SD=.91$ ), entry/junior ( $M = 2.54, SD=.96$ ), intermediate ( $M = 2.45, SD = .86$ ), and senior ( $M = 2.52, SD = .99$ ) job levels. In terms of distributive justice, executive/management level respondents reported significantly greater distributive justice ( $M = 3.61, SD = 1.21$ ) than those at the intermediate level ( $M = 2.90, SD = 1.14$ ). Overall, it is not surprising that the respondents of the executive/management level had the higher scores on these variables because presumably these people are the decision makers in the organization, who have input into the change, and would be overseeing the change.

In terms of the impact of unionization, employees who were part of a union reported significantly lower employee trust ( $M = 2.64, SD = .75$ ) compared to those who were not part of a union ( $M = 2.85, SD = .77$ ),  $t(266) = -2.12, p < .05$ . Similarly, employees that were part of a union reported lower levels of procedural justice ( $M = 2.44,$

$SD = .83$ ) as compared to those that were not part of a union ( $M = 2.83, SD = 1.04$ ),  $t(265) = -3.20, p < .01$ .

Because of their pattern of relations with the other research variables it was evident that organizational tenure, job level, and unionization could potentially explain some of the variance among the research variables. Therefore, it was determined that these variables would be controlled in the subsequent relevant analyses.

#### *Change Status and Time*

ANOVAs were conducted to examine whether there were significant differences based on the respondent's change status and length of time since change for the main research variables (employee trust, organizational justice, and perceived organizational support). The first set of ANOVAs was conducted on employee trust for change status, which was operationalized as (1) no change, (2) change is ongoing, and (3) change is complete. Results revealed that levels of employee trust did not significantly differ according to whether the respondent experienced 'no change' ( $M=2.86, SD=.80$ ), 'change is ongoing' ( $M=2.64, SD=.72$ ) or 'change complete' ( $M=2.83, SD=.76$ ),  $F(2, 266) = 2.28, n.s.$  It can be noted, however, that the differences were approaching significance ( $p = .10$ ) and the relationship was u-shaped or curvilinear, as illustrated in Figure 1, in that trust was highest for the 'no change' group, then decreased for the 'change is ongoing' group, and then increased again for the 'change is complete'. This result may have positive implications suggesting that trust may be restored after the change process.

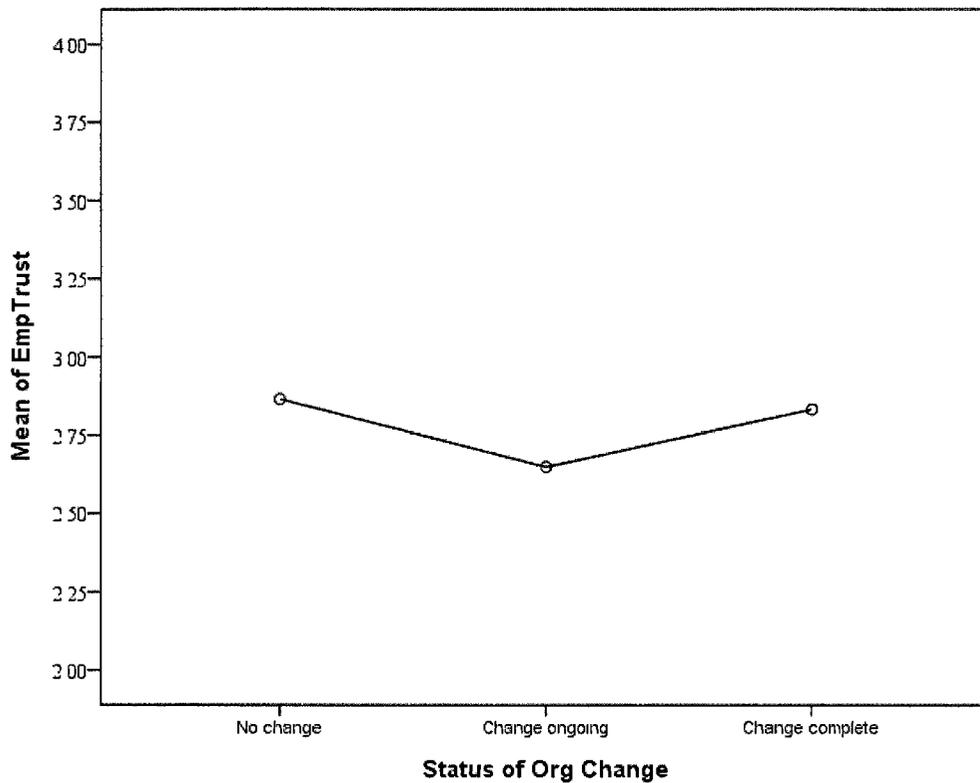


Figure 1. Means of Employee Trust by Status of Organizational Change

There were significant differences for change status on perceived organizational support,  $F(2, 257) = 3.58, p < .05$ , procedural justice,  $F(2, 265) = 5.69, p < .01$ , distributive justice,  $F(2, 256) = 3.57, p < .05$ , interpersonal justice,  $F(2, 257) = 5.24, p < .01$ , and informational justice,  $F(2, 262) = 10.84, p < .001$ . Post-hoc comparisons revealed that respondents in the ‘ongoing change’ group reported significantly lower perceived organizational support ( $M = 3.34, SD = .78$ ) as compared to the ‘no change’ group ( $M = 3.62, SD = .75$ ). Furthermore, the ‘ongoing change’ group had significantly lower procedural justice ( $M = 2.44, SD = .88$ ) compared to the ‘no change’ group ( $M = 2.85, SD = 1.00$ ) and the ‘change complete’ group ( $M = 2.85, SD = 1.04$ ). For distributive justice, although the omnibus test was significant, there were no significant pairwise comparisons. For interpersonal justice, the ‘ongoing change’ group reported significantly

