# Trust and performance: a contextual study of management change in private and public organisation

Trust and performance

Received 2 June 2022 Revised 29 August 2022

23 September 2022 27 October 2022

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Accepted 3 November 2022

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## Abstract

**Purpose** – Although previous studies have addressed the positive relationship between trust and performance, existing research has paid limited attention to management that shapes valued organisation behaviours important for effectiveness and wellbeing. This paper examines how organisational trust and performance unfold in the context of one private and one public sector case organisation in management change.

**Design/methodology/approach** – A multiple case study design using qualitative methods is applied to analyse textual data gathered from management and employee perspectives, juxtaposing private and public organisations.

**Findings** – Management change renewed decision-making in both organisations through role clarification. Through clearer roles, expectations were better managed in the collaborating units of a private organisation case and of the employees in a public organisation case impacting on organisational ability and predictability. Along with organisational communication, these develop trust which seems to be reflected in employee job performance at the organisational level.

Originality/value — This paper contributes to the gap in qualitative, empirical and contextual research by providing understanding about how intra-organisational trust is related to performance. Further, this paper sheds light on the vulnerability within an organisation during management change and adds to the somewhat scarce studies of relationships between trust and performance by juxtaposing the two contexts. Consequently, this enables one to reveal different approaches to trust and performance between the two sectors.

**Keywords** Trust, Performance, Management change, Multiple case study, Qualitative research **Paper type** Research paper

## 1. Introduction

Management change breaks routines in organisations, which may challenge trust and create vulnerable situations that influence employees and organisational performance (Mayer and Gavin, 2005; Serva et al., 2005). Therefore, the development and sustaining of trust in management is becoming increasingly important (McEvily et al., 2003; Kaplan and Norton, 2004; Bachmann and Inkpen, 2011; Fulmer and Gelfand, 2012) but remains understudied with reference to the heightened vulnerability in the relationship (Gustafsson et al., 2021). This study provides insights to assist management change to notice employee vulnerability in the private and public organisational contexts.



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Vol. 17 No. 6, 2022 pp. 35-51 Emerald Publishing Limited 1746-5265 DOI 10.1108/BJM-06-2022-0212 Previous empirical research has indicated a positive relationship between trust in management and performance outcomes such as job performance (Dirks and Ferrin, 2002; McEvily *et al.*, 2003; Mayer and Gavin, 2005; Li and Tan, 2013; Drescher *et al.*, 2014; Su *et al.*, 2020a, 2020b; Tisu *et al.*, 2021; Hou *et al.*, 2021). However, the existing research has paid limited attention to the relationship between trust and performance in management across sectors, which shapes the valued behaviours important for effectiveness (Schoorman *et al.*, 1996b; Griffin *et al.*, 2007; Gustafsson *et al.*, 2021; Lyu and Chen, 2022) given that trust affects employee wellbeing (Tisu *et al.*, 2021).

As embedding trust in the context also seems understudied (Fulmer and Ostroff, 2015; Savolainen and Ikonen, 2016), this study provides a deeper understanding with the empirical contexts that may reveal what appears to unite or differentiate in private and public organisations. Therefore, the research question is: how do organisational trust and performance unfold in the context of one private and one public sector case organisation in management change?

Through examining two organisations across sectors experiencing management change by applying a multiple qualitative case study setting (Yin, 2014), empirical insights were generated. The aim of the management change was to steer decision-making practices in both cases. Furthermore, the management change clarified the roles of collaborating units in a private organisation case and the roles of employees in a public organisation case to improve performance in both cases. The research results are drawn from interviews from the managers' and supervisors' perspectives in the private organisation case and interviews and speeches in the public organisation case, in which both management and employee perspectives are included.

This qualitative study makes three important contributions. First, this paper contributes to the gap in qualitative, empirical and contextual research on trust and performance, revealing how intra-organisational trust is related to performance and sheds light on the vulnerability within two organisational contexts during change. Secondly, the results contribute to the somewhat scarce studies of relationships between trust and performance, providing further understanding of the implications of management change across the private and public sectors. Thirdly, by juxtaposing two contexts, different approaches and links between trust and performance are revealed, which underpin the differences in profitmaking logics.

