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# Interpersonal Trust, Employee Satisfaction, and Employee Loyalty: A Social Research Study

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## ABSTRACT

In this study, the main objective is to examine the relationship between employee's satisfaction and quality, customer satisfaction, and productivity. Employee satisfaction is an important driver of customer satisfaction and productivity. It focuses mainly on the IT sector in Ernakulam. In Ernakulam district, data were gathered from workers in various fields. The purpose of this study was to determine what factors influence employee satisfaction. Our study suggests that interpersonal trust (trust in managers and trust in peers) affects employee satisfaction and, as a result, employee loyalty. The sample which was chosen for this study was 150 workers in the IT industry of Ernakulam district for the purpose of testing the relationship between trust in management and trust in peers as well as satisfaction and loyalty. Using convenience sampling techniques, data was collected via standardized questionnaires. IBM SPSS Statistics was used to analyze the data further through correlation and regression. By using IBM SPSS Statistics, the regression analysis was performed and the relationships between the independent variable and dependent variable as well as the mediating effect of Employee Satisfaction were measured. Interpersonal Trust is a driver of Employee Satisfaction and, in turn, affects Employee Loyalty. As an expression of the mediation among the two variables, Employee Satisfaction plays a significant role in this analysis. In addition, the results show that Interpersonal Trust and Employee Loyalty have a direct effect on each other.

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## 1. INTRODUCTION

Employee satisfaction is considered to be one of the most significant drivers of quality, customer satisfaction and productivity. Various researches have shown that a satisfied employee is highly motivated, have good morale at work, and work more effectually and efficiently. In this study, interpersonal is considered to be a significant driver of employee satisfaction. Interpersonal trust can be trust in management and trust in peers. It strongly influences employee satisfaction, as a consequence employee loyalty. Employee satisfaction, therefore, directly influences process quality. Process quality, in turn, determines quality costs and customer satisfaction. From a theoretical and managerial perspective, therefore, it is crucial to identify the drivers of employee satisfaction, to monitor satisfaction continuously and to take the right measures to foster satisfaction and loyalty. Previous studies have investigated the role of trust in the formation of employee satisfaction but have focused mainly on trust in Management or trust in leadership. We argue that, especially in team-based organizations, trust in peers also plays a major role.

Trust in management and trust in colleagues were measured using Cook & Wall's (1980) interpersonal

trust at work scale. This scale was chosen for three reasons. First, it was developed in order to measure trust in management and trust in colleagues, and is therefore most appropriate for the purpose of our study. Second, it was one of the first scales, and is still the most widely used, for measuring interpersonal trust. Third, this scale has been extensively tested and shows good psychometric properties. From the questionnaire, the subscales capturing faith in intentions of peers and faith in intentions of management were chosen. The result reveals that interpersonal trust is a strong driver of employee satisfaction which in turn affects employee loyalty. In workplace relationships, employees will feel safer and more positive about their managers and peers when they believe that their leaders and peers are trustworthy. In contrast, low levels of trust lead to psychologically distressing situations, as leaders or peers may have power over important aspects of one's job. As a consequence, trust should have a strong and direct effect on employee satisfaction.

Employee satisfaction is considered to be one of the most important drivers of quality, customer satisfaction and productivity. In this study we investigate an important driver of employee satisfaction. Interpersonal trust (trust in management and trust in peers) strongly influences employee satisfaction and as a consequence, employee loyalty. The study aims to understand the importance of providing training to the employees in the banking sector, to know how the relationship between interpersonal trust, employee satisfaction and employee loyalty.

## **2. LITERATURE REVIEW**

### **2.1. INTERPERSONAL TRUST**

Trust can be stated as the probability of the decision-making system which will produce the preferred outcomes for individual and group level even if there is no pressure exerted on the system. Therefore, trust is an assessment that likely benefits the political system. The faith in the decision making of the organization is called as the organizational trust. It is also seen that higher trust groups will follow the existing authorities and have more influence to the efforts made by the organization. Moderate groups will accept the existing the existing system and rely on the persuasion, which will create a positive inducement for influence. Whereas the low trust groups will not accept the existing and consider the decision makers as incompetent and biased. They will have negative opinion about the company authorities. The employees with more trust towards the decision makers or to the authority will be more gratified with the organization and will contribute to the organization as a whole (Driscoll, 1978).

This study evaluates the practicality of trust and contribution in the decision-making process and its impact on the satisfaction of the college faculty. The first hypothesis states that the participation in decision making in order to satisfy the psychological needs of the individuals, which in turn will affect the satisfaction of the organization. Second hypothesis is mainly used to find the congruence between the desired and perceived participation. Third hypothesis is about how the perceived levels of participation would be a predictor of satisfaction instead of the perceived participation alone.

The fourth hypothesis is about how the people with more trust on the decision makers are expected to be satisfied with the organization as a whole. Fifth hypothesis is about how people with trust as a global tendency will show more satisfaction towards the organization. And the sixth hypothesis is about how trust is a predictor of satisfaction regardless of the level of participation. This study was done among the faculties in New York. The outcome of the project shows that increasing level of participation in an organization results higher satisfaction. And as the increase in congruence between the desired and perceived the greater will be the satisfaction towards the organization and with participation. Then it shows that greater the participation in the organization higher will be the level of satisfaction (Driscoll, 1978).

