Fear Destroys the Ability to Trust: Impact on Employee Engagement during Structural Change in Telecommunication Sector of Pakistan

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ABSTRACT

Due to economic downturns and structural pressures, the telecommunication sector have frequently had to go through structural change to remain competitive. This could distract telecommunication sector away from focusing on trusting relationships leading towards failure in managing change. Present research fill this gap and aims to examine the effect of trust in leadership on employee’s engagement during structural change. To provide additional insight, the present study used fear of change as a moderator between relationship of trust in leadership and employee engagement. Drawn from cross-sectional research design, a web-based survey was used to collect data from employees of telecommunication sector across all provinces of Pakistan that experienced structural change within their organization. A total of 447 responses were received. The study findings indicate that employee level of trust in leadership in change helped them to foster their engagement in change process. Additionally it was also supported that decrease in employee’s fear of change enhances the effect of trust in leadership on employee’s engagement during change.

Keywords

Trust in leadership, Fear of Change, Employee’s Engagement with change, Structural Change

JEL Classification

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1. Introduction

Organizational changes have become more prominent and recurrent in now-a-days (Bashori, 2016). Due to the competitive business environment, most organizations are experiencing change to survive (Hussain et al., 2018). Previous research indicated that organizations face difficulty in implementing change successfully due to the level of complexity associated with the organizational change (Islam, Furuoka, & Idris, 2020).

Organizations face variety of changes, however structural change has marked the new digital realities of the twenty first century (Malik & Garg, 2020). Structural changes tend to alter ways of doing things thus creating an uncertain environment where employees feel unsafe and cynical (Bakari, Hunjra, Jaros, & Khoso, 2019). In order to implement change successfully and sustain the competitive edge in the market, organizations demand highly engaged workforce with lower levels of change related uncertainties and cordial leader member relations (Choi, 2011). Al-Jaber (2020)
states that employees’ engagement is seen as one of the most effective strategies in encouraging and preparing employees for change because without employees’ engagement, effective change implementation will not be possible. Another concern during structural change is employees’ trust in change leadership. As stated earlier, structural changes are prone to employee cynicism and uncertainty, thus may lead to negative behaviors (Bakari et al., 2019: Brown & Cregan, 2008). However, role of trust in change leadership in this case is paramount which ultimately effect the employee attitude towards change and the degree of their willingness to support the change.

One more concern during change implementation processes is employees’ fear of change which is again the outcome uncertainties involved in change process. Although much is known about role of employee trust in leadership in driving positive employee behaviors in organizational change, literature stills face scarcity of empirical evidence regarding interaction between trust and fear in driving change engagement. More specifically, this study addresses the significant gap in literature in outlining role of trust in leadership in developing employee engagement at various levels of employee fear of change. Next section briefly describes variables of the study and their relationship followed by methodology and results.

2. Literature Review

2.1 Trust in Leadership
Trust is defined as extent to which an individual is positive and ready to follow up on the words, activities, and choices of another individual (McAllister, 1995) Sanders, Schyns, Dietz, and Den Hartog (2006) indicated different dimensions with which trust has been measured like ability, benevolence, integrity, and predictability. Trust in leadership is actually the shared and mutual understanding among followers and leaders in such a way that vulnerabilities won't be misused and that the relationship is sheltered and respectful (Norman, 2006). Trust in leadership relies upon devotees' confidence and belief on the leader’s activities and on positive result from their decision (Schoorman, Mayer, & Davis, 2007) additionally trust also relies on faith in the leader's genuineness and the manner in which the person in question treats and thinks about devotees (Dirks & Ferrin, 2002).

2.2 Employee Engagement with Change
The idea of engagement was introduced initially by Kahn (1990) but later other researchers have distinguished its different foci like work engagement (Bakker & Demerouti, 2008), civic engagement (Skocpol & Fiorina, 2004) school engagement, (Fredricks, Blumenfeld, Friedel, & Paris, 2005), literacy engagement (Guthrie et al., 2004) and employee engagement (Schneider, Macey, Barbera, & Young, 2010) Present study proposes that the engagement is target specific therefore there is need to test employee engagement with change at the time of structural changes.

Employee engagement emulates contribution of employee in business related exercises (Bakker & Leiter, 2010) It reflects the mental bridling of employees to their job, which help them to express genuinely, psychologically, inwardly, and intellectually. Researchers defined employee’s engagement specifically as a mental state wherein employees exhibit an elevated level of official identity and optional involvement in organization’s objectives, mission and vision (Kahn, 1990).