## 2. Concept of trust

Trust is a multidisciplinary and multilevel concept. Because the behavioural outcomes of trust are reflected in job performance, Mayer *et al.*'s (1995) definition of trust as the willingness to be vulnerable to another party when that party cannot be controlled or monitored (Mayer and Gavin, 2005) applies to this study. This definition recognises the relationship between trust and risk, because risk is inherent in vulnerability (Mayer and Gavin, 2005; Pesämaa *et al.*, 2007). Trust is based on risky experiences involved in relationships, and risk is controlled by assessing whether the other individuals in the relationship are trustworthy (Mayer *et al.*, 1995; Pesämaa *et al.*, 2007).

Trustworthiness involves ability (competences), integrity (reliability) and benevolence (goodwill) (Mayer *et al.*, 1995; Dirks and Ferrin, 2002). Thus, in Mayer *et al.*'s (1995) model, ability, integrity and benevolence are the prerequisites of trust that refer to the characteristics of the trustee, who can be a person or organisation. Among the most salient attributes, Dietz and Den Hartog (2006) include a fourth trustee attribute, predictability. In this study, predictability concerns the defined roles of employees, which in organisations implies performance.

Employees manage their vulnerability through positive expectations of management (Dirks and Ferrin, 2002). Mayer and Gavin (2005) suggest that when employees lack trust in management, they are unwilling to be vulnerable to management, and their cognitive

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resources are preoccupied with non-productive issues such as self-protection or defensive behaviours. Since hierarchical relationships affect a follower's vulnerability, the leader's trustworthiness therefore becomes important (Dirks and Ferrin, 2002; Karhapää and Savolainen, 2018). Mayer and Gavin (2005) suggest that employees' aversion to vulnerability affects the organisation's performance, which highlights the need to develop trust during organisational changes to enhance performance.

Trust supports functioning relationships, playing a foundational role in effective cooperation (Kidron *et al.*, 2016; Lewicki and Brinsfield, 2012). Familiarity enhances trust (Möllering, 2006), and with the advent of online work and working in teams, the challenging nature of work requires adaptivity (Tisu *et al.*, 2021; Savolainen, 2014; Griffin *et al.*, 2007). As technology-mediated management changes interaction and togetherness practices, information sharing becomes more challenging, which affects organisational performance. The added value of trust benefits the entire organisation through competitive advantage. Thus, trust is an important resource and skill for leaders, forcing management to sustain employees' trust during change (Savolainen, 2014; Malkamäki *et al.*, 2016).

## 3. Trust, management change and performance

Trust, management change and performance are linked. Although change disrupts routines, making employees feel vulnerable, trust supports one's ability to cope with vulnerability (Giddens, 1990; Möllering, 2006; Möllering *et al.*, 2004; Gustafsson *et al.*, 2021) through interpersonal interaction, open information sharing, communication and feedback (Sitkin and George, 2005; Lewicki and Brinsfield, 2012; Savolainen, 2011; Bachmann and Inkpen, 2011). Trust affects behaviour, which is reflected in performance through a mechanism of leadership authority (Dirks and Ferrin, 2002).

Management practices are tightly linked with strategy execution and operations, which constitute "a managerial toolkit" during the implementation of management change (Kaplan and Norton, 2004, 2008). Developing a functional management may reduce the risk of untrustworthy behaviour, because macro-level factors such as organisational structure and management system are involved in the development of trust (Bachmann and Inkpen, 2011; Gustafsson *et al.*, 2021).

As an important predictor of organisational effectiveness, trust impacts performance (Mayer and Gavin, 2005; Drescher *et al.*, 2014; Su *et al.*, 2020a, b). Moreover, trust is likely to increase employees' work effort and the degree to which they pursue collective goals (McEvily *et al.*, 2003). Previous research indicates a positive relationship between trust and performance (Korsgaard *et al.*, 2002; Mayer and Gavin, 2005), especially proficiency such as work-role performance (Zaheer *et al.*, 1998; Dirks, 2000; Davis *et al.*, 2000) and adaptivity (to a new management system) (Dirks and Ferrin, 2002).

At the interpersonal level, behaviour tends to rely on the idea of the individual's belief in and expectation of another's trustworthiness, which leads to a willingness to accept risk. In turn, this affects risk taking, or trust, in a relationship. Trust is manifested in cooperation and sharing information, and individual performance may become a positive outcome of trust (Dirks and Ferrin, 2001; Mayer and Gavin, 2005) as, during change, trust is a supportive resource (Savolainen, 2011). Since employees' willingness to invest in their work involves clarity in work roles, skilful leadership with feedback and the development of opportunities, leadership practices may increase performance (Tisu *et al.*, 2021). Figure 1 illustrates the present study's framework.

