Pursuit of organisational trust: Role of employee engagement, psychological well-being and transformational leadership

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ABSTRACT

Both practitioners and scholars have shown a great deal of interest to study the trust factors that compels for establishing cordial interpersonal relations across society. However, in the context of organisation, the study on trust stands challenged for manifold reasons: lack of clarity between trust and productivity, lack of specificity on interventional mechanisms and the validity between trust and its possible antecedents. Therefore, the objective of this research is twofold: *firstly,* to identify the direct effect of employee engagement on organisational trust and *secondly,* to investigate the indirect effect of psychological well-being and transformational leadership on the relationship between employee engagement and organisational trust. Bootstrapping technique (Hayes, 2012) in addition to the mediation process through PRODCLIN2 was carried out during SEM analysis. The findings indicate that executives have a higher level of trust when they are able to perceive meaningful employee engagement, transformational leadership and psychological well-being from their respective employer.

1. Introduction

Modern day organizations are seeking explanations from academicians and scholars to explore the factors that may improve willingness and involvement of employees for realizing organisational tasks (Jones & George, 1998). In this age of knowledge, fulfilling the higher order needs of employee is a priority and is primarily realized through establishing trust among employees and organisation. Earlier studies have evinced the fact that, trustworthy relations endorses cooperation (Schoorman, Mayer, & Davis, 2007); information sharing (Aryee, Budhwar, & Chen, 2002) and also recompenses the limited abilities among employees (Laschinger & Finegan, 2005) through fostering group dynamics.

Employees demonstrate their trust and commitment when they are engaged properly in their work assignments (Baumruk, 2004) as it galvanizes self-motivation to perform their role efficiently. The significance of engagement as a prima-facie to organisational trust need to be acknowledged (Macey, Schneider, Barbera, & Young, 2009; Rich, Lepine, & Crawford, 2010) and is warranted for further empirical confirmation. Engagement is attaining importance among practitioners worldwide as it has become an established belief that meaningful work engagement connects employees to their organisation (May, Gilson, & Harter, 2004; Macey & Schneider, 2008; Jena & Pradhan, 2017), by fostering a sense of ownership and loyalty. Supporting this proposition, Thayer (2008) has urged future researchers to explore the factors that will promote trust and satisfaction among employees. Engagement is a driver of business success, as an engaged employee perseveres to achieve organisational goal through displaying their proactive attitude (Schaufeli & Bakker, 2004) amidst adverse situations.

Recent years have observed a shift in research emphasis from dysfunctional obsession for productivity even at the cost of human dissatisfaction to focus on psychological well-being and inclusive growth (Kahneman, 1999, pp. 3–25; Ryff & Singer, 1998). Psychological well-being promotes creative thinking and demonstrates pro-social behavior as it combines feeling good and working effectively (Huppert, 2009) when there is a meaningful work engagement (Schaufeli & Bakker, 2004). On the other hand,

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transformational leadership is a pragmatic approach to improve employee's attitude (Wofford, Goodwin, & Whittington, 1998) and performance (Judge & Piccolo, 2004) in a work setting. Transformational leadership plays a crucial role (Dvir, Eden, Avolio, & Shamir, 2002) in instilling confidence in an engaged employee to perform beyond expectations. Therefore, it is plausible that psychological well-being and transformational leadership can help engaged employee to derive organisational trust. Although this proposition sounds logical and pragmatic, there is a paucity of studies that verify a systematic association among employee engagement and organisational trust.

Building on earlier research works, we have attempted to make two key contributions in this present study. *First,* we have investigated a probable effect of employee engagement on organisational trust building. Previous studies on employee engagement have focused on job attitude like job satisfaction, without inquiring their psychological attachment and perception towards their sustainable job relations. The present study on exploring the relationship between engagement and trust will clarify the cognitive and affective engagement of employees towards their organisation. *Second,* we have tried to examine the mediating role of psychological well-being and transformational leadership in explaining the effect of the interaction between employee engagement and organisational trust. Our assertion is that both these mediators might help us explain the relationship between employee engagement and organisational trust. This investigation will provide theoretical and practical significance of clarifying the challenges associated with the intervention mechanisms to foster organisational trust.

1.1. Employee engagement and organisational trust

Single minded dedication, vigor and gratifying state or absorption in one's work assignment are some of the essential prerequisites for employee engagement (Albrecht, 2010; Schaufeli, Salanova, Gonzalez-Roma, & Bakker, 2002). Engagement starts from the process of induction of an employee to an organisation and then is followed through relevant learning and development opportunities to do the job assignment as well as receiving a support structure from the leadership hierarchy (Macey et al., 2009). Work engagement is evidential when an employee enjoys autonomy while making decisions without much consulting with the superiors. Also, superior authorities allow them without meddling much when they have trust and confidence on their subordinate's ability and competencies.