lower interpersonal justice ( $M = 3.59, SD = 1.21$ ) compared to the 'no change' group ( $M = 4.05, SD = 1.11$ ) and the 'change complete' group ( $M = 4.06, SD = 1.00$ ). Finally, for informational justice, the 'ongoing change' group had significantly lower informational justice ( $M = 2.60, SD = 1.08$ ) compared to the 'no change' group ( $M = 3.31, SD = 1.15$ ) and the 'change complete' group ( $M = 3.17, SD = 1.15$ ). Therefore, for each of these results it is apparent that the 'ongoing change' group had lower scores on these variables when compared to the 'no change' and 'change complete' groups, and the pattern of these relations was u-shaped or curvilinear.

To take a closer examination of whether it is possible to determine more precisely when attitudes shift after the change process, a similar set of ANOVAs was run on the research variables (employee trust, organizational justice and perceived organizational support) for 'time since change', which was categorized as (1) change in process, (2) less than 6 months post-change, (3) 7 to 12 months post-change, (4) 1 to 2 years post-change, and (5) 2 to 3 years post-change. The ANOVA results revealed that there was only a significant difference on 'time since change' for informational justice,  $F(4, 160) = 3.46, p < .01$ . Post-hoc comparisons revealed that respondents in the 'change in process' group reported significantly lower informational justice ( $M = 2.60, SD = 1.08$ ) as compared to respondents in the '7 to 12 months post-change' group ( $M = 3.55, SD = .94$ ). Given that significant differences were not found on the other research variables for 'time since change,' it appears that the length of time following a change may not be necessarily as important as initially thought. Alternatively, it is possible that statistical power was reduced because of splitting the 'change complete' group ( $n = 67$ ) into these four additional sub-groups.

Overall, the above results indicate that there were group differences depending on the status of the organizational change. In particular, respondents that were in the process of experiencing ongoing change seemed to have lower levels of employee trust, organizational justice, and perceived organizational support when compared to respondents that had either not experienced an organizational change or change was complete. This is interesting because it suggests that the negative effect of organizational change on employee attitudes may not necessarily be long-term and may be restored.

#### *Perception of Organizational Change and Employee Trust*

The first hypothesis, that a positive perception of organizational change would predict greater employee trust while controlling propensity to trust, was tested using a hierarchical multiple regression. Given the results of preliminary analyses, organizational tenure, job level, and unionization were included in the regression as control variables. As such, employee trust was regressed on propensity to trust, organizational tenure, job level and unionization in the first block and on perception of organizational change in the second block (Table 3). Perception of organizational change uniquely ( $sr^2$ ) accounted for 23% of the variance in employee trust, therefore this hypothesis was supported.

Table 3

*Hierarchical Regression of Employee Trust on Propensity to Trust, Organizational Tenure, Job Level, Unionization and Perception of Organizational Change*

Block	Predictor	$\beta$	$t$	$sr^2$	$R^2$	$\Delta R^2$
Block 1					.04	.04
	Propensity to Trust	.01	1.22	.01		
	Organizational Tenure	.07	.84	.00		
	Job Level	-.05	-.61	.00		
	Unionization	.17	2.03	.03		
Block 2					.27	.24***
	Propensity to Trust	.08	1.16	.01		
	Organizational Tenure	.20	2.68	.03		
	Job Level	-.02	-.26	.00		
	Unionization	.09	1.26	.01		
	Perception of Organizational Change	.51	6.94***	.23		

\*\*\*  $p < .001$ .

*Perception of Organizational Change and Perceived Organizational Support*

A Pearson's correlation was run to test the second hypothesis, which was that a positive perception of organizational change would be positively associated with perceived organizational support. Results reveal a significant positive correlation,  $r = .57$ ,  $p < .01$ , such that as positive perceptions of organizational change increased, perceived organizational support increased as well.

*Perceived Organizational Support and Employee Trust*

The third hypothesis, that perceived organizational support would predict employee trust while controlling for propensity to trust, was tested using a hierarchical multiple regression. Given the results of the preliminary analyses, organizational tenure, job level, and unionization were included in the regression as control variables. As such,

employee trust was regressed on propensity to trust, organizational tenure, job level and unionization in the first block, and on perceived organizational support in the second block (Table 4). Perceived organizational support uniquely ( $sr^2$ ) accounted for 22% of the variance in employee trust, therefore this hypothesis was also supported.

Table 4

*Hierarchical Regression of Employee Trust on Propensity to Trust, Organizational Tenure, Job Level, Unionization, and Perceived Organizational Support*

Block	Predictor	$\beta$	$t$	$sr^2$	$R^2$	$\Delta R^2$
Block 1					.03	.03
	Propensity to Trust	.10	1.64	.01		
	Organizational Tenure	-.04	-.54	.00		
	Job Level	-.00	-.06	.00		
	Unionization	.12	1.94	.01		
Block 2					.24	.22***
	Propensity to Trust	.07	1.15	.00		
	Organizational Tenure	.03	.57	.00		
	Job Level	-.06	-1.06	.00		
	Unionization	.09	1.64	.01		
	Perceived Organizational Support	.47	8.42***	.22		

\*\*\*  $p < .001$ .

*Perception of Organizational Change and Organizational Justice*

A Pearson's correlation was used to test hypothesis four, which predicted that positive perceptions of organizational change would be positively associated with each component of organizational justice. This hypothesis was supported since results indicated that perception of organizational change was positively associated with all four components of organizational justice: procedural justice,  $r = .54$ ,  $p < .01$ , distributive

justice,  $r = .40, p < .01$ , interpersonal justice,  $r = .38, p < .01$ , and informational justice,  $r = .49, p < .01$ .