## 4. Methodology

4.1 Context of management change in private and public case organisations

This multiple empirical qualitative case study (Yin, 2014) explores the management change and the employee situation at both the interpersonal and organisational levels of trust in

## Management change implementation in private and public organisational context

#### Trust

- Relation to employee vulnerability
- Relation to ability, integrity, benevolence, predictability

Trust as intraorganisational and interpersonal trust – Trust in work relationships

#### Performance

- Relation to job performance



#### TRUST AND PERFORMANCE

Management procedures

Building and sustaining trust by enhancing trustworthiness: ability, benevolence, integrity, and predictability

Trust reflected in organisational job performance

Figure 1.
Theoretical and empirical framework of the case study

the intra-organisational context with the focus is on how organisations' members construct and perceive their experiences (Berger and Luckmann, 1966; Gioia *et al.*, 2012) in management change in relation to organisational trust that may affect performance.

The empirical research setting represents a contextual study with two case organisations: a private sector retail chain (Company Case, hereafter CC) and a public sector research university (Public Case, hereafter PC) in Finland. This enables the juxtaposition of the two sectors, because trust is a social and inherently context-dependent phenomenon (McEvily and Tortoriello, 2011; Tillmar, 2012) emerging differently in different contexts (Li, 2012; Savolainen and Ikonen, 2016). By contextualising it is possible to increase the holistic and dynamic understanding of the findings (Li, 2012; Lyon, 2012; Oc, 2018).

There are several reasons for choosing the two case organisations. First, management change is initiated by the central unit of both organisations. In the CC, the central unit was based in the headquarters of a retail company, where the chain concept and strategy were defined. In the PC, the central unit was in the Ministry of Education, which indicated the steps for the strategy in the case university. Second, the organisations represent different approaches to managerial practices (subordinate–supervisor relationships): autonomy and democracy in decision making are emphasised in the PC, while more straightforward decision-making procedures are applied in the CC. Third, the cases represent two profitmaking logics: non-profit and profitmaking. Fourth, the cases provide fruitful opportunities to compare management change in relation to trust and the relationship with performance across sectors.

4.1.1 Management change in a CC. The CC is a Finnish retail chain company, which consists of 81 hypermarkets forming the department store unit, one of the chain's functional units, with the central unit (CU) administering the entire hypermarket chain's activities. The CU consists of several functional units, i.e. the chain's development unit, purchasing, marketing, financial management, supply chain management and trade services.

This study involves the purchasing unit (PU) of the chain and the department store unit (DSU) (Malkamäki, 2017). As the PU has a dominant position regarding the DSU, the PU

represents the perspective of the CU in this case study. The need for a renewal of the management system (hereafter MS) was based partly on intensifying competition. A management change was also required because of the range of the managers' performance.

Before the renewal of the MS and change in management, managers had wider operational freedom in both functional units concerning decision making and operational autonomy. In addition, the units' roles, rights and responsibilities were not clearly defined. Consequently, at that time, the operations between units partly overlapped, and this generated ambiguity and a lack of trust. In contrast, following the management change, the collaborating units' roles, tasks, responsibilities and rights were clearly defined and described, contributing to a more uniform performance.

4.1.2 Management change in a PC. The research also involved a PC, a multidisciplinary medium-sized research university in Finland. Here, the management change is linked to the university reform in Finland in 2010, under which the Ministry of Education plays the role of the CU by setting the strategy for Finnish universities to become internationally competitive.

As a result of the management change in the PC, management duties with more straightforward decision-making practices were allocated to full-time managers. Previously, multiple hierarchical levels have been engaged in the university's decision making. Additionally, collegial decision making emphasised democracy though the involvement of representatives, including professors, other personnel and students (Birnbaum, 2004; Karhapää, 2016; Karhapää and Savolainen, 2020).

Also, universities were separated from the state and became independent legal entities replacing the state as employers. The university funding scheme and the performance management model were also renewed. Besides completed degrees, research publications are stressed as measured results (Kallio *et al.*, 2016).

## 4.2 Data collection

Conducting a contextual qualitative case study requires a researcher's profound knowledge and understanding of the phenomenon and context in addition to access to the key informants (Yin, 2014). Therefore, it was mainly the researchers who collected the data for both cases. The CC is based on primary qualitative data (Malkamäki, 2017), all of which the researcher gathered. Two functional units are covered by the CC – a CU and a DSU, where the CU administers the entire chain's activities.