2.3 Fear of Change
Fear reflects one’s sense of nervousness relevant to threat posed by some external undesirable incident that has a potential to undermine one’s safety and security (Strongin, 1987). Gray (1987) and Hebb (1946) defined fear of change as an employee’s perception that the change is new and unfamiliar and cannot be relied upon due to uncertainties involved. The fear is triggered by the ambiguity regarding outcomes, the risk of losing valued position and the complications regarding altered status in the organizations (Piderit, 2000).

3. Hypothesis Development

3.1 Employee’s Trust in Leadership and Employee Engagement
Previous research indicates that an atmosphere of trust in leadership prompts employees to take part in organizational processes because increase in trust ultimately results in positive behaviors and attitudes towards organization such as employee’s commitment and employees work engagement (Dirks & Ferrin, 2002). Trusting environment in the
organization is a powerful motivator that elevates the degree of employee’s participation and information sharing (Käser & Miles, 2002). Moreover, it also fuels employee’s performance (Dirks, 2000). Islam et al. (2020), recently indicated that during the time of uncertainty, the trusting environment can reduce the frailties and fears of employees and ultimately influences their engagement with the organization like, if the trust in leadership is high, employees presume sensible decisions from their leaders leading towards organization’s stability. Employee’s focus on their everyday work is associated with the high level of trust (Mayer & Gavin, 2005) and eventually make employees feel assured that the “big picture” is taken care of which then finally multiply employee’s engagement in the organization (Kahn, 1990) during uncertain time.

It is often proposed by researchers that leaders should build trusting relationship with employees that ultimately empower them to successfully manage (change) processes in the workplace (Judge, LePine, & Rich, 2006). An efficient leader encourages an environment that creates a trusting relationship during mind boggling and unpleasant circumstances, (Li, Wang, & Wang, 2019), which actually supports employees (Howarth & Rafferty, 2009) and energies as a guide (Bass, Avolio, Jung, & Berson, 2003).

Recent studies specified that trust in leadership develops employee’s degree of work engagement during times of organizational change (Li et al., 2019). Employing psychological contract theory can truly explain the relationship and bonding between leader and the follower/employees, which builds a psychological contract between them (Rousseau, 1995). In this way, a trust in this link which shapes a psychological contract upgrades the degree of employee’s work engagement (McAllister, 1995). Islam et al. (2020), indicates that degree of employee engagement is dependent upon the level of trust in leadership that employees have in their leader. Based on prior theorizing (Chughtai & Buckley, 2008) and (Kahn, 1990), trust towards leaders positively influence their levels of engagement. Hence, present study hypothesized:

**H1: During structural change, trust in leadership positively related to employee’s engagement with change**

### 3.2 Fear of Change as a Moderator

Literature suggests that trust in leadership and employee engagement may have some boundary conditions. Literature indicates that in present business world, the demand for the structural change is high and so is the case for fear associated with that change. Fear of change is perhaps the most significant impulse behind employees distinction in their eagerness to trust their leaders (Bennett et al., 1998).

Weeks, Roberts, Chonko, and Jones (2004) used fear of change as a moderator between readiness to accept change and employees’ performance such that impact of change readiness on employee performance was dependent upon employee level of fear and uncertainty. Higher levels of fear will deplete employees’ willingness to perform better in new situations. From a psychoanalytic point of view, a key explanation that employees don't accept change is due to their fear of change where vulnerability, doubt and distrust in leadership is present because employees with fear of change feel a lack of control (Evans, 2001). He further indicated that fear of change is a true reason that people don't change as the fear may involve threat, anxiety and tension or loss of security. Senge and Kaeufer (2000) explained that change endeavors prompt fear specifically, structural changes raise doubt about long held convictions, mentalities, and routine methods of acting. Uncertainty and fear related with change can lead individual employees to cling to old patterns of conduct (De Vries & Balazs, 1999). This is actually the fear of failure that eventually forms a fear of change and lastly the desire to stick to their status quo. With the above literature and Preacher and Hayes (2008) description of a moderator, employee’s fear of change is modeled to moderate trust in leadership and employee’s engagement relationship. More specifically, this study posits that during structural change if employees experience lower levels of fear of change, they would be more likely to trust in leadership and can have higher levels of engagement towards change. Similarly, employees with high fear of change will remark less trust in leadership and will not be likely to engage in their job during change. Therefore, present study hypothesized:

**H2: During structural change, the relationship of trust in leadership and employee engagement is stronger when employee’s fear of change is low rather than high.**
4. Methodology

4.1 Procedure of Data Collection
This study is conducted using the sample drawn from the telecommunication companies of Pakistan (PTCL, Mobilink, Ufone and Telenor) which were undergoing structural changes during the time of data collection. Using positivist approach, a cross sectional research design and Stratified random sampling technique were applied to collect data. 560 online questionnaires were emailed to employees after getting formal approval from respective head offices. The questionnaire included a cover letter that expressed objectives of the survey, ensured respondents for the confidentiality of their responses and that the participation was entirely voluntary. Out of 560 questionnaires, 447 questionnaires were received back (79% response rate).