Trust is regarded as an inclination (Farris, Senner, & Butterfield, 1973), susceptibility through experiencing the socialization (Clarke & Payne, 1997) process and presumes mutual reliability (Mayer, Davis, & Schoorman, 1995). Engagement is an indication that the employee trusts the organisational values and hence is keen on contributing to it in order to attain business goals. The trust factor gets enhanced when it is perceived that the organisational engagement norms are fair in having a defined reward, recognition and succession planning in the organisation. Schaufeli and Bakker (2004) posited that engagement improves employees' reliance towards organisation and lowers the tendency to quit. We endorse the views of Towers Perrin (2003) which acknowledges that emotions and rationality are core constituents of trust. It is presumed that emotions are an offshoot of trust, satisfaction and a sense of fulfillment and in an organisation it is derived from one's productive engagement.

A perpetual difficulty that has impeded earlier research work on trust has been the dearth of clarity and lack of identifying the organisational factors that contribute to promulgate trust (Cook & Wall, 1980). Earlier researchers have considered trust as a comprehensive understanding to carry forward a relationship and trust as the binding glue (Lewis & Weigert, 1985). In organisational context, these broad understandings do not offer much clarity especially, on why an employee would trust its employer and continue to be in the same organisation for a long time.

We are of the view posited by Cook and Wall (1980) to define trust as, "the extent to which one is willing to ascribe good intentions to and have confidence in the words and action". Sitkin and Roth (1993) proposed the norm of value congruence to be the foundation of trust and defined it as, "the compatibility of an employee's beliefs, values and engagement with the organisation's vision and strategic goals". In their meta-analysis of trust, which includes 132 studies related to the same topic, Colquitt, Scott, and LePine (2007) came to an understanding that, "trust is a vital component of effective working relationship". Later studies have also empirically confirmed that trust reposed by the employer and co-workers affect lower turnover (Ferres, Connell, & Travaglione, 2004), higher commitment (Tan & Tan, 2000) and higher perceived organisational support (Sousa-Lima, Michel, & Caetano, 2013). Similar claims were also made by Shantz and Alfes (2015), reporting a negative association between employee engagement and employee's turnover intention.

Nyhan and Marlowe (1997) defined organisational trust as having trust in one's organisation and their leaders by creating an intra-organisational value chain both horizontally and vertically for realizing organisational goals. Trust is a feeling of confidence and is created on the belief of meaningful engagement. Our proposition of trust for this study is through considering trust as a systems form rather than considering it as an interpersonal one and is primarily based on the derivation from the structure and process of organisational values and system. To strengthen our proposition, we quote the empirical study of Katou (2013) which has used samples from Greece public and private organizations to investigate the effect of HRM system on employee engagement. Considering the fact that very few empirical investigations (Katou, 2013) have tested the relationship between employee engagement and organisational trust, this study will make significant contribution theoretically as well as will have practical implication for the organizations. To strengthen our proposition, Mondalek (2013) stated that highly engaged employees are more likely to promote organisational trust. Similar assertion can also be drawn based on industry reports like Edelman's Trust Barometer survey (Jiang, 2016), which suggest that employee engagement is key to building employee trust. In addition, Nelson (2015) has clearly emphasized how employee engagement leads to organisational trust for improving employee's flexibility and responsiveness. In the light of this argument, the first hypothesis of our study is:

H1. Employee engagement is positively related to organisational trust.

1.2. Employee engagement, organisational trust: Psychological well-being as a mediator

The construct of psychological well-being is theoretically different from happiness as it encompasses intrapersonal features (Garcia, 2011) associated with adaptation and self-actualization. The multi-dimensional model of psychological well-being proposed by Ryff (1989) comprises of the following dimensions: "positive relationship, environmental mastery, self-acceptance, autonomy, personal growth and purpose in life". Marlatt (2002) in his empirical findings proved that meaningful engagement reduces despair, anxiety and hostility while it enhances one's psychological well-being.

Therefore, it is apparent that cultivating attention and mindfulness in an engaging atmosphere may likely to breed trust. The

circumflex model of emotion has added to our belief through theorizing psychological well-being as a measure of pleasurable or hedonic facet of one's feeling of well-being (Russell, 1980). Tripathi (2011) in his empirical study has investigated the relationship between psy-cap and well-being confirming that; psychological well-being results from employee's attitude and is an off-shoot of the experience that one derives from one's job engagement. A low rate of work engagement might be attributed to global crisis in raising organisational productivity and employee's psychological well-being (Wah, 1999). Though there is a growing interest for enhancing engagement and providing an engaging atmosphere in the workplace, however many employees have a continued resistance to derive psychological well-being (Mache et al., 2014).