The research material is based on transcripts of open-ended and thematic interviews, written reports, organisational documents and field records. Since the informants had long work experience in the company, their perspectives enriched the research. The informants are referred to in the analysis with code names (summary in Table 1).

The primary research data for the university are the speeches of the Rector between 1998 and 2014. For the entire 17-year period, a single actor performed the role of Rector and gave a speech at a university semester opening ceremony once a year. As the Rector was ending his rectorship in 2014, the interview with the Rector was conducted by the researcher, which afforded a retrospective view of the management change period. In addition, eight employee interviews between 2011 and 2018 were conducted by a research assistant (Leinonen, 2019). The employee-informants had also experienced the situation before and after the management change. The secondary data consist of written documents, history and reports concerning the PC and university reform with the management change in Finland in 2010 (see Table 1).

## 4.3 Data analysis

An abductive analysis strategy was applied, because the theoretical concepts from previous research were used to aid description and analysis of the empirical data and concepts arising

BJM 17,6	Case 1: Private – Retail company	Case 2: Public - university
	Primary data:	Primary data:
	19 informants supervisor/leader level, aged 22–50	Rector's annual semester opening speeches between 1998 and 2014, and an interview in 2014.
	supervisory experience 2–20 years	8 employee informants, work experience in organisation 16–30 years
40	14 interviews, 30–75 min	9 interviews, 30–50 min
	10 written stories, written material 31 pages, data 190 pages	data 140 pages (speeches and interviews)
Table 1.	Secondary data: organisational documents,	Secondary data: written documents, annual reports, strategy

from them (Eriksson and Kovalainen, 2016). The analysis began "within-case" with separate analyses of the CC and PC data. First, the transcribed texts were carefully read to gain a holistic understanding of the data corpus. Then, initial codes were formed in relation to how management change unfolded in terms of organisational trust and performance in the case contexts. Following this, the data were systematically coded and the themes in each case were found to reflect management change. The "within-case" analysis was followed by a crosscase analysis, comprising a comparison of the management change within each case, which sought similarities and differences between the cases and discussed them in relation to trust and performance. Then the findings were presented and discussed in relation to trust and performance. By applying data from the CC and PC, the researchers were able to triangulate the data (Clarke et al., 2015; Maguire and Delahunt, 2017). The analysis was then discussed through indirect and direct quotations from the data, in which illustrative excerpts were used to illuminate the data for interpretation and understanding.

reports

## 5. Findings

written documents

## 5.1 Findings from the CC

Based on the findings from the CC, the MS is seen as a framework that defines procedures, expectations and actions according to roles and various job descriptions. Trust in the organisation between different units and actors is thus built and earned through evidence of performance management in accordance with set goals, defined procedures and guidelines:

The more actors there are, the more important it is that they trust each other in playing their roles, ... If the different levels and parts (units) of an organisation cannot trust each other, it usually tells you that the framework in which they're operating is ambiguous. . . . This means people don't know their places or what's expected of them. But ... there's a lot of talk about managing performance right now, so everyone must know what's expected of them. Helmi (DSU).

From among the different interviews in this research, it was found that the renewal of the MS restricted the department store heads' autonomy, which was not motivating for an experienced operator. The head of a department now managed operations in accordance with the guidelines. However, the need to reform the organisation's management was perceived as understandable as the operating environment changed, as revealed by this informant:

Time, place, strategies, and organisational competitiveness require changes. My role has changed. I understand that. The most important thing for an organisation is success. ... Today, the department head's role is the implementer's role. . . . What matters is giving feedback, which is part of the task. Helmi (DSU).

Consequently, a joint intranet training programme for managers and supervisors was arranged. This training contributed to a shared understanding of the importance of

Data summary

the division of responsibilities between the functional units in implementing the strategy. Rights and responsibilities, as well as job-related frameworks for decision making, were now clearly defined:

We've now had an online training programme for company leaders and supervisors for a year to build a **common language** and view the changes. The first part of the training concentrated on the **roles** and **division of the responsibilities** of the PU and DSU, so the strategy was discussed. . . . I think that **crystallising the responsibilities** (division) of labour is the essential thing in the new management model, and it may be that there has been some ambiguity and lack of clarity concerning who has been responsible for what. Helmi (DSU).