4.2 Measures
4.2.1 Trust in change leadership Scale was adapted from the work of Bouckenooghe, Devos, and van den Broeck (2009). The sample item include “Change management team fulfils its promises” Fear of change scale was adapted from the work of Weeks et al. (2004). The sample item include “I am fearful of change” and Employee’s engagement with change scale was adapted from the work of Schaufeli, Bakker, and Salanova (2006). The sample item include “At my work, I feel that I am bursting with energy”. Data of three constructs were collected using 7-point Likert scale of ‘strongly disagree’ to ‘strongly agree’. For analyzing the data, first SPSS was used for preliminary analysis and for testing the validity reliability and significance and relevance of path coefficients the partial least square (PLS-SEM) approach was applied by using SMART PLS (Ringle, Wende, & Becker, 2015)

4.3 Demographic Details
The majority of the respondents were male representing 73%. Around 30% employees responded from Mobilink, 21% from Telenor and Ufone and 27% from PTCL. 29% participants belong to Sindh province, 27% from Punjab, 24% from Baluchistan and 20% from Khyber-Pakhtunkhwa. In terms of education, high percent of respondents were master’s degree holder representing 62% of sample, 32% were bachelor’s degree holders, 5% holds doctorate degree. Employment tenure of 49% respondents were 2-5 years, 31% were 6-10 years, 12% are employed less than a year 7% were employed from 11-15 years and 0.7% employees are in employment tenure of more than 15 years.

5. Data Analysis
To avoid the possible destructions in data analysis, the preliminary analysis was conducted (Hair, Black, Babin, & Anderson, 2010). Present study has no missing values as online survey has reduced the missing data (Hair, Hult, Ringle, & Sarstedt, 2017). Common method bias was not an issue in present study model. The multivariate normality test was conducted which indicated that the data was slightly non-normal as PLS-SEM is a non-parametric statistical method so continuing towards the analysis.

5.1 Structural Equation Modeling
In order to test hypothesis, structural equation modeling was used using two step approach of (Anderson & Gerbing, 1988). Firstly, in a measurement model, all variables of study are subjected to assessment of their validity and reliability. Then comes testing of structural model, in which conceptual framework is transformed into structural model to assess path coefficients of the model and see whether there exist relationships as hypothesized or not.

5.2 Measurement Model
Table 1 indicates that the outer loadings are satisfactory as the same are greater than 0.50 hence establishes the indicator reliability (Hair et al., 2017). The values of composite reliability (CR) are higher than the recommended
value of 0.7 hence indicate the establishment of internal consistency reliability (Hair, Black, Babin, Anderson, & Tatham, 2006). Convergent validly is maintained in present study as the average variance extracted (AVE) values greater than 0.5 (Hair et al., 2006).

Table 1: Indicator Reliability, Composite Reliability and Convergent Validity

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Items</th>
<th>Outer loading</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee's Engagement with change</td>
<td>EE1</td>
<td>0.747</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EE2</td>
<td>0.910</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EE3</td>
<td>0.876</td>
<td>0.932</td>
<td>0.734</td>
</tr>
<tr>
<td></td>
<td>EE4</td>
<td>0.883</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EE5</td>
<td>0.859</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee's Trust in leadership</td>
<td>ET1</td>
<td>0.894</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ET2</td>
<td>0.917</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ET3</td>
<td>0.921</td>
<td>0.954</td>
<td>0.805</td>
</tr>
<tr>
<td></td>
<td>ET4</td>
<td>0.919</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ET5</td>
<td>0.831</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fear of Change</td>
<td>FOC1</td>
<td>0.618</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>FOC2</td>
<td>0.836</td>
<td></td>
<td>0.806</td>
</tr>
<tr>
<td></td>
<td>FOC3</td>
<td>0.739</td>
<td></td>
<td>0.513</td>
</tr>
<tr>
<td></td>
<td>FOC4</td>
<td>0.651</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 2: Outer Model SMART PLS

Present study following suggestion of Henseler, Ringle, and Sarstedt (2015) assess the discriminant validity in the form of HTMT ratio. Table 2 indicates that all the HTMT values are less than 0.85 henceforth ascertained discriminant validity (Henseler et al., 2015).