Trust is mainly referred as how willing one is to have confidence in the actions and words of another individual. It is also noticed that trust is a relevant factor between the individual and groups which would lead to the stability of the company and also the well-being of its members. There are mainly three approaches of trust. The first approach is to find the indirect relation of trust with the other behaviors. The second approach is about how to develop trust among a group of people and how it is essential for the performance of the individuals and to increase the productivity of the organization. The third approach is the most important approach for the study, where trust is a direct evaluative factor of an individual. There are also two different dimensions of trust, with the first as the faith in the intention of others and confidence in the ability of others. The study in this paper is conducted with three different variables interpersonal trust at work, organizational commitment, and personal need non-fulfillment. The study was done among the blue-collar British these two factors. It was also seen that the workers with leadership quality will depict managing the performance and also manage the day-to-day activities on work. The individuals with strong amount of trust will provide the best performance in the organization (Ferrin & Dirks, 2002).

Trust is a factor that is considered as an organizational construct that help the supervisors to create a positive relation among the employees in the organization. Trust in supervisors is mainly concerned with job satisfaction, affect, innovative behavior and organizational citizenship. Interpersonal trust is used to promote goodwill and cooperation. Trust is identified as a state including the purpose of accepting vulnerability based on the expectations of the behaviors of other individuals.

There are mainly two ways in which we can create trust in individuals, one is through contextually and other based relationally. One is the deterrence-based trust where the negotiators decide on whether to trust on other individuals. Then in case of identification-based where it is about creating trust among the group of people. This article mainly focuses on the difference between the interpersonal trust over internet and the normal. The internet trust levels were distributed into two categories that is low level of pre-negotiation trust and low level of post negotiation trust. The result of the study also displayed that there is low level pre and post negotiation trust among the group of people (Naquin & Paulson, 2003).

Trust plays an important role in the organization, which is a main foundation for the effective collaboration. Trust in an organization will help to increase the performance and productivity and help in reducing the transactions cost and facilitates the learning and innovation. There is a relationship between collaboration and trust. Once the collaboration is introduced among the individuals there is a need for trust building which in turn will enhance the performance. Trust is an emotional state where a party trusts on one another at the condition of risk and actions. In this study they consider four types of trust, calculative, competence, relational and integrate. Calculative trust is an economical trust where the party assess the benefits and costs by creating the relationship. Competence trust is whether the party will be capable to do what he has promised to do. The relational model is where an individual feel attached to the other person due to which the trust is created. Integrated trust is a combination of all these trusts, even though they are existing differently. This study is based on interpersonal trust and collaborative relationship. The study is conducted in healthcare sector. The result shows that collaborative relationship is dependent on four different types of trust, where if one trust result is negative then there is a possibility for collaborative relationship to show a negative result (Paul, 2004).

Interpersonal trust is theoretically expressed in different ways, one is a general attitude and the other one is specific attitude. There are mainly two distinctions one is trusting intentions of a person and the other one is trusting beliefs. Trusting intentions are like specific attitude, where an individual will trust on another person based on the situation. The other type is trusting beliefs is where the individuals emphasizes on the general trust. The study is based on unionized employees and their dedication to both union and the employer. Interpersonal trust had a positive yet not significant output therefore there is no substantial effect on the union besides the participation attitude had a significant negative impact on the union (Hoell, 2004).

The study was conducted to find the importance of learning organization culture and its relationship between interpersonal trust and organizational commitment. The sample data was collected from two large Korean conglomerates which has 321 employees and the analysis was completed using SEM in order check the relevance of the research model. There were three important research questions that is how these variables are associated, does the data have validity and whether the learning organization culture has a role as a mediating variable. The result of the research shows that learning organization culture works as a mediating to elucidate the relationship between interpersonal trust and organizational commitment (Song, Kim, & Kolb, 2009).

According to Hosmer, trust is a collective behavior. Interpersonal trust helps to create a collaboration in the organization that the efforts done by them would be valued by the organization and the employees will be rewarded in organizational level. An employee who have believe in the individual assistances to the organization as well on other individuals and their practices would believe in integrity, ability of each other and created attitudes that will be reciprocated. An important

outcome of interpersonal trust is organization commitment. Tan and Lim originate that interpersonal trust is factor commitment and there is psychological with the trust in peers. Trust is defined by Rotter as expectancy that the individual or group that the word, behavior and written statement of another individual can be relied. This study according to the author states that trust in peers have a strong and positive impact on organizational commitment. This study was conducted in the sales representatives working in the building materials sector. The first hypothesis in the article states that Interpersonal trust has strong and positive effect on peer support. The hypothesis states that organizational commitment has strong positive impact on peer support. The third support states that Interpersonal trust has a strong and positive effect on organizational commitment. The sample data was collected from 211 respondents satisfying the 200 respondents' requirement. SEM was used to investigate the model. The study of the study shows that there is an effect on trust on normative commitment and peer support, whereas normative commitment has an impact only on peer support (Tamer & Dereli, 2014).

Trust is a condition to a relationship were each partner adapts with other individual in order to establish credibility and commitment. The study is conducted to understand the relationship between acculturation on interpersonal trust in the banking sector. In this study a model based on culture-based differences is been analyzed in order to study about the two different trust, that is affective and cognitive trust. And acculturation acts as a moderation variable and to measure its impact on cognitive and affective trust and targets to analyze trust in the Chinese immigrants in New Zealand. The first hypothesis states that higher the consumer's cognitive trust of service provider, higher is the service provider commitment. The second states that higher the consumer's affective trust of the service provider, the higher is their interpersonal commitment. The results show that cognitive and affective trust helps to increase stability and reliability and durability of the customer's relationship between with banking targets of commitment. The finding shows that acculturation level moderates interpersonal trust towards the commitment (Chai & Dibb, 2014).