#### *Organizational Justice and Employee Trust*

The fifth hypothesis, that each component of organizational justice would predict employee trust while controlling propensity to trust, was tested using a hierarchical multiple regression. Again, organizational tenure, job level, and unionization were included in the regression as control variables. Employee trust was regressed on propensity to trust, organizational tenure, job level and unionization in block one, and on each of the four components of organizational justice in block two (see Table 5). Of the four components of organizational justice, only procedural justice was a significant predictor, uniquely ( $sr^2$ ) accounting for 2% of the variance in employee trust, thus Hypothesis five was only partially supported.

Table 5

*Hierarchical Regression of Employee Trust on Propensity to Trust, Organizational Tenure, Job Level, Unionization and Organizational Justice*

Block	Predictor	$\beta$	$t$	$sr^2$	$R^2$	$\Delta R^2$
Block 1					.03	.03
	Propensity to Trust	.08	1.26	.01		
	Organizational Tenure	-.07	-1.03	.00		
	Job Level	.01	.09	.00		
	Unionization	.12	1.87	.01		
Block 2					.24	.21***
	Propensity to Trust	.04	.68	.00		
	Organizational Tenure	-.04	-.64	.00		
	Job Level	-.07	-1.16	.00		
	Unionization	.06	1.03	.00		
	Procedural Justice	.24	2.42*	.02		
	Distributive Justice	.06	.79	.00		
	Interpersonal Justice	.12	1.45	.01		
	Informational Justice	.13	1.32	.01		

\*  $p < .05$ , \*\*\*  $p < .001$ .

*Propensity to Trust and Time as Moderators*

Hypothesis six predicted that propensity to trust and time since change would moderate the association between perception of organizational change and employee trust. Testing this hypothesis, however, was not feasible because there were no significant correlations for propensity to trust or time since change with perception of organizational change or employee trust. Therefore this hypothesis was not supported.

*Mediation Effects of Perceived Organizational Support and Organizational Justice*

Hypothesis seven predicted that perceived organizational support and each component of organizational justice would mediate the association between perception of organizational change and employee trust. These tests of mediation were conducted to help understand whether positive perceptions of organizational change would lead to greater employee trust by positively affecting employees' perceived organizational support and organizational justice. Baron and Kenny's (1986) causal steps approach for testing mediation effects was employed, and all criteria for mediation analyses were satisfied. Mediation is said to occur when the relation between the independent variable and the dependent variable becomes smaller when the mediator is included in the model (and if the relation reduces from significant to non-significant, then the mediation is considered *full* mediation).

The tests of mediation were conducted using hierarchical regression for each of the five proposed mediator variables (perceived organizational support and each of the four components of organizational justice). In addition, given that Baron and Kenny's (1986) causal steps approach has been criticized for not directly assessing mediation effects (Preacher & Hayes, 2004), the Sobel Test was also conducted to assess the statistical significance of the indirect effects.

To determine whether perceived organizational support mediates the effect of perception of organizational change on employee trust, employee trust was regressed on perception of organizational change in the first block,  $R^2=.22$ ,  $F(1, 156) = 44.64$ ,  $p < .001$ , and on perceived organizational support in the second block,  $R^2=.38$ ,  $F(2, 155) =$

46.72,  $p < .001$  (Table 6). The direct effect of .39 reduced to an indirect effect of .17, but remained significant (Table 6, Figure 2); therefore, according to the causal steps approach, perceived organizational support was a *partial* mediator of the effect of perception of organizational change on employee trust. The strength of this indirect effect (mediation) was tested for significance using the Sobel test, which yielded a statistic of 5.06,  $p < .001$ , therefore this mediation effect was statistically significant.

Table 6

*Testing the Mediation Effect of Perceived Organizational Support on Perception of Organizational Change and Employee Trust*

Block	Predictor	<i>B</i>	<i>SE B</i>	<i>t</i>
Block 1	Perception of Organizational Change	.39	.06	6.68***
Block 2	Perception of Organizational Change	.17	.06	2.66**
	Perceived Organizational Support	.49	.08	6.18***

\*\*  $p < .01$ , \*\*\*  $p < .001$ .

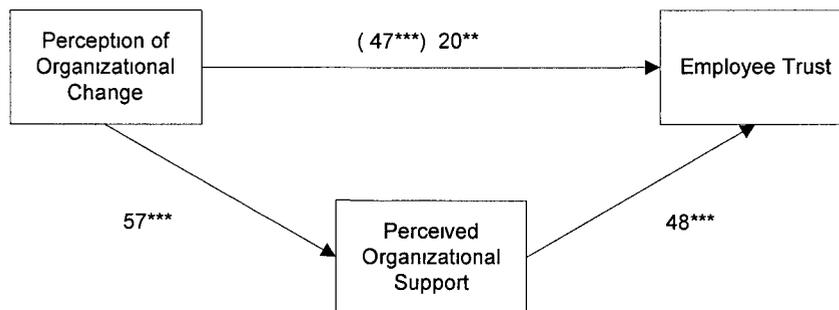


Figure 2. Mediation model for perceived organizational support.

Note: Standardized regression coefficients are reported.