The sharing of set objectives and performance rates through the intranet can be seen as the basic strengthening elements of trust at the organisational level. A transparent and clear measurement system enabled managers and supervisors to monitor and compare one another's performance. They were thus able to see and assume that everyone was expected to perform according to the set objectives, which created trust in the upper management:

Of course, it's now organised so there are clear responsibilities, aims, and indicators, ..., and measurement is also transparent now. So, we can also see the numerical data indicating performance in store functions and that it's not only our figures but also the figures for purchasing ... by the persons in charge, we can see their area of responsibility, and how they are related to their objectives. Onni (DSU).

Documented procedures available via the intranet for everyone reduced ambiguity. Based on the role and job description, everyone was able to trust that performance expectations were consistent. This particular informant felt that the clear procedures provided useful and understandable guidelines for operations:

So, we have our own duties here, and all the units have theirs. Right now, we've got a lot of new and more **precise procedures** for how things are to be done and led systematically by a certain policy. They're all written down and available to everyone, and they're clear. So everyone can understand what his or her role is. Amanda, CU expert.

Moreover, one informant believed the change of MS would improve performance by improving leadership and management:

But in this management model, it leads little by little to more efficient results . . . as the management is done better now. Onni (DSU).

Defined management procedures harmonised operational management in the CC, which also meant control: deviations were addressed, and feedback was given to ensure decision making and operations accorded with the senior management guidelines. Thus, the upper management were able to be confident that operations were implemented in accordance with management decisions at different unit and organisational levels. Moreover, this constituted the basis for the continuous improvement of performance:

The leaders and supervisors are **coordinated** by the management model. Like this, a big company can **ensure the implementation of the decisions is done in the same way in each unit.** The existence of a management model smooths out variations between different leaders, and we can utilise and compare the performance and thus adopt the best implementations as the basis for subsequent guidelines and making continuous improvements. Matilda (DSU).

Transparent data sharing was perceived to bring communal responsibility, as described:

We can now more easily find a discussion partner for real matters. And it's clearly visible that the supervisors at the regional level take care of each other. ... This adds value to the organisation. Onni (DSU)

Sharing information increased the supervisors' willingness to help and mentor each other. Furthermore, transparent data sharing prompted meaningful ideas for conversation between colleagues, who contributed to organisational problem solving and the development of beneficial practices. All in all, these added value to organisational performance and outcomes.

## 5.2 Findings from the PC

Regarding the case of the PC, the need for management change is legitimised by the Rector as he describes the changes in the environment at the end of the 1990s. Globalisation meant that universities were facing new borderless competition: international virtual teaching was available for everyone, students could choose universities from all over the world, and teachers were able to move for a better salary. As a result, the university as a static accounting office under the national state bureaucracy could no longer manage its environment (speech in 1998).

To cope with the changing environment, the university needs economic autonomy, and the budget management requires more competitive elements. In 2018, the previously safe budgetary routine was retrospectively described:

- $\dots$  We just checked the amount of money received and made sure it was used by the end of the year.  $\dots$  There would be more (money) in the next budget.  $\dots$  It was safe in that sense  $\dots$  Head of department.
- The importance of research in reflecting university performance is evolving. The intake of students and the number of awarded degrees should not only be measurements of the performance; there should also be elements in the budgeting that focus on stimulating research (speech in 2003). To do this, management change was required, which meant more clearly defined roles for employees. Collegial decision making required many resources (speech in 2007). Therefore, the aim of the reform was that fewer employees would be involved with management.

By communicating that the aim of the renewal was to reduce internal bureaucracy, the Rector built trust within the university organisation. He clarified that there had been an accumulation of administrative duties that had interfered with the university's core mission. With the emphasis on management, the administrative duties focused on a smaller group of managers (speech in 2007). In 2010, the management change at the university meant fewer employees were engaged in management, as described in 2011:

... A bigger change is the individual leadership that is emphasised today. The individual leader has a responsibility to lead.... The dean has a great deal of decision-making power. Head Administrator.