Trust is a psychological state which has the capability to accept the vulnerability in the behavior of other individuals. It has impact in individual level, firm level and organizational level. Trust has a direct impact on the profitability and productivity of the organization. It is been found that there is a significant relationship between interpersonal trust, job satisfaction and employee loyalty. Trust can reduce conflicts, decrease the transaction costs and also promotes effective responses to crisis. Trust can create either a positive or negative relationship with each other. It mainly deals with the trustor and trustee is based on the past relationships with the individual. The study is conducted between interpersonal trust, team effectiveness which are the two aspects of the performance of the organization. The study was directed with both IT sector and manufacturing sector and it was noticed that there is no difference between both the industries. The data was collected from 528 employees were 265 respondents were from the manufacturing sector and 263 respondents from the IT sector. The team effectiveness questionnaire consists of 30 items and 26 items were there for the interpersonal trust. A

5-point Likert scale was used to measure these variables. The internal consistency was found using the factor analysis. The study shows that there is a significant of interpersonal trust on team effectiveness (Neelam, Kunte, Gupta, & Bhattacharya, 2016).

The study is dealing with multilevel perspective of the interpersonal trust to examine the individuals and to check the performance of the individuals. The data was collected from 206 employees from different 15 professional networking groups and find the interpersonal trust operates at different levels to predict the performance of the individual employees. The first hypothesis states that Individuals between centrality is positively related to their performance. The second hypothesis states that network centralization moderates the positive relationship between individuals between centrality and performance. The third hypothesis states that mutual trust relationship between two members is positively related to performance benefits. The fourth hypothesis states that two members have a third-party relationship is positively to performance benefits. The data collection was conducted online in order to gather the data from the networking groups worldwide. The result states that the performance of an individual is not only dependent on his own initiative but also related to the members in the networking group (Gupta, Ho, Pollack, & Lai, 2016).

## **2.2. EMPLOYEE LOYALTY**

Loyalty is identified as an attitude (Meyer & Allen, 1991). Loyalty defined as a willingness to remain with the organization (Solomon, 1992). Productivity that exceeds normal expectations, i.e., goes beyond the call of duty (Mowday, Porter & Steers, 1982), Altruistic behavior (Laabs, 1996), Reciprocal, i.e., the employee's loyalty to the organization must be matched by the organization's loyalty to the employee (Solomon, 1992). The aim is study is to create a model and describe the linkage between subsystems of HR, employee satisfaction and employee loyalty and also to study the corporate performance and its theoretical considerations. The study was performed among 615 human resources manager of which 215 responded only responded. This study was conducted in the private and public sectors in Denmark. The technique used to study this research is partial least squares. The questionnaire consists 76 questions regarding the subsystems of HR, ES and EL. As a result of the study it was seen that apart from cultural subsystems impact both employee satisfaction and employee loyalty (Jacob & Mikkel, 2000).

This study was conducted to test the model associated to measure the perceptions of job dimension, employee satisfaction, employee loyalty and commitment and this study was conducted in Danish organizations. The determinants of job dimensions will result in loyalty, commitment and satisfaction. The main determinants that were identified for satisfaction, commitment and loyalty are top management, company values, daily leadership, working and appointment conditions, cooperation and people relations and development of competencies. This model was tested among 300 employees and the model had a R2 value of 0.73 which shows that these factors have a good impact on

employee satisfaction (Martensen & Gronholdt, 2001).

Loyalty is of three types that is transactional loyalty, it is idea of fair day's work for a fair day's wage, and it is driven by self-interest that is individuals exchange relationships to increase their utility. It is also known as I'll stay loyal until it is good for me. Whereas relational loyalty is the type of loyalty that obtains the most responsiveness in the ethics literature is loyalty embedded in individual relationships., relational loyalty means that employees transcend self-interest and seek to benefit their employers, perhaps by exercising organizational citizenship or other additional behaviors on the job. Relational loyalty implies an ethical imperative to sacrifice one's own interest in order to protect the target of loyalty and to maintain the link in the face of alternative partners. A third type of loyalty, which may counteract the potential dangers of relational loyalty, is ideological loyalty described loyalties simply as relationships between two exchange parties. People maintain loyalties to multiple parties simultaneously. Ideological loyalty appears when individuals perceive that the interchange partner embodies a cause that represents an unconditional good, and for that reason they feel bound by responsibility toward the exchange partner (Hart & Thompson, 2007).

Loyalty is the willingness of a person to invest or sacrifice a relationship. Loyalty is a personality trait that is been displayed by an individual and is seen in individual level towards the organization. Some of the factors that show high loyalty is a willingness to remain in the organization, productivity that exceeds normal expectations and the employee's loyalty to the organization. Employees loyalty is been explained in an organizational context of how individuals perceive about the organization. The loyalty of an individual is dependent on the peers, management, co-workers and supervisors. It is the main bottom-line of an individual in the organization. There is a difference from the old loyalty to a new loyalty where it is dependent on the mutual trust between the individuals in the organization. The study was conducted in Belgaum, India and an interview were conducted among the employees which had 40 items. It was noted that employee loyalty will lead to customer loyalty which in turn will contribute to the benefit of the organization. The employees are dependent on mutual commitment, honest communication rom management, empowering work responsibilities and recognition are some of the factors that contribute to the loyalty of the employees (Kumar & Shekhar, 2012).

This study was conducted to find the link between stress management, employee loyalty and performance. There were four hypotheses, were the first one states that employee loyalty will be influenced by the management's recognition of the importance of family life, the second hypothesis is based on loyalty or stress levels influenced by the organizations stability to create professional development and growth. The third hypothesis is based on organization's performance is in line directly with its ability to meet the requirements of the customer. And the final hypothesis states that organizations cannot use the similar loyalty increasing techniques for the employees. The result shows that the support from supervisors will contribute to the loyalty of the employees and it was also found that there is a link between organization's capability to meet customer needs and the

enterprise performance (Raluca, 2017).