To test procedural justice as a mediator of the effect of perception of organizational change on employee trust, employee trust was regressed on perception of organizational change in the first block,  $R^2 = .21$ ,  $F(1, 163) = 43.74$ ,  $p < .001$ , and on

procedural justice in the second block,  $R^2=.28$ ,  $F(2, 162) = 32.07$ ,  $p < .001$ , (Table 7). As a result, the direct effect of .37 reduced to an indirect effect of .24, but this remained significant (Table 7, Figure 3); therefore, according to the causal steps approach, procedural justice was a *partial* mediator of the effect of perception of organizational change on employee trust. The strength of the indirect effect was tested using the Sobel test, which yielded a statistic of 3.70,  $p < .001$ , therefore this mediation effect was statistically significant.

Table 7

*Testing the Mediation Effect of Procedural Justice on Perception of Organizational Change and Employee Trust*

Block	Predictor	<i>B</i>	<i>SE B</i>	<i>t</i>
Block 1	Perception of Organizational Change	.37	.06	6.61***
Block 2	Perception of Organizational Change	.24	.06	3.69***
	Procedural Justice	.25	.06	4.04***

\*\*\*  $p < .001$ .

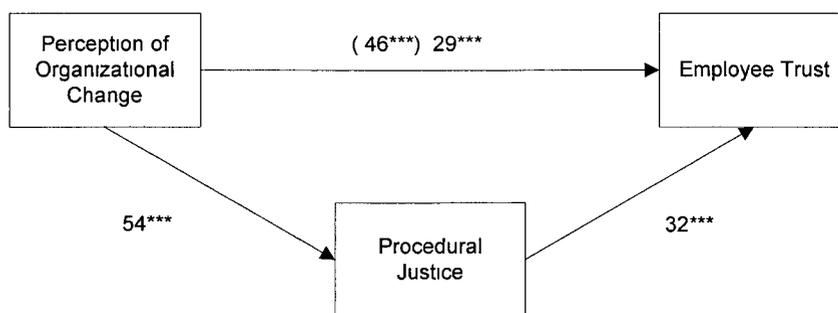


Figure 3. Mediation model for procedural justice.

Note: Standardized regression coefficients are reported.

Similarly, to test distributive justice as a mediator of the effect of perception of organizational change on employee trust, employee trust was regressed on perception of

organizational change in block one,  $R^2=.22$ ,  $F(1, 157) = 45.28$ ,  $p < .001$ , and on distributive justice in block two,  $R^2=.26$ ,  $F(2, 156) = 27.93$ ,  $p < .001$ , (Table 8). As a result, the direct effect of .38 reduced to an indirect effect of .31, but this remained significant (Table 8, Figure 4); therefore, according to the causal steps approach, distributive justice was a *partial* mediator of the effect of perception of organizational change on employee trust. The strength of the indirect effect (mediation) was tested using the Sobel test, which yielded a statistic of 2.51,  $p < .01$ , therefore this mediation effect was statistically significant.

Table 8

*Testing the Mediation Effect of Distributive Justice on Perception of Organizational Change and Employee Trust*

Block	Predictor	<i>B</i>	<i>SE B</i>	<i>t</i>
Block 1	Perception of Organizational Change	.38	.06	6.72***
Block 2	Perception of Organizational Change	.31	.06	5.04***
	Distributive Justice	.14	.05	2.90**

\*\*  $p < .01$ , \*\*\*  $p < .001$ .

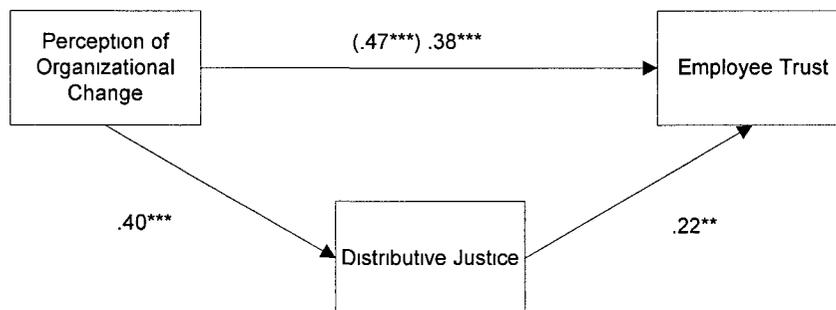


Figure 4. Mediation model for distributive justice.

Note: Standardized regression coefficients are reported.

To test interpersonal justice as a mediator of the effect of perception of organizational change on employee trust, employee trust was regressed on perception of organizational change in block one,  $R^2=.21$ ,  $F(1, 156) = 41.23$ ,  $p < .001$ , and on interpersonal justice in block two,  $R^2=.24$ ,  $F(2, 155) = 25.03$ ,  $p < .001$ , (Table 9). As a result, the direct effect of .37 reduced to an indirect effect of .31, but this remained significant (Table 9, Figure 5); therefore, according to the causal steps approach, interpersonal justice was also a *partial* mediator of the effect of perception of organizational change on employee trust. The strength of the indirect effect (mediation) was tested using the Sobel test, which yielded a statistic of 2.33,  $p < .05$ , therefore this mediation effect was also statistically significant.

Table 9

*Testing the Mediation Effect of Interpersonal Justice on Perception of Organizational Change and Employee Trust*

Block	Predictor	<i>B</i>	<i>SE B</i>	<i>t</i>
Block 1	Perception of Organizational Change	.37	.06	6.42***
Block 2	Perception of Organizational Change	.31	.06	5.06***
	Interpersonal Justice	.13	.05	2.68**

\*\*  $p < .01$ , \*\*\*  $p < .001$ .