Autonomy is important in a university along with the idea that experts in their fields make the best decisions concerning the discipline's subjects. When the management change was implemented in 2010, the Rector mitigated the employees' vulnerability and developed trust by highlighting the improved organisational ability. Having a transparent administration did not require ongoing meetings and multilevel decision-making procedures in a collegial and bureaucratic decision-making manner. In the Rector's view, the new decision-making practice with full-time managers strengthened the university's ability by enabling employees to focus on teaching and research (speech in 2010). Thus, the university's performance was enhanced by employees who better met the requirements of a work role. However, the employees felt vulnerable due to their lack of autonomy and involvement in decision making in 2018:

... A tripartite governance model, the potential to influence at every level . . . There were much better opportunities to influence things (awaiting decision) for staff and students then. . . . How the work is done . . . and everything like that . . . that's what has changed. IT Administrator.

- ... Nowadays, ... there are more ... scheduled tasks.... Now, we're talking about quarters, and like ... they're completely unfamiliar things ... for the old (university) world.
- ... There's a big responsibility to achieve results. Only numbers matter how many completed degrees, and how many published publications. It feels like erudition is diminishing. IT Administrator.

Before the management change, the Rector had discursively suspended vulnerability. He noted that there were suspicions and fears that the university would become a business organisation (speech in 2007). However, it seems the implemented management change transformed the university by introducing more business-like procedures:

- ... The whole university has been twisted to fit certain priorities (in a strategy). ... So academic freedom is chained ... Head Administrator (2011).
- ... There have been big changes in the work culture.... (Previously), there was academic freedom. ... Now, profitability is where the results matter ... Financial Administrator (2018).

This management change meant scientific publications were performance indicators in the university, as described in 2011:

... (Previously), scientific publications were not taken into account when allocating money (to departments). Publications mean a lot today, so that's a big change. Head Administrator.

In emphasising scientific publications, the management change highlighted the tense relationship between teaching and research. Now, all the teachers also conduct research (speech in 2011). However, careers were often evaluated according to publications. The Rector mitigated the tensions between teaching and research by promoting adaptation to change in 2011. He admitted that excellence in teaching did not provide as straightforward a progression in a professional career as excellence in research. Moreover, the Rector stressed the importance of excellent teaching as the key factor in the organisation's competitiveness. To encourage adaptivity, there was a new and permanent tradition at the semester opening ceremony: the teacher of the year was announced – an acknowledgement of the importance of teaching as the other core mission.

As well as these actions, e-communication was utilised, i.e. videoconferencing and e-learning technology were used. To operate fruitfully via videoconferencing, the other party should be familiar. The Rector stated (speech in 2010) that after the first contact and familiarisation, remote access worked well as a natural communication platform. Therefore, personal interaction must be organised. The novel method of technology-mediated communication reflected adaptation to change in a university, as described in 2018:

Video conference calls have become mundane, you can talk 'ad hoc' with your workmates. Financial Administrator.

 $\dots$  It's expected of us that we follow all the information from communication channels regularly  $\dots$  IT Administrator.

Cooperation within working teams and adopting novel communication technology reflected trusting behaviour, adaptation to change, and the capacity to be proactive in a new situation, as described in 2018:

... Immediately, if someone gets an idea to do things in a new way, we share it with the others.... Cooperation has been very rewarding. Financial Administrator.

The Rector saw the transformation of employee recruitment as one of the major management changes (interview, 19.11.2014). A novel recruitment culture was applied, as the universities would take the place of the state as employers. Regarding the recruitment of future top employees, the Rector emphasised risk taking: hiring a new specialist for the university should not be considered a budgetary loss, because good staff repaid itself in good results in teaching and new research project funding (speech in 2014).

Management practices emphasising employees' wellbeing and the working atmosphere were now important and reflected benevolence in the organisation. The Rector built trust by showing genuine care for the wellbeing of university employees in a discursive act of benevolence in 2010:

I'm genuinely concerned for the stamina of the university staff. . . . On the other hand, I can only admire the expertise and commitment that the members of our university community have shown during this fast-paced period of change (speech in 2010).

Further, the Rector expressed his gratitude to the community and encouraged interaction by mentioning those who had been critical of the changes:

I'd like to express this gratitude, and especially to you who have openly expressed views that differ from the administration's policies during this change process. Where else, if not in a university, would criticism expressed in a forward-looking spirit be seen as a driving force? (speech in 2010).

## 6. Discussion

The aim to enhance competitiveness is an ongoing strategic management goal, which applies to both the private and public sectors. This study explores how organisational trust and performance unfold in the context of one private and one public sector case organisation in management change. In both cases, management change was related to the strategy set by a central unit. Trust, shaped by two different organisation contexts (Li, 2012; Savolainen and Ikonen, 2016), unfolds differently.