The aim of this research is to find the effects of satisfaction and commitment on employee loyalty and to understand its effect on quality of services provided for the customers. There are mainly two groups from which the data is been collected. The initial group included the employees providing services to the customers, whereas the second group involves the customers who are receiving the services. The survey was conducted among 250 people. The result showed that job satisfaction of employees has significant effect on the organizational commitment of the employees. And the satisfaction and organizational commitment have significant effect on the loyalty to the organization (Majid & Mohammed, 2018).

### **2.3. EMPLOYEE SATISFACTION**

Employee satisfaction is the fortune that the employees get from their employment (Hellriegel et al., 1999; Moorehead & GriYn, 1998). This means that whether the employees are happy about the job, whether they perceive their jobs are significant, and whether the job have a negative or psychological effect on them. Every aspect that has to do with the influence that the job has on the employee as well as the perception that the employee has of the job/organization is included in this definition of employee satisfaction (Jacob & Mikkel, 2000).

The aim of this paper is to find the causal relationship between the human resources management practices, employee satisfaction and employee loyalty based on the theoretical considerations. This paper tests the structural model empirically through a survey conducted among 670 human resource managers in public and private organizations from Denmark. The study showed that human resource managers perceived the technical subsystem that has the largest impact on employee loyalty. This is because traditionally most of the Danish human resource managers are highly involved in contractual issues and is influenced by personnel administration/management concepts. (Jacob & Mikkel, 2000).

Teas (1981 & 1982) also found a positive relationship between job satisfaction and closeness of super - vision, and highlighted the importance of performance feedback from the supervisors. He found that an employee's participation in decision-making was not significantly related to the job satisfaction. Lusch and Serpkenci's (1990) explored the association between job satisfaction and self-esteem, achievement orientation and inner direction and establish that, these factors with only achievement orientation had a significant positive relation to job satisfaction (Mishra & Gupta, 2009).

In this article it talks about the retail firms and its dependence on the motivated workforce, therefore they were trying to find the various motivators to keep the employees motivated and satisfied. The empirical study examines the job motivator in the Indian retail firms by using the front-line sales



personnel and their employee satisfaction. The data was collected from 114 sales employees belonging to different national capital region. Some of the motivators that was identified was working conditions, skill development, recognition, role clarity, career growth and support from management.

The result of the regression analysis showed that compensation, working conditions and support from management was considered as the most significant predictors of the employee satisfaction (Mishra & Gupta, 2009). Employee satisfaction is the gratification or pleasurable emotional state resulting from the valuation of their job (Locke, 1976; Moorehead & Griffin, 1998). Employee satisfaction has traditionally been defined as an important motivator for employee performance (Mak & Sockel, 2001).

In this article it was identified that employee satisfaction and employee loyalty have been verified as a critical to service-oriented organizations survival and success. There were various previous studies which established the importance of total quality management practices in building the operational performance and customer satisfaction. The study conducted integrates total quality management practices by introducing employee training, employee empowerment, teamwork, employee compensation and management leadership which helps in studying employee satisfaction and employee loyalty. After the study it was identified that employee empowerment, employee compensation, teamwork and management leadership for studying employee satisfaction and employee loyalty. And it I seen that employee loyalty can be enhanced using employee satisfaction (Chang & Chu, 2010).

Organizational researchers have examined trust acts as determinant, mediator, and consequent in relation to job satisfaction (Muchinsky, 1977; Cunningham & MacGregor, 2000; Flaherty & Pappas, 2000; Tan & Tan, 2000; Goris, Vaught & Pettit, 2003; Tuten, 2005). A study conducted by Muchinsky (1977) found that there is a relationship between trust and employees' satisfaction on work, supervision, pay, promotions and co-workers was positively significant. Moreover, he also suggested that the relationship between trust and satisfaction on supervision had the highest significant positive correlation. Goris, et al. (2003) argued that trust in managers and effect of superiors have significant effects on the estimation of both job satisfaction and job performance. Trust in superiors and the aspects of job satisfaction and job performance were positive and significantly correlated. Similarly, the influence of superiors and the aspects of job satisfaction and job performance were positive and significantly correlated. Job Satisfaction is the employee's perception of the extent to which each employee feels satisfied with his or her working conditions, pay and benefits, the promotion system, supervisors, their relationship with co-workers, and organizational outcomes.

This study shows the correlation between trust, communication openness, and employee's job satisfaction. This study was conducted in a large Indonesian company. Correlation and multiple

regression were conducted to analyze the survey. The study conducted shows that trust and communication openness were positively related to the employee's job satisfaction. This has a large impact on the employees in the workplace. The findings indicate that the relation between trust in supervisors and employee's satisfaction on supervision as well as the relation between trust in peers and employee's satisfaction on peers are positively correlated. Therefore, the openness in communication is closely related to the job satisfaction (Pia & Burgess, 2011).