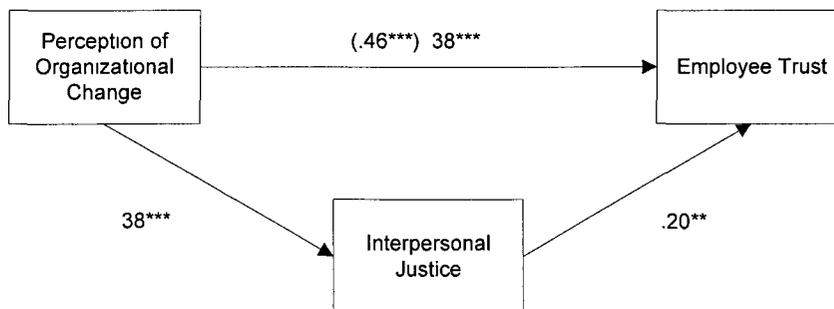


Figure 5. Mediation model for interpersonal justice.

*Note:* Standardized regression coefficients are reported.

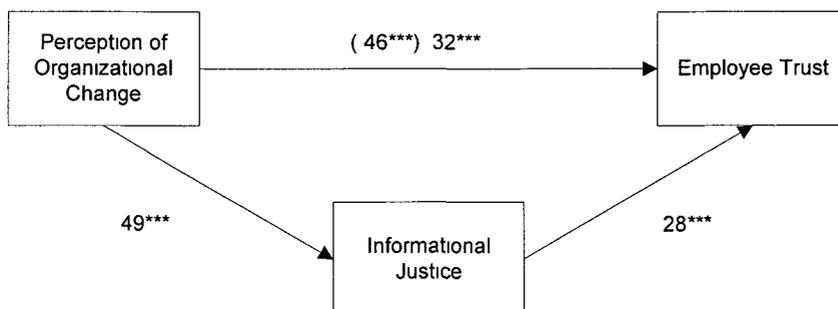
Last, to test informational justice as a mediator of the effect of perception of organizational change on employee trust, employee trust was regressed on perception of organizational change in block one,  $R^2=.21$ ,  $F(1, 162) = 43.34$ ,  $p < .001$ , and on informational justice in block two,  $R^2=.27$ ,  $F(2, 161) = 29.91$ ,  $p < .001$ , (Table 10). As a result, the direct effect of .37 reduced to an indirect effect of .26, but this remained significant (Table 10, Figure 6); therefore, according to the causal steps approach, informational justice was also a *partial* mediator of the effect of perception of organizational change on employee trust. The strength of the indirect effect (mediation) was tested using the Sobel test, which yielded a statistic of 3.17,  $p < .01$ , therefore this mediation effect was also statistically significant.

Table 10

*Testing the Mediation Effect of Informational Justice on Perception of Organizational Change and Employee Trust*

Block	Predictor	<i>B</i>	<i>SE B</i>	<i>t</i>
Block 1	Perception of Organizational Change	.37	.06	6.59***
Block 2	Perception of Organizational Change	.26	.06	4.22***
	Informational Justice	.18	.05	3.63***

\*\*  $p < .01$ , \*\*\*  $p < .001$ .



*Figure 6.* Mediation model for informational justice.

*Note:* Standardized regression coefficients are reported.

In sum, hypothesis seven was supported for perceived organizational support and each component of organizational justice. Therefore, there is evidence that positive perceptions of organizational change can lead to greater employee trust by positively affecting an employee's perception of organizational support and organizational justice.

### Discussion

The purpose of the present study was to examine the impact of organizational change on employee trust, with a focus on examining the roles of perceived organizational support and organizational justice. Overall, the organizational change variable that appears to have the greatest effect on employee trust throughout the change process is the employees' perceptions of the change. Positive perception of organizational change was conceptualized as change that was perceived to be necessary and handled well by the organization, whereas a negative perception of change would be perceived to be unnecessary, and handled poorly. This study found that it was less about the incidence of change occurring and more about whether the employees *perceived* the change to be positive or negative. Remarkably, the present study found that perception of organizational change uniquely explained almost a quarter of the variance in employee trust.

As preliminary analyses, the study looked at group differences on the main research variables for 'change status' (no change, change in process, change complete), and, although the power was relatively low for this analysis and statistical significance was not achieved, the pattern of relation for employee trust and 'change status' suggests

that there could potentially be an effect, since employee trust was lowest for those who were experiencing ongoing change. In addition, perceived organizational support and the components of organizational justice were all lowest for respondents who were experiencing ongoing change. Taken together, these results provide some support for existing research that posits that organizational change can negatively impact the relational exchange between employees and the organization, which may lead to a loss of trust (Lines et al., 2005).

Contrary to expectations, there was no effect of ‘time since the change’ on employee trust. It was anticipated that the longer time lapse after the change, the greater the trust (i.e., the ‘time heals all wounds’ phenomenon), but this hypothesis was not supported. That is to say, trust levels did not differ for those who had recently experienced the change compared to those where the change was complete for up to 3 years. As mentioned, it could be that the small sub-sample of employees in the ‘change complete’ group caused limited power in the analysis; therefore future research could explore the ‘time since change’ as a factor as well.

#### *Perceived Organizational Support and Organizational Justice*

Existing research has identified that an important predictor of employee trust is the fairness with which employees are treated by the organizational agents (i.e. organizational justice) (Colquitt et al, 2001; Konovsky & Pugh, 1994), and that an individual’s perception of the quality of his or her exchange relationship with the organization (i.e. perceived organizational support) is likely to influence his or her trust in the organization (Eisenberger, Huntington, Hutchinson, & Sowa, 1986; Tan & Tan,

2001). Given this knowledge, the four components of organizational justice and perceived organizational support were examined in the present study as mediators of the effect of organizational change on employee trust. As a result, the present study found that perceptions of organizational change were linked to an employee's perceived support and perception of fairness during the change process, and this was associated to their level of trust.