Table 2: Discriminant Validity (HTMT)

<table>
<thead>
<tr>
<th>Constructs</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee's Engagement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee's Trust in leadership</td>
<td>0.365</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
5.3 Structural Model

After establishing reliability and validity in the measurement model, the succeeding stage is to analyze the structural model. Present study has employed bootstrapping method with 5000 resamples (Hair et al., 2017) using Bias-Corrected and Accelerated (BCa) Bootstrap with one tailed with significance level is 0.05. The bootstrapping result indicate that employee’s trust in leadership is positively and significantly associated to employee’s engagement with change β = 0.246, t-value = 5.796, p<0.05 (Hair et al., 2017) with CI [0.185, 0.317] not overlapping the zero value in between (Preacher & Hayes, 2008). Hence indicating the acceptance of H1. The relationship has strong effect size, F2= 0.362 (Wong, 2013). Present study provide the support that fear of change moderates the relationship between employee’s trust in leadership and employee’s engagement with change β = -0.105, t-value = 1.871 and p < 0.05 (Hair et al., 2017). Hence accepting and supporting H2.

The significance level of the present study pertain to the coefficients is 0.05 (i.e., 95% confidence level) so by employing 95% bias-corrected bootstrap, CI of the interaction term’s effect is [-0.174, -0.135] indicating that confidence interval has not overlapped the zero value (Preacher & Hayes, 2008) hence representing significant moderating effect of fear of change between employee’s trust in leadership and employee’s engagement with change. The interaction effect has small effect size F2=0.031, (Wong, 2013).

Figure 3: Inner Model – SMART PLS

Moderation effect is further explained in an interaction plot (Figure 4) which shows the buffering effect where fear of change reduces the impact of employee’s trust in leadership on employee’s engagement with change. In other words, presence of fear of change in individual would decrease employee’s trust in leadership during change. More specifically, relationship between trust in leadership and employee engagement with changed in confounded by fear of change such that the relationship is only stronger when fear of change is lower rather than high.

<table>
<thead>
<tr>
<th>leadership</th>
<th>Fear of Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.621</td>
<td>0.255</td>
</tr>
</tbody>
</table>

![Diagram](image-url)
The present study model explains 35.5% of total variance in employee’s engagement with change indicating that moderate level of $R^2$ (Chin, 1998). The present study employed blindfolding procedure which reuse sample by omitting a part of a data matrix with omission distance 7 (Hair, Ringle, & Sarstedt, 2013) that calculates the Stone-Geisser's $Q^2$ value (Geisser, 1975; Stone, 1974), which evaluates cross-validated predictive relevance of the PLS path model. The present study indicate the predictive relevance of the model as the $Q^2$ value of endogenous variables is above zero, i.e. employee’s engagement with change = 0.307 (Henseler, Ringle, & Sinkovics, 2009) demonstrating moderate level of predictive relevance (Hair, Sarstedt, Ringle, & Gudergan, 2018). Present study following the suggestion of Shmueli, Ray, Estrada, and Chatla (2016) using PLS Predict check the model’s out of sample predictive power of employee’s engagement with change by using 10 folds and 10 repetitions. Table 3 indicates that all the errors of the PLS model of Key Endogenous Construct were lower than the LM model thus present study model has a strong predictive power (Shmueli et al., 2019).

### Table 3: Predictive Power of Key Endogenous Construct – Employee’s Engagement

<table>
<thead>
<tr>
<th></th>
<th>RMSE</th>
<th>MAE</th>
<th>RMSE</th>
<th>MAE</th>
<th>RMSE</th>
<th>MAE</th>
</tr>
</thead>
<tbody>
<tr>
<td>EE1</td>
<td>1.203</td>
<td>0.934</td>
<td>1.307</td>
<td>1.075</td>
<td>-0.104</td>
<td>-0.141</td>
</tr>
<tr>
<td>EE2</td>
<td>1.137</td>
<td>0.879</td>
<td>1.300</td>
<td>1.032</td>
<td>-0.163</td>
<td>-0.153</td>
</tr>
<tr>
<td>EE4</td>
<td>1.154</td>
<td>0.890</td>
<td>1.266</td>
<td>1.012</td>
<td>-0.113</td>
<td>-0.123</td>
</tr>
<tr>
<td>EE5</td>
<td>1.220</td>
<td>0.950</td>
<td>1.309</td>
<td>1.057</td>
<td>-0.089</td>
<td>-0.107</td>
</tr>
<tr>
<td>EE3</td>
<td>1.024</td>
<td>0.806</td>
<td>1.150</td>
<td>0.969</td>
<td>-0.126</td>
<td>-0.163</td>
</tr>
</tbody>
</table>