Employee satisfaction has been defined as an affective attachment to the job, or as a pleasurable emotional state resulting from the positive evaluation or appraisal of one's job experiences (Locke 1976). This depicts that employee satisfaction can be seen as a universal positive feeling about the job of an employee, or as an interconnected set of positive approaches about various aspects or activities of the job. A well-established forecaster of job satisfaction is the relation between employees' work values and perceived prospects to satisfy their individual values of their job, often described as needs-supply fit (e.g., Cable and DeRue 2002; Kristof-Brown et al. 2005). This study is conducted between two variables that is corporate social responsibility and employee attitudes. It is seen that most of the employees may react equally to the corporate social responsibility. It also shows that corporate social responsibility has an impact on employee satisfaction. And according to the study it is seen that employee satisfaction for older employees are more than younger employees, because corporate social responsibilities addresses the emotional needs and goals that are prioritized when people's future time perspective decreases. The result of the study shows that older employees are more impacted by the corporate social responsibility activities, therefore the companies should invest more in CSR activities (Wisse, Eijbergen, Rietzschel, & Scheibe, 2015). Employee satisfaction is a set of feelings, beliefs and attitudes that people have about their current jobs (Ma et al., 2003).

The aim of the study is to examine the effects of satisfaction and commitment of employees on the employee's loyalty and also to understand the effect of employee's loyalty on quality of services provided for customers. The study was conducted between two groups. The first group included the employees providing services to the customers, whereas the second group involves the customers who are receiving the services. The survey was conducted among 250 people. The result showed that job satisfaction of employees has significant effect on the organizational commitment of the employees. And the satisfaction and organizational commitment have significant effect on the loyalty to the organization (Majid & Mohammed, 2018).

Job satisfaction Job satisfaction reflects the general attitude of employees towards the work, whether they are happy with their profession or their work (Porter et al., 1975; Locke and Henne, 1986; Spector, 1997). The purpose of this study is to examine the degree of employee satisfaction from the different factors that affect satisfaction. And also, to find the relationship between job satisfaction and organizational commitment on private employees. The survey was conducted from January to March 2018 and the sample was taken from the employees working in a private company in Greece. This study was conducted in integrated market with services and manufacturing sector. The data was analyzed using correlation and regression analysis. There were five different hypotheses where H1 is to

find the relationship among job characteristics and organizational commitment, H2 is to find the relationship among rewards and organizational commitment, H3 is to find the relationship between promotion and organizational commitment, H4 is to find the relationship among work environment and organizational commitment and H5 to test the relation between social aspects of job and organizational commitment. The results show that social aspects of job, job characteristics and work environment are the important factors while promotion and rewards are significant factors for employee satisfaction. This study could be also conducted in various other sectors in order to find its relevance (Dalkrani & Dimitriadis, 2018).

Employee is mainly about the behavior that an employee to his/her workplace. It is also about how employees about the job and different facets of the job. There is a link between the positive and negative emotions of the employees which can affect the behavior and performance of the employees. Satisfaction helps to increase a sense of belongingness towards the company making employees perform with greater commitment which enables the company to grow further development and competitiveness, it also helps to increase the productivity and lower the employee absenteeism. The main importance of management ensuring the level of employee engagement, commitment and satisfaction with the company. This study of employee satisfaction was done in the transportation and logistics service industry. Spector's job satisfaction survey was conducted in order to measure the nine facets of employee which would help us to improve the job satisfaction. The result shows that employees were satisfied with the supervision, peers and the nature of work. It also shows that rewards and promotions are not much important for the satisfaction of employees (Sila & Sirok, 111-136).

Job satisfaction has been identified as the positive emotional state which results in the appraisals one's job and experience. Employee satisfaction is a result of what the employees want from the company and what they receive from the company. Employee satisfaction is a result of both work environment and the peers. This is a study conducted in federal rank employees and their work environment. The study is conducted with three different variables that is individual job compatibility, individual group compatibility and employee satisfaction. The result identified that there is a large attrition in federal bank due to the unattractive work environment for the professionals. Therefore, it shows that work environment affects the employee satisfaction (Wang & Brower, 2019).

### **3. RESEARCH METHODOLOGY**

#### **3.1. OBJECTIVES**

**General Objective;** To study the relationship between Interpersonal Trust, Employee Satisfaction and Employee Loyalty

**Specific Objective;** To study the relationship between Trust in management and Employee Satisfaction

To study the relationship between Trust in Peers and Employee Satisfaction

To study the relationship between Employee Satisfaction and Employee Loyalty

To study the relationship between Trust in Management and Employee Loyalty

To study the relationship between Trust in Peers and Employee Loyalty

To study the mediating role of Employee Satisfaction on the relationship between Trust in Management and Employee Loyalty

To study the mediating role of Employee Satisfaction on the relationship between Trust in Peers and Employee Loyalty

### 3.2. HYPOTHESIS

H1: Trust in Management is positively related to Employee Satisfaction.

H2: Trust in Peers is positively related to Employee Satisfaction.

H3: Employee Satisfaction is positively related to Employee Loyalty.

H4: Trust in Management is positively related to Employee Loyalty.

H5: Trust in Peers is positively related to Employee Loyalty.

H6: Employee Satisfaction mediates the relationship between Trust in Management and Employee Loyalty.

H7: Employee Satisfaction mediates the relationship between Trust in Peers and Employee Loyalty.