To the present researcher's knowledge, these findings contribute to the research literature since this appears to be the first study to uncover these mediation effects. The results suggest that it is important for employers to be mindful of organizational justice and consider fairness relating to procedures, distribution of rewards, interpersonal relations, and information provided when dealing with organizational change; however, an employee's positive perception of the change still has a distinctive direct influence in maintaining employee trust as well.

Interestingly, although each of the four components of organizational justice was found to partially mediate the relation between perception of organizational change and employee trust, only procedural justice was found to be a significant predictor of employee trust. Therefore, there is a discrepancy here, in that as mediators the justice sub-scales are significant, but in the regression analysis they did not account for much unique variance in trust. It is possible that there is considerable overlapping variance occurring with the justice sub-scales. Although the factor analysis indicated four distinct factors, the scales were highly inter-correlated, and so it appears that there is a considerable amount of shared variance that *suppresses* variance that is irrelevant to the

prediction of the DV. Therefore, given these sub-scales are validated and commonly used in the field for measuring distinct aspects of organizational justice, the present results may reveal some issues and perhaps this measure of organizational justice should be reconsidered for use as a composite measure of overall organizational justice as opposed to individual sub-components.

On the other hand, perhaps this issue of overlap arose due to the nature of the present research. Perhaps in the context of organizational change, organizational justice is understood or manifests differently. It is possible that, in the end, employees just believe it is all 'communication'. This might help explain the high inter-correlations among the sub-components, that is, maybe communication becomes more salient under these circumstances, thus surfacing within the sub-components of organizational justice. For example, most respondents of the survey for the present study who had experienced a change made reference to communication as a factor that had either facilitated or hindered their trust during change. As one respondent explained, "Trust in my view is based on open communication to all involved. Failure in sharing information at all levels creates uneasiness. The trust wasn't there as there was no explanation for the organizational change, only the announcement of the new structure...not enough clear communication is being done on a consistent basis....communicate a message, keep to a consistent story and communicate often." As another respondent indicated, "When there was trust it's because the manager was real and frank with the employees about the change; its pros and cons and how it will impact them. The manager is very supportive and takes the time to listen to the employees' issues and questions... many managers avoid open discussions because they aren't well prepared enough themselves to have

them and they aren't comfortable." Indeed, open communication, in which managers and employees openly exchange thoughts and ideas, enhances perceptions of trust (Whitener, Brodt, Korsgaard, & Werner, 1998).

### *Group Differences on Key Research Variables*

In order to better understand the associations among the research variables and have the ability to control any potential individual differences that could influence the results, the present study initially assessed group differences. Differences were found for organizational tenure, job level and unionization.

*Tenure.* Organizational tenure was found to have a significant effect on perceptions of organizational change and interpersonal justice. Specifically, for perceptions of organizational change, employees who had shorter tenure reported more positive perceptions of organizational change, suggesting that newer employees may not view organizational change as negatively as compared to employees with longer tenure. However, this group of employees with shorter tenure and more positive perceptions of organizational change, reported lower interpersonal justice, which implies that for newer employees, positive perceptions of organizational change are not linked with higher interpersonal justice. In addition, employees with longer tenure also reported lower interpersonal justice, as compared to employees in the middle range of tenure (1 to 4 years) who reported higher interpersonal justice. Therefore, the results showed more of a curvilinear relation, and it is interesting when comparing these sub-groups of respondents based on their organizational tenure because it shows that longer tenure employees may have less positive attitudes when it comes to organizational change. This could be the

case because of the idea that these employees have “more to lose”. That is, according to Lines et al. (2005) “for individuals with a long tenure, trust in management is a more elaborate cognitive structure than for individuals with short tenure. This means that the trust construct is more tightly linked in an associative cognitive network to representations of more trust relevant experiences” (p. 230). In view of this, although the present study did not find differences in employee trust based on tenure, it seems that this theory could be applicable to other organizational attitudes, such as interpersonal justice and perceptions of organizational change.

*Job level.* The present study found group differences based on job level, but specifically between senior and executive/management levels. Respondents of the executive/management level reported higher scores on employee trust, procedural justice, and distributive justice. Differences between these job levels is not surprising because presumably the executives are the decision makers in the organization, who have input into the change, and would be overseeing the change; therefore, their reaction to the change would be different (more positive) as compared to regular employees. For this reason, perhaps including executive/management level in the study was a limiting factor because they are not at a comparable level to the rest of the sample, but conversely, perhaps this is an important finding to consider. It was expected that management too would be negatively impacted by organizational change, but based on these results, this does not appear to be the case. Therefore, these findings are consistent with previous research, which has demonstrated that employees respond to an organizational change according to their position in the organizational hierarchy (Brower & Abolafia, 1995; Labianca, Gray, & Brass, 2000; Weber & Manning, 2001).

*Unionization.* The present study found that employees who were part of a union reported significantly lower trust in the organization. This difference in trust is somewhat expected considering the idea that unions may heighten distrust in management. That is, it is possible that unions feed into the climate of distrust or it could be that organizations with a troubled past have since unionized. According to Bryson (2001), it is when unions are viewed as ineffective, that trust in management is lower than in comparable non-unionized workplaces. According to this research, unions are best able to create a climate in which employees trust management where they are perceived to be doing their job well, where they have regard for union members' problems and complaints, and where they contribute to the smooth running of the workplace. In these circumstances, trust in management is generally no different from that found among employees in non-unionized workplaces (Bryson, 2001).

#### *Study Limitations*

As with most research, the present study has some limitations that may have affected the results and the conclusions that can be drawn. A key limitation was not using a longitudinal research design. It would have been ideal to have a longitudinal design that followed people through an organizational change within one organization in order to have the ability to examine the relationships between variables while controlling extraneous factors and avoiding alternative explanations (increasing attribution). The current study's cross-sectional and non-organization specific approach, however, did allow for the ruling out of confounding factors, such as management style and

environment/context that may have had an effect on employee trust, perceived organizational support, and organizational justice.