First, the findings reveal that when more straightforward decision-making practices were applied, they decreased the autonomy in both cases. However, it seems that in the CC, the unified execution of operations strengthened trust between the functional units at the organisational and interpersonal levels. However, since management change restricted the autonomy of the department store heads in the CC, management feedback was required to develop trust. In contrast, employees in the PC felt vulnerable due to the renewed decision-making practices that did not fit their previous practices due to diminishing autonomy, academic freedom and democracy in decision making. Consequently, this influenced the employee's work role and organisational performance accordingly (Mayer and Gavin, 2005; Serva et al., 2005) and challenged trust in management in the PC. Nevertheless, trust was built through management communication (speeches) by clarifying the changes in the environment, explaining why the changes had to be made, and highlighting the aim of reducing internal bureaucracy.

Second, trust seemed to be developed in the CC and PC with improved organisational ability (Mayer et al., 1995) through more clearly defined operator roles in both cases as management change renewed decision-making procedures. In the CC, before the management change, the operations between the collaborating units partly overlapped, and this generated ambiguity, a lack of trust and wide variation in managers' performance rates in units. When the roles of the collaborating units were clearly defined and described, the cooperation between the units was based on common goals. Thus, performance was based on the cooperation and profitability of these two organisational units. In the PC, employees' roles were clarified. Now, fewer employees were engaged in management.

This freed employees' time and cognitive resources for their teaching and research roles that could enable better performance, which supported the organisational ability. The employees might consider this acceptable in a university.

Thirdly, the findings show the different logics in private and public sector organisations. In both cases, management change steered performance. In the CC, where the budget depended on the number of customers, monitoring was targeted at the management of sales, profitability and capital and human resource costs. Management change harmonised operational management, which meant addressing the deviations and giving feedback to ensure decision making and operations accorded with senior management guidelines. This increased the upper management's trust in the management decisions at different unit and organisational levels, constituting a basis for the continuous improvement of performance. In the PC, management change introduced a novel work culture, characterised by scheduling, budgeting and profitability, revealing the non-profit sector's profitmaking logic. The PC's novel role as an employer highlights organisational attractiveness with a novel recruitment culture. By developing and leveraging trust in the discursive acts of benevolence, the employee vulnerability was suspended.

Fourth, the findings underscore how trust affects communication and the sharing of information (Sitkin and George, 2005; Bachmann and Inkpen, 2011) in both cases. In the CC, managers used the intranet to enable performance monitoring. Transparency and a clear measurement system enabled the collaborating units to monitor each other's performance. The documented procedures available via the intranet reduced ambiguity and improved the comprehensibility of communication, strengthening trust. However, transparency was also perceived as pressure, though it also supported predictability because there was certainty that operations would proceed according to management decisions at different levels and in different units. Therefore, it was possible to gain a uniform performance in chain operations and guarantee the company business result and a consistent customer experience of the customer interface. In the PC, the communication created positive expectations among employees concerning vulnerability (Dirks and Ferrin, 2002; Ferrin et al., 2008) in management change. Management emphasised that now employees had more time to focus on their core tasks. Moreover, cooperation within working teams and adopting novel communication technology reflected trusting behaviour, adaptation to change and proactivity. Thus, trust was based on improved organisational ability, reflected in employee productivity and job performance by complying with work role requirements at organisational level in both cases. The cross-case findings are summarised in relation to trust and performance in Table 2.

## 6.1 Theoretical contribution

This study applies a multiple case study setting to add to scientific knowledge of how organisational trust and performance unfold in management change. The study contributes to plugging the gap in qualitative, empirical and contextual research by juxtaposing the two different sectors, thus shedding light on the contextual differences in managerial relationships and profitmaking logics. Moreover, this study also reveals employee vulnerability during change and its relationship with performance. In relation to trust, vulnerability seems more apparent in the PC, where employees have concerns about evolving business-like procedures, while the vulnerability of employees in the CC is less apparent. Consequently, the implemented management change seems to fit the logic of a profitmaking organisation.