The relationship of psychological well-being as a mediator between engagement and trust is still disputed, as practitioners and researchers have ostensibly demoted the notion of happy and productive worker being trustful all the time. In our study, we propose this relegation as untimely while suggesting for understanding the role of psychological well-being as a forerunner of organisational trust. Although this holds lot of merit, still there is the paucity of studies explaining the relationship between engagement and organisational trust through the role of psychological well-being. Therefore, it would be interesting to test the mediating role of psychological well-being on the causal relationship between employee engagement and organisational trust.

H2. Psychological well-being mediates the relationship between employee engagement and organisational trust.

1.3. Employee engagement, organisational trust: Transformational leadership as a mediator

Contemporary times have witnessed a steady increase of interest to understand the association among leadership style and employee's trust, well-being. Precisely, the influence of leadership in sustaining employee's trust (DeRue, Nahrgang, Wellman, & Humphrey, 2011; Dickson, Hartog, & Mitchelson, 2003) is highly relevant and contentious among industry practitioners. Transformational leadership in this context articulates through creating an engaging vision for followers towards realizing both intrinsic need and organisational targets. Bass (1997) proposed four dimensions of transformational leadership: idealized influence, inspirational motivation, intellectual stimulation and individualized consideration that might lead to individual well-being and organisational growth. Idealized influence advocates leaders as role models who articulate a compelling vision for followers. Inspirational motivation is a guiding path that constantly inspires and motivates them to achieve the desired results despite hardships. An important trait of transformational leadership is to encourage creativity while prompting employees to think out of box and to be constantly innovative. Finally, individualized consideration defines the degree of leader's consideration to address employee's needs. Earlier studies have posited that the dimension of individualized consideration and idealized influence affects the perception of follower employees' trust and confidence through gratitude and empathy (Franke & Felfe, 2011; Molero, Cuadrado, & Morales, 2007).

An engaging work atmosphere promotes a sound leader-employee relationship that is characterized by appreciation, confidence and trust for achieving psychological well-being (Tepper, 2000). When subordinates perceive their leader for placing necessary efforts to resolve problems, the trust factor gets heightened which in return may positively affect their attitude towards work (Yang, 2012; Yukl, 2012). Similar finding has also been reported by Pradhan and Pradhan (2016). In their empirical study of Indian IT professionals, the duo reported that transformational leaders' causal effect on employee's job attitudes was mediated by meaningful work. Transformational leaders are capable of encouraging employee's to perform beyond the expectation, through meaningful engagement and trust. In a dynamic business environment, we propose that leaders' attention to provide a meaningful engagement, openness to share constructive feedback strengthens employee's trust towards both the leader as well as the organisation. Therefore, we propose that transformational leadership might act as a mediator between employee engagement and organisational trust (refer to Fig. 1). Hence,

H3. Transformation leadership mediates the relationship between employee engagement and organisational trust.

2. Method

2.1. Sample

The study was carried out with executives employed in multinational service industries operating in eastern India. The sample respondents were employed in banking, insurance sectors and they are posted in several units around Bhubaneswar and Kolkata region of eastern India. Prospective executives with more than two years of work experience and have worked one year under their reporting manager in their present establishment were asked to participate in the survey. We have approached the respective HR heads of service establishments to help us to carry out the survey in their company premises. After obtaining the approval from competent authority of respective establishments through respective HR departments, a formal invitation was sent to each executive respondent stating the purpose of our research survey while assuring them about the confidentiality of their participation. For minimizing participant's response bias, we have followed the approach prescribed by Podsakoff and Organ (1986) through not indicating the construct and variable details in the questionnaire. The items of respective scales were arbitrarily ordered to observe the respondents consistency motive. The questionnaire was presented in English language and interpretation in vernacular medium was not required as all the sample respondents were literate and were able to understand the items and its interpretations clearly. Willing participants were asked to complete the survey at their convenience and were advised to return the filled in instrument in a sealed envelope to HR department for our collection. The survey was carried out during 1st quarter of FY 2016.

We distributed 600 questionnaires out of which we received 562 responses (93.6%) of which 511 (85.16%) were considered to be usable for further statistical analysis. The final overall sample

Fig. 1. Conceptual framework of the study.

comprises of 394 male executive respondents (77.10%) and 117 female executive respondents (22.89%). The average age of the sample executive was 34.62 years indicating that the majority of the respondents were aged between 29 and 38 years. The percentage of respondents having post-graduate degrees was 39.8% and the remaining participants were having university degree or a professional degree.