Another concern with the study design was with respect to common method variance, which is problematic when the overlap between two variables is due to a common bias rather than to a relationship between the underlying constructs. That is, for the present research all variables were measured with the same survey and at one point in time. Given that perceptions of organizational change and self-reported trust seems to be a key association, it is possible that the study measured an underlying attitude about the organization, as opposed to measuring two different constructs that affect each other. An approach that uses more than one method for collecting the data would be ideal to control for common method or same source variance, however, this was not feasible given the time and cost constraints of the present research.

#### *Directions for Future Research*

Given there is some evidence to support the notion that trust is vulnerable during the change process, and that trust may be restored after organizational change, future research could explore this further by examining what organizations do (and/or should do) to facilitate employee trust during organizational change. That is, what management practices are most effective at eliciting employee trust and positive reactions to change? Another important aspect would be whether it is about ‘time heals all wounds’, or whether it is more about personal disposition (do happy people deal with change better or get over change faster?), or is it about certain management practices? In examining these concepts, a subsequent study should ideally use a longitudinal research design that

measures trust before, during, and after the organizational change, including measuring specific management activities or behaviours.

Furthermore, future research could also validate the measure for perception of organizational change that was developed for the present study, which addresses both affective (emotional) and cognitive (evaluative) attitudes or reactions to the organizational change. This new measure should be validated and explored to determine other organizational behaviours that are affected by perceptions of organizational change.

### *Conclusions*

In Organizational Psychology, trust has been conceptualized in many different ways (Boon & Holmes, 1991; Cummings & Bromiley, 1996; Lines et al., 2005; Rousseau et al., 1998; Zand 1972); however, the common theme among several of these definitions is the idea that trust is about accepting vulnerability and having favourable expectations of another. To illustrate these underlying notions, and support of Koeszegi's (2004) theory, that to elicit trust there should be choice, a respondent of the current study reported that during an organizational change he was laid off and then the next morning offered his job back with the acquiring company. This was important because it gave him the choice and a say in whether he would like to enter into the relationship; this builds trust according to Gambetta (1988). In this situation, if he agreed to enter into the relationship with the acquiring company, this offer has also allowed him the opportunity to accept vulnerability, and have favourable expectations for the future. Furthermore, Gambetta's theory posits that "trust will typically be relevant when at least one party is free to disappoint the other, free enough to avoid a risky relationship, and constrained

enough to consider that relationship an attractive option” (p. 219). Therefore, in situations where there will be lay-offs or even mergers or acquisitions without layoffs, it may be important to provide the surviving employees with a choice to stay, in order to help maintain employee trust during the change process (or help build it, if trust was not previously present).

Thus, in view of these results and existing literature, it is important that in order to build or maintain employee trust throughout organizational change, there should be open communication (Schweiger & DeNisi, 1991; Young & Post, 1993), employees need to be a part of the process (Glew, O’Leary-Kelly, Griffin, & Van Fleet, 1995), be given options and feel that he or she has a say in his or her decision to be in the relationship (Gambetta, 1988). Change management practitioners, particularly those dealing with mergers and acquisitions requiring secrecy, should consider these as best practices for smoother transitions. This may help close the “disconnect” between the ideal and the practical enactment of organizational change.

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## Appendix A: Measures

***Perception of Organizational Change*** (developed for the present study)

In your opinion, to what extent:

1. Was the change disruptive? (R)
2. Was the change necessary?
3. Was the change handled well?
4. Are you satisfied with the change?

Rated on 5-point scales from “not at all” (1) to “to a large extent” (5).

***Employee Trust in Management*** (Stanley, Meyer, & Topolnytsky, 2005)

1. If I were given a choice, I would not allow management to make decisions concerning employee well-being. (R)
2. I am willing to follow management’s lead even in risky situations.
3. I trust management to make the right decisions in situations that affect me personally.
4. When it comes to making decisions that affect me, I have as much or more faith in the management’s judgment as I would in my own.
5. Even if a bad decision could have very negative consequences for me, I would trust management’s judgment.

Rated on 5-point scales from “strongly disagree” (1) to “strongly agree” (5).

***Organizational Justice*** (Colquitt, 2001)

Procedural Justice:

The following items refer to the procedures used to arrive at your (outcome). To what extent:

1. Have you been able to express your views and feelings during those procedures?
2. Have you had influence over the (outcome) arrived at by those procedures?
3. Have those procedures been applied consistently?
4. Have those procedures been free of bias?

5. Have those procedures been based on accurate information?
6. Have you been able to appeal the (outcome) arrived at by those procedures?
7. Have those procedures upheld ethical and moral standards?

Distributive Justice:

The following items refer to your (outcome). To what extent:

1. Does your (outcome) reflect the effort you have put into your work?
2. Is your (outcome) appropriate for the work you have completed?
3. Does your (outcome) reflect what you have contributed to the organization?
4. Is your (outcome) justified, given your performance?

Interpersonal Justice:

The following items refer to (the authority figure who enacted the procedure). To what extent:

1. Has (he/she) treated you in a polite manner?
2. Has (he/she) treated you with dignity?
3. Has (he/she) treated you with respect?
4. Has (he/she) refrained from improper remarks or comments?

Informational Justice:

The following items refer to (the authority figure who enacted the procedure). To what extent:

1. Has (he/she) been candid in (his/her) communications with you?
2. Has (he/she) explained the procedures thoroughly?
3. Were (his/her) explanations regarding the procedures reasonable?
4. Has (he/she) communicated details in a timely manner?
5. Has (he/she) seemed to tailor (his/her) communications to individuals' specific needs?