### 3.3. RESEARCH MODEL

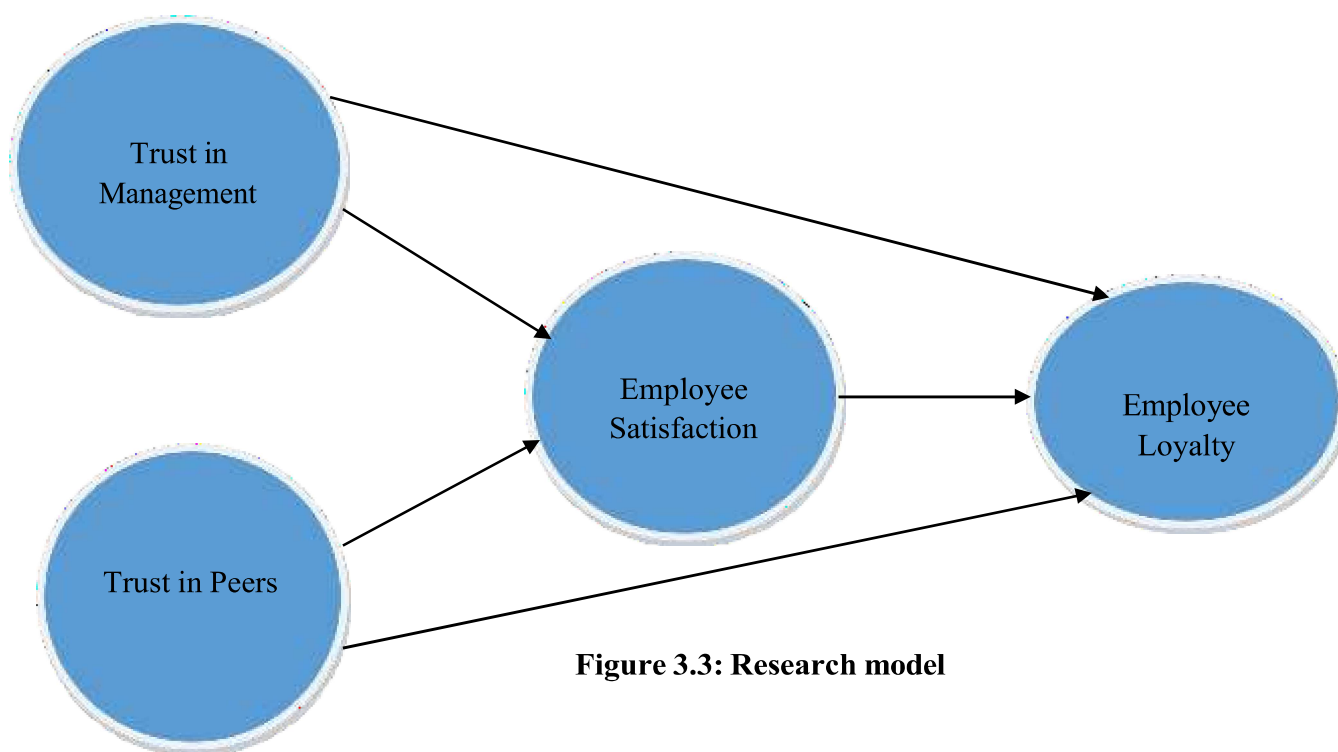


Figure 3.3: Research model

### 3.4. VARIABLES

Independent Variable: Interpersonal Trust  
Dependent Variable: Employee Loyalty  
Mediating Variable: Employee Satisfaction

### 3.5. DEFINITIONS OF VARIABLES

**Interpersonal Trust (Conceptual):** Interpersonal Trust is the willingness of a party based on the expectation that the other will perform a particular action important to the trust or, irrespective of the ability to monitor or control that order party.

**Employee Satisfaction (Conceptual):** According to Moyes, Shao & Newsome (2008), the Employee Satisfaction may be described as how pleased an employee is with his or her position of employment

**Employee Satisfaction (Operational):** Employee Satisfaction is the prosperity that the employees get from their job.

**Employee Loyalty (Conceptual):** According to Kaisiarz (2011), the term Employee Loyalty is referred to employees who are committed to the success of the organization and believe that working for this organization is their best option.

**Employee Loyalty (Operational):** It is the way in which employees value the company.

### 3.6. TYPE AND NATURE OF THE STUDY

This is a quantitative research study, where the researcher formulates hypothesis, collects quantitative data, uses mathematical and statistical tool analysis, and present descriptive findings, to accept or reject the hypothesis. The nature of the study is descriptive. The principal objective is to find the relationship between the independent, dependent and mediating variables.

#### 3.6.1. SAMPLING DESIGN

The sampling technique used in the convenience sampling.

#### 3.6.2. TARGET POPULATION AND SAMPLE SIZE

Target population: Employees working in IT industry  
Sample Size: 150

#### 3.6.3. DATA ANALYSIS TOOL

The tool that has used is regression. The software mainly used is SPSS. The data will be entered

and analyzed in SPSS using regression. The mediation effect is established and analyzed using warp PLS 6.0.

### **3.6.4. TOOLS AND METHODS FOR STATISTICAL TREATMENT OF DATA**

The questionnaire used to collect the data from the employees where from the following articles: Trust in Peers & Trust in Management – Cook & Wall (1990)

Employee Satisfaction – Homburg. C & Stock.R (2004)

Employee Loyalty - Homburg. C & Stock. R (2000)

## **4. DATA ANALYSIS AND INTERPRETATION**

### **4.1. Reliability of Scale**

#### **Reliability of Interpersonal Trust, Employee Satisfaction and Employee Loyalty**

The scale adopted for measuring the three variables are found to be reliable based on their Cronbach's alpha value that is 0.901, which shows high reliability. Hence, the scale used in this study is reliable.

#### **4.1.1. Reliability of Trust in Peers**

Cronbach's test is used to measure the reliability or consistency. In the present reliability test of the variable Trust in peers, the alpha coefficient value is 0.581. It can be said that the items have internal consistency.

**Table 4.1.1. Reliability Statistics**

Cronbach's Alpha	N of Items
.581	3

#### **4.1.2. Reliability of Trust in Management**

Cronbach's test is used to measure the reliability or consistency. In the present reliability test of the variable Trust in management, the alpha coefficient value is 0.690. It can be said that the items have internal consistency.