This study also deepens understanding of the varying outcomes during management change. While job performance was enhanced in both contexts, the related implication for trust varied. Management change in the CC did not seem to damage employees' trust, as predictability

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Management change implementation in private organisational context

Management change implementation in public organisational context

## Trust

- Relation to employee vulnerability Profit-making logic does not disrupt routines in a profit-making organisation
- Relation to ability Clearer roles of collaborating units **Performance**
- Relation to job performance Clearer subordinate-supervisor relationships Managerial decision-making procedures
- Relation to integrity Actions according to roles and different job descriptions
- Relation to ability and benevolence Communication: sharing of set objectives and performance rates through the intranet Productivity: transparency and a clear measurement system Cooperation: communal responsibility, meaningful conversation, ideas between colleagues

#### Trust

- Relation to employee vulnerability
   Profit-making logic disrupts routines in a profit-making organisation
- Relation to ability Employees' roles were specified

#### Performance

- Relation to job performance
   Novel approach to managerial and decision-making practices: prior collegial groups in decision making, strategic recruitments
- Relation to ability and integrity Reduction of internal bureaucracy, core duties
- Relation to benevolence Wellbeing and working atmosphere Productivity: scientific publications Cooperation: within working teams

**Table 2.**Differences and similarities in crosscase analysis of the two cases

was improved by a unified management competence, while at the same time management in the PC required much communication about developing trust to legitimise change.

Moreover, this study reveals the different logics of performance across sectors. Although the budget logic in the PC emphasised measured outcomes, there were no paying clients as such. However, employees might perceive risk, while civil service employment relationships became contractual employment relationships. In contrast, job performance in the CC was more clearly reflected in higher incomes with improved sales. An employee might thus perceive trust in work when the company was profitable.

While both case organisations operate in the service sector, employee wellbeing was important. Therefore, human resource policies based on employee wellbeing showed benevolence, which increased organisational trustworthiness. Consequently, trustworthy management practices may develop trust in both private and public sector organisations and support performance.

## 6.2 Managerial implications

The study implies that during management change, managers need to pay attention to their employees' trust and sense of vulnerability. Managers should focus on sustaining trust with actions of trustworthiness. Transparency, fairness and open communication strengthen trust. Furthermore, the clarification of work roles for employees during change is an essential managerial task since the roles contribute to competences and task performance accordingly. Coherent practices enable predictability. Further, this study implies the challenges when employees' autonomy is restricted, which affects employees emotionally and causes vulnerability. Therefore, trust and vulnerability deserve the managers' high attention. Furthermore, digital management and remote working practices detach people and cause a

lack of togetherness, which challenges management in change. Therefore, sustaining trust in an organisation manifests in employee cooperation and information sharing, contributing to organizational performance (Savolainen, 2008; Savolainen and Lopez-Fresno, 2013; Savolainen and Ikonen, 2016; Karhapää and Savolainen, 2020; Tisu *et al.*, 2021).

## 6.3 Limitations and future research

This multiple qualitative case study (Yin, 2014) juxtaposes the contexts of one private and one public sector organisation which reveals management change in terms of organisational trust and performance. The study provides deeper understanding involving two organisational contexts operating with different approaches and profitmaking logics.

Social reality is constructed subjectively and is based on perceptions which may appear different for each person. Moreover, it is context-specific and may change over time (Berger and Luckmann, 1966). Thus, it should be noted that the researchers belong to the studied organisations as this may unintentionally affect the study and may result in some limitations.

However, involvement also provides insights into and novel perspectives of the contextual case. Researchers may benefit from a deep tacit understanding that may enhance the depth of the interpretive case study since it enables the researcher's access to the data, as well as a deep understanding of the language and cultural norms the organisational actors. Further, an ability to understand the field and context assists the credibility of the study.

In conducting this research, the researchers have been aware of and have avoided bias. Moreover, besides the case organisations, the researchers have worked in other organisations, which has allowed multiple perspectives. In addition, the preliminary research reports were sent for comments to the actors, which strengthens the study's conformability (Eriksson and Kovalainen, 2016).

Nevertheless, further research is required for trust development processes. Trust in management change requires further empirical studies in different cultural contexts. Further research may extend to studying clients and students to provide understanding into the process of management change, trust and performance more deeply. The studies of trust in management change from the perspectives of people hired after a change, and involving employees of different ages, working experiences and competences are required.

## 7. Conclusion

This study investigated how organisational trust and performance unfold in management change. Trust was developed through organisational ability, communication and predictability, which seems to be reflected in employee job performance in both sectors. Although the study highlights the importance of noticing employees' vulnerability in change, the main conclusion related to the development of trust during management change is a way to manage communication, feedback and support.

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