### 6. Discussion

Role of leaders is paramount in managing change however, leaders’ effectiveness tend to depend on degree to which they enjoy trusting relationships with their employees. Leaders can only be effective when they become successful in gaining employees trust in them. This study has therefore indicated important confounding factor, that is, fear of change that plays very pivotal role in relationship between trust in leadership and employee change engagement. Present research supported hypotheses such that employees trust in leader facilitated their engagement with change as the findings are in line with the literature indicating that trust in leadership between employee and leaders anticipated the employees’ engagement with change. The previous researches likewise indicate that when employees experience higher level of trust in leaders, they are more likely to engaging themselves in work (Chughtai & Buckley, 2008); (Schneider et al., 2010). In a similar vein, other research additionally claimed that when trust in leadership is high, employees can focus on their work, expanding their degrees of engagement (Mayer & Gavin, 2005) with change. Present research findings are likewise reliable with the discoveries of Kahn (1990) to such an extent that more significant levels of trust in leadership add to higher employee’s engagement (with change process). Most recent work
of Islam et al. (2020) demonstrates that high degree of trust in leadership building will lead towards employee’s engagement. Consequently, to improve the degree of employee’s engagement with change, managers—especially those in a situation that is experiencing structural change—should give cautious consideration to the concept of trust in leadership as the stronger the employee’s level of trust in leadership, the stronger their level of engagement with change process and eventually a successful change management process.

Another finding of the study that uncovers fear of change as a moderator between trust in leadership and employee engagement with change was also supported. This finding requires an understanding of experiencing fear of change. Like the exclamation, “if it isn’t broken, don’t fix it,” is a sign of distrust in leadership that might cause employee’s fear of change. Being acknowledged with the part, that fear plays in employee’s engagement with change; managers must take keen interest in understanding how fear demonstrates itself in the environment of the organization. Fear and trust in leadership are often related. When there is fear there will less trust in leadership. If trust in leadership need to be created than reducing fear is an important task.

7. Practical Implications
This study has greater implications for managers of structural changes such that they should not just be contented with cordial and trusting relationship with their employees as their change related behaviors will be dependent upon the factors in the content of the change rather than the aspects related to leaders (Walker, Armenakis, & Bernerth, 2007). Ahmad and Cheng (2018) tested the role of leadership and change content in driving employee commitment to change. Although they found that transformational leadership which focusses on trusting relationship with leaders was found positively related to commitment to change. However, change related factors such as history of previous failures negatively impacted their commitment to change. our study has explained this process more profoundly and provided the specific evidence that despite the fact that trust in leadership drive positive employee behaviors, employee fear of change cannot be ignored. Therefore, managers need to be more vigilant and focus on the factors that create fears and uncertainties, which are most of the time unfounded and sometimes very real. With the structural changes, managers must divert their attention on fear of change as a priority and major matter in order to maintain the employee’s confidence and trust that will ultimately lead to the success of change implementation because the vital means used by organizations during structural change is to foster a positive shift with respect to employee’s trust. During structural change, employee’s negative reactions and poor confidence can be reduced by removing the fear of change and effectually providing support as structural changes effects on the employee’s trustworthiness, which can merely be managed by through listening and reducing employee’s concerns and fear regarding the change in order to form a basis for the successful implementation of the change.

8. Conclusion
In recent decade organizational change has been remarkably, broaden after the consequences of globalization and evoking market competition. Employees who are facing the change within organization should be considered as a subject of the change rather than the object as employee enjoy and adore working in such organizations where their leaders create trusting relationship with them during change. As Levering (1995) putting emphasis on the quality of relationship indicates that those organizations are accepted as a great place to work where trusting relationship between leader and employee is maintained which in turn can eventually contribute to positive employee’s engagement with change. Furthermore, the fear of change moderates this relationship as Employee facing fear of change will look closely for symbols of distrust in leadership consequently fear of change weaken the relationship between trust in leadership and employee’s engagement with change. Present study is a significant contribution towards the literature of trust and engagement in change context as this study has collected data from a versatile sample of telecommunication sector undergoing massive changes and has utilized classical planned change management theory.

References


