

**IMPACT OF ORGANIZATIONAL TRUST  
ON EMPLOYEE MORALE**



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FC01278



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**2013**

## Abstract

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Human resource is the most important and significant factor for gaining competitive advantages in an organization. Hence, the best talent pool of employees is necessary for organizational success, for which organizations should create morale/positive mindset of employees. Though there are many factors determining ideal morale of employees for organizational growth and development, this study considers organizational trust as the crucially important in creating such morale.

Previous studies indicate that in public organizations, employee morale is low. This is questionable in the Sri Lankan context, since there are few previous studies on the trust-morale relationship. Therefore, this study investigates the extent to which the organizational trust of these employees is significantly related to employee morale.

This study considers two different government dominated organizations: Sri Lanka Telecom and Ceylon Electricity Board in Trincomalee Town and Gravets, and investigates the trust-morale relationship from the perceptions of employees in these organizations. About 100 employees have responded with a structured questionnaire and the data are evaluated with Univariate and Bivariate analyses to explore the levels of the variables and their relationship.

Pearson's correlation analysis explores a positively significant relationship between organizational trust and employee morale, thus implying the predictive power of trust towards employee morale. The correlation between organizational trust and employee morale indicates that the trust of employees is useful to explain about 20.34% variation in employee morale. Comparatively, correlation coefficient of the relationship is higher for the employees in Sri Lanka Telecom than for the employees in Ceylon Electricity Board. Further, result indicates that all employees in both organizations have high level attributes of organizational trust and employee morale. Comparatively, Sri Lanka Telecom has higher level attribute in organizational trust and Ceylon Electricity Board has higher level of attribute in employee morale. Extended analysis confirms that there is a difference between mean values of organizational trust and employee morale in Sri Lanka Telecom and Ceylon Electricity Board in Trincomalee Town and Gravets.

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