**Table 4.1.2. Reliability Statistics**

Cronbach's Alpha	N of Items
.690	3

### 4.1.3. Reliability of Employee Satisfaction

Cronbach's test is used to measure the reliability or consistency. In the present reliability test of the variable Employee satisfaction, the alpha coefficient value is 0.770. It can be said that the items have internal consistency.

**Table 4.1.3. Reliability Statistics**

Cronbach's Alpha	N of Items
.770	9

### 4.1.4. Reliability of Employee Loyalty

Cronbach's test is used to measure the reliability or consistency. In the present reliability test of the variable Employee loyalty, the alpha coefficient value is 0.821. It can be said that the items have internal consistency.

**Table 4.1.4. Reliability Statistics**

Cronbach's Alpha	N of Items
.821	7

## 4.2. DEMOGRAPHIC FACTORS OF THE SAMPLE

In this study, the respondents were the employees in IT industry in Bangalore. The demographic variables include age and gender

Demographic Variable	Category	Frequency	Percentage
Gender	Female	94	62.7
	Male	56	37.3
Graduation	Under Graduate	94	62.7
	Post Graduate	56	37.3

**Table 4.2. Demographic Factor**

**4.3. DATA ANALYSIS FROM SPSS**

**REGRESSION**

**4.3.1. Trust in Management and Employee Satisfaction**

**Table 4.3.1. Trust in Management and Employee satisfaction -Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.596 <sup>a</sup>	.355	.351	.51048

a. Predictors: (Constant), Faith\_Mgt

**Table 4.3.1. Trust in Management and Employee Satisfaction – Coefficient**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.784	.193		9.239	.000
	Faith_Mgt	.488	.054	.596	9.030	.000



a. Dependent Variable: Employee\_Satis

### Findings

There is a significant positive relationship between Trust in Management and Employee Satisfaction with beta value as 0.596 with a p value less than 0.05 and an R square value of 0.355. One unit of increase in Trust in Management creates 35.5% increase in Employee Satisfaction.

### Interpretation

According to the findings it is seen that Trust in Management is positively related to Employee Satisfaction similar to the results obtained in the article by Cho & Park (2011).

### 4.3.2. Trust in Peers and Employee Satisfaction

**Table 4.3.2. Trust in Peers and Employee Satisfaction- Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.621 <sup>a</sup>	.385	.381	.49852

a. Predictors: (Constant), Faith\_inten

**Table 4.3.2. Trust in Peers and Employee Satisfaction- Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.703	.190		8.982	.000
	Faith_inten	.516	.054	.621	9.627	.000

a. Dependent Variable: Employee\_Satis

### Findings

There is a significant positive relationship between Trust in Peers and Employee Satisfaction with

beta value as 0.621 with a p value less than 0.05 and an R square value of 0.385. One unit of increase in trust in peers creates 38.5% increase in Employee Satisfaction.

### Interpretation

According to the findings it is seen that Trust in Peers is positively related to Employee Satisfaction similar to the results obtained in the article by Cho & Park (2011).

### 4.3.3. Employee Satisfaction and Employee Loyalty

**Table 4.3.3. Employee Satisfaction and Employee Loyalty-Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.627 <sup>a</sup>	.393	.389	.56931

a. Predictors: (Constant), Employee\_Satis

**Table 4.3.3. Employee Satisfaction and Employee Loyalty- Coefficient**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.982	.261		3.764	.000
1	Employee_Satis	.721	.074	.627	9.792	.000

a. Dependent Variable: Employee\_Loyalty

### Findings

There is a significant positive relationship between Employee Satisfaction and Employee Loyalty with beta value as 0.627 with a p value less than 0.05 and an R square value of 0.393. One unit of increase in Employee Satisfaction creates 39.3% increase in Employee Loyalty.

### Interpretation

According to the findings it is seen that Employee Satisfaction is positively related to Employee

Loyalty similar to the results obtained from the article by Mohammed (2018).

#### 4.3.4. Trust in Management and Employee Loyalty

**Table 4.3.4. Trust in Management & Employee Loyalty-Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.652 <sup>a</sup>	.426	.422	.55387

a. Predictors: (Constant), Faith\_Mgt

**Table 4.3.4. Trust in Management & Employee Loyalty-Coefficient**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.352	.209		6.456	.000
	Faith_Mgt	.614	.059	.652	10.472	.000

a. Dependent Variable: Employee\_Loyalty

#### Findings

There is a significant positive relationship between Trust in Management and Employee Loyalty with beta value as 0.652 with a p value less than 0.05 and an R square value of 0.426. One unit of increase in Trust in Management creates 42.6% increase in Employee Loyalty

### 4.3.5. Trust in Peers and Employee Loyalty

**Table 4.3.5. Trust in Peers and Employee Loyalty-Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.686 <sup>a</sup>	.470	.466	.55669

a. Predictors: (Constant), Employee\_Loyalty

**Table 4.3.5. Trust in Peers and Employee Loyalty- Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.949	.223		4.247	.000
1	Employee_Loyalty	.717	.063	.686	11.456	.000

a. Dependent Variable: Faith\_intent

### Findings

There is a significant positive relationship between Trust in Peers and Employee Loyalty with beta value as 0.686 with a p value less than 0.05 and an R square value of 0.470. One unit of increase in Trust in Peers creates 47.0% increase in Employee Loyalty.