All items use 5-point scales anchored with 1= to a small extent and 5 = to a large extent.

***Perceived Organizational Support*** (shortened from Eisenberger, Huntington, Hutchison, & Sowa, 1986)

1. Management shows very little concern for me (R)
2. Management really cares about my well-being
3. Help is available from management when I have a problem
4. Management cares about my general satisfaction at work
5. Management cares about my opinions
6. Management strongly considers my goals and values
7. Management is willing to extend itself in order to help me perform my job to the best of my ability

Respondents indicate the extent of their agreement with each item on 5-point Likert scales (1 = strongly disagree, 5 = strongly agree).

***Propensity to Trust*** (Mayer & Davis, 1999)

1. One should be very cautious with strangers. (R)
2. Most experts tell the truth about the limits of their knowledge.
3. Most people can be counted on to do what they say they will do.
4. These days, you must be alert or someone is likely to take advantage of you. (R)
5. Most salespeople are honest in describing their products.
6. Most repair people will not overcharge people who are ignorant of their specialty.
7. Most people answer public opinion polls honestly.
8. Most adults are competent at their jobs.

Respondents are asked to indicate their level of agreement with the items using 5-points scales (1 = strongly disagree, 5 = strongly agree).

## Appendix B: Recruitment Invitation

Dear friends,

I am currently working on my Master's thesis at Carleton University and I am seeking your help. Please participate in a short survey (10-minutes) about organizational change and your experiences at work. You will be helping a well-deserved student finish off her degree! ☺

The survey asks questions about employees' experiences with organizational change, such as large-scale changes like a merger, acquisition or downsize, as well as smaller changes, such as re-organizations. I am researching how organizational change affects employees and their attitudes and what managers do (or don't do) to facilitate the process. I am interested in learning about changes that are underway now and also those that took place up to 3 years ago.

Note if you haven't experienced an organizational change in your current organization, then that's OK because there are questions for you too! The only criteria to participate are that you are employed full-time and are over 18 years of age.

Your time and efforts would be greatly valued and appreciated.

Please know that the data is being collected anonymously and no information will be collected about your identity or the organization you work for. All data will remain strictly confidential and the responses to the survey will be reported only in aggregate form. There are no risks or discomforts associated with participation.

\*\*\* Please also take a moment to forward this invitation to any (and all) friends that you think may be interested in participating (snowball sampling) \*\*\*

To access my survey please click the following link or paste it into your Internet browser:

(URL link)

If you have any questions concerning the study or your involvement, please feel free to contact me by phone \_\_\_\_\_ or email, [mpernica@connect.carleton.ca](mailto:mpernica@connect.carleton.ca). If you have any questions regarding your rights as a research participant, please contact Monique Sénéchal, Carleton University Ethics Committee for Psychological Research, [monique\\_senechal@carleton.ca](mailto:monique_senechal@carleton.ca) or (6130) 520-2600 ext.1155. If you have any other concerns, please feel welcome to contact Dr. Bernadette Campbell (Associate Chair, Department of Psychology, and thesis supervisor at [bernadette\\_campbell@carleton.ca](mailto:bernadette_campbell@carleton.ca) or 520-2600 ext. 4080).

A summary of the survey results will be available upon request to me at [mpernica@connect.carleton.ca](mailto:mpernica@connect.carleton.ca).

I thank you in advance for your participation.

Marci Pernica

*This study has been approved by the Carleton University Ethics Committee for Psychological Research.*

### Appendix C: Informed Consent

The purpose of an informed consent is to make sure you understand the purpose of the study and the nature of your involvement. The informed consent must provide enough information such that you have the opportunity to determine whether you wish to participate in this study.

If you have any questions about the study the following people are involved in this research project and may be contacted:

- Marci Pernica, MA candidate, [mpernica@connect.carleton.ca](mailto:mpernica@connect.carleton.ca)
- Dr. Janet Mantler, Faculty Sponsor, at [janet\\_mantler@carleton.ca](mailto:janet_mantler@carleton.ca) or 520-2600 ext. 4173

Should you have any concerns about your ethical treatment in this study, please contact:

- Monique Sénéchal, Carleton University Psychology Research Ethics Board, [monique\\_senechal@carleton.ca](mailto:monique_senechal@carleton.ca) or (6130) 520-2600 ext.1155.

The overall purpose of this study is to examine the impact of organizational change on employee behaviour and attitudes, and explore some of the factors that may assist managers during organizational change.

You will be asked to complete a 10-minute survey asking you questions about, for example, the type of job you have (sector, level, position), how long you have worked at your current organization, the type of organizational change you have experienced (or are currently experiencing) (as applicable), perception of how well the change was handled, and some of your attitudes about work-related issues.

The survey is administered online and should take about 10 minutes to complete. You will not be required to participate in any other tasks associated with this study. There are no physical risks in this study however, if there are any questions you do not wish to answer, please skip them.

With respect to anonymity and confidentiality, the data are collected anonymously, without any identifying information collected. Since there is no identification, you will not be able to withdraw your data after you have submitted your responses (by clicking “next” button or closing browser). No individual will be identified in any report or publication resulting from this research.

Also, you must complete the survey all at once because there is no way to re-access your survey/responses at a later date if you close the browser. If this occurs, you must begin the survey again and the data from your incomplete survey will not be used. All data collected online for this study are strictly confidential and stored on a secure Internet server (government authorized to hold protected information up to and including Secret - Protected B level).

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Do you wish to continue with this survey?

“I Agree”

“I do not agree”