### 4.3.6. Trust in Management, Employee Satisfaction and Employee Loyalty

**Table 4.3.6. Trust in Management, Employee Satisfaction & Loyalty-Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.717 <sup>a</sup>	.514	.507	.51142

a. Predictors: (Constant), Employee\_Satis, Faith\_Mgt

**Table 4.3.6. Trust in Management, Employee Satisfaction & Loyalty-Coefficient**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.595	.243		2.449	.015
	Faith_Mgt	.407	.067	.432	6.034	.000
	Employee_Satis	.425	.082	.369	5.157	.000

a. Dependent Variable: Employee\_Loyalty

### Findings

There is a full mediation of Employee Satisfaction on the relationship between Trust in Management and Employee Loyalty.

### Interpretation

According to the findings there is mediation of Employee Satisfaction on the relationship between Trust in Management and Employee Loyalty similar to the results obtained in the article by Kurt Mazler & Birgit Benzl, 2000

### 4.3.7. Trust in Peers, Employee Satisfaction & Loyalty

**Table 4.3.7. Trust in Peers, Employee Satisfaction & Loyalty-Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.732 <sup>a</sup>	.536	.530	.49947

a. Predictors: (Constant), Faith\_intent, Employee\_Satis

**Table 4.3.7. Trust in Peers, Employee Satisfaction & Loyalty- Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.588	.236		2.491	.014
	Employee_Satis	.377	.082	.328	4.576	.000
	Faith_intent	.461	.068	.482	6.730	.000

a. Dependent Variable: Employee\_Loyalty

### Findings

There is a full mediation of Employee Satisfaction on the relationship between Trust in Peers and Employee Loyalty.

### Interpretation

According to the findings there is mediation of Employee Satisfaction on the relationship between Trust in Peers and Employee Loyalty similar to the results obtained in the article by Kurt Mazler & Birgit Benzl, 2006

## 4.4. DATA ANALYSIS OF WARP PL7.0

To study the mediating role of Employee Satisfaction in the relationship between employee Loyalty and interpersonal (trust in peers and trust in management)

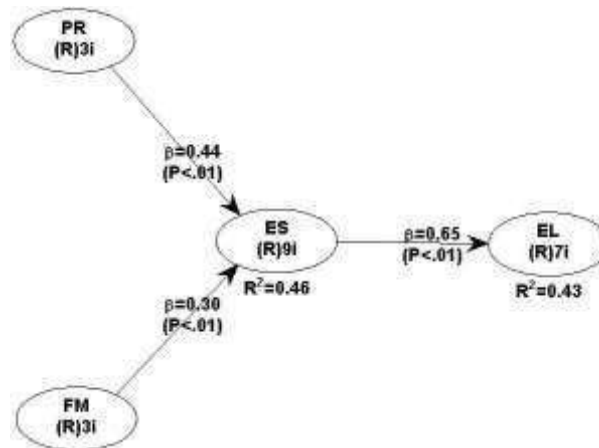


Figure 4.4; wrap analysis

The figure illustrates that there is a significant relation between employee loyalty and interpersonal as their result shows that the p value is then 0.001 for both the variables, which is significant and the regression between them is 0.43 for interpersonal and employee loyalty and 0.46 after the mediating role of employee satisfaction.

## 5. FINDINGS

It was found that there is a positive relationship between Trust in Management and Employee Satisfaction. As the Trust in Management increases by one unit, there is 35.5% increase in Employee Satisfaction. A direct positive relationship was found between Trust in Peers and Employee Satisfaction. As the Trust in Peers increase by one unit, there is 38.5% increase in Employee Satisfaction. It was found that there is a positive relationship between Employee Satisfaction and Employee Loyalty. One unit of increase in Employee Satisfaction will increase 39.3% in Employee Loyalty. A direct positive relationship is found between Trust in Management and Employee Loyalty. One unit of increase in Trust in Management will increase 47.0% in Employee Loyalty. A direct positive relationship is found between Trust in Peers and Employee Loyalty. One unit of increase in Trust in Peers will increase 16.1% in Employee Loyalty. It was found that there is a full mediation of Employee Satisfaction in the relationship between Trust in

Management and Employee Loyalty. It was found that there is a full mediation of Employee Satisfaction in the relationship between Trust in Management and Employee Loyalty.

## 6. LIMITATIONS OF THE STUDY

The study was conducted under a tight schedule and thus might account for errors that arise from the limited time availability. The perception and perspective may differ among individuals and hence the response is subject to biases. There are various other predictors for interpersonal trust, of which we are only considering trust in management and trust in peers. The sample size selected for the data collection is 150, which is very less compared to the total number of employees employed in different IT firms and hence the result may not be generalized and valid when applied to the entire population.

## 7. CONCLUSION

In this study it was noted that Trust in Management and Trust in Peers are strong predictors of Employee Satisfaction and it turn it influences Employee Loyalty. It was also noted from the studies that Trust in Management and Trust in Peers have an impact on Employee Loyalty. Thus, all our hypothesis is supported. It seen that Trust in Management have a beta value of .607 in relationship with Employee Satisfaction and Trust in Peers have a bets value of .468 in the relationship with Employee Satisfaction. Therefore, it can be noted that both Trust in Management and Trust in Management have a good impact on Employee Satisfaction. Therefore, it can be seen that the subordinate-superior relationship and peer-to- peer relationship is important factors of Employee Satisfaction. The relationship between Employee Satisfaction and Employee Loyalty has a beta value of .800, therefore it can be seen that there is a strong impact of Employee Satisfaction on Employee Loyalty. The Employee Satisfaction acts as a mediating variable between Interpersonal Trust and Employee Loyalty. Therefore, all the hypothesis is the study is been supported and proved. Further studies can be conducted in future with the varying demographics.

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