2.2. Measures

2.2.1. Employee engagement

Utrecht Work Engagement Scale (UWES) developed by Schuafeli and Bakker (2003) having 17 items was used to measure employee engagement. The scale comprises of three dimensions, vigor, dedication and absorption. There are seventeen statements in total having, six statements each for vigor and absorption and five statements on dedication. An item of each dimension of a scale: "At my work I feel bursting with energy" (vigor); "I find the work I do full of meaning and purpose" (dedication); "Time flies when I am working" (absorption). The scale was widely used with various samples across organizations, continents and has established sound psychometric properties and factorial validity. Schaufeli and Bakker (2003) have derived more than 0.70 Cronbach alpha (Nunnally, 1978) in the three dimensions and hence has achieved high internal consistency. Participants have rated the instrument on a 5 point Likert type scale (1 = strongly disagree to 5 = strongly agree). The overall Cronbach's alpha (α) of the scale for the present study is 0.86.

Prior to SEM analysis for the combined structural/measurement model (Kline, 2005) we have performed confirmatory factor analysis of the variable. The validity test resulted the factor validity of the construct: overall cumulative variance = 68.7% (exceeded 50% with factor loading of each item exceeded 0.50); KMO = 0.87 (exceeding the recommended level of 0.50); Bartlet's test of spherecity χ^2 = 2226.71 (p < 0.01) with the eigenvalue of three dimensions at 6.94, 3.26 and 1.42 (exceeded the recommended value of 1.00).

2.2.2. Psychological well-being

Ryff's (1989) 54 item self-report scale has been used to measure psychological well-being. The six dimensions of psychological well-being that was used are: self-acceptance, positive relations with others, autonomy, environmental mastery, purpose in life and personal growth. Items were measured on a 5 point Likert type scale with 1 = strongly disagree to 5 = strongly agree. There are few reverse scored items and due care were taking while treating the data for further statistical analysis. A positive item of the scale includes, "In general I feel confident and positive about myself" and a reverse scored item contains, "I don't have a good sense of what is I am trying to accomplish in life". Earlier research has revealed 0.94 for the 54 item scale and across dimensions the reliability was reported ranging from 0.77 to 0.86 (Kafka & Kozma, 2002). The current study has obtained 0.83 Cronbach alpha value (α) that is above the prescribed cut-off of 0.70 (Nunnally, 1978).

The factor validity for our study has reported: overall cumulative variance = 54.2% (exceeded 50% with factor loading of each item exceeded 0.50); KMO = 0.81 (exceeding the recommended level of 0.50); Bartlett's test of spherecity χ^2 = 2416.41 (p < 0.01) with the eigenvalue of six dimensions of psychological well-being at 5.91, 4.14, 4.01, 2.36, 1.81 and 1.63 (exceeded the recommended value of 1.00).

2.2.3. Transformational leadership

Behavior of organisational leaders was measured by using 23 items transformational leadership behavior inventory (Podsakoff,

Mackenzie, Moorman, & Fetter, 1990). There are six dimensions of the scale for measuring different facets of transformational leadership: acceptance of group goals, high performance expectations, intellectual stimulations, appropriate role model, articulating vision and individualized support. Responses on the scale was elicited through 5 point Likert type scale (1 = strongly disagree to 5 = strongly agree). Executives were briefed to respond to the items keeping their leader or manager interacting with them in their respective work unit on daily basis. A sample item of the scale includes, "My manager paints an interesting picture of the future for us". Earlier studies have reported Cronbach's alpha reliability in the range of 0.89, 0.87 and 0.82 (Herold, Fedor, Caldwell, & Liu, 2008; Jung, Yammarino, & Lee, 2009). The present study has reported internal consistency of 0.90 indicating suitable reliability.

The computation of factor validity has adopted the procedures prescribed by Kline (2005) and has reported: overall cumulative variance = 61.6% (exceeded 50% with factor loading of each item exceeded 0.50); KMO = 0.84 (exceeding the recommended level of 0.50); Bartlett's test of spherecity χ^2 = 2111.07 (p < 0.01) with the eigenvalue of six dimensions of transformational leadership at 6.21, 4.14, 3.22, 3.07, 2.19, 1.88 (exceeded the recommended value of 1.00).

2.2.4. Organisational trust

Present study has used 29 item "organisational trust index" developed by Shockley-Zalabak, Ellis, and Cesaria (2000) to measure organisational trust of executives. The five dimension scale was validated by the developers of the scale through carrying out confirmatory factor analysis. The scale was designed to measure the trust index through five point Likert type response format (1 = very little to 5 = great deal) in terms of "how much the statement describes my organisation". Some of the sample item of the scale includes: "I am greatly satisfied with the capacity of the organisation to achieve its objectives" (competence); "I can tell my immediate supervisor when things are going wrong" (openness); "My immediate supervisor speaks positively about subordinates in front of others" (concern); "My immediate supervisor follows through with what he/she says" (reliability); "I feel connected with my organisation" (identification). The present study has obtained 0.82 Cronbach alpha value (α) that is above the prescribed cut-off of 0.70 (Nunnally, 1978).

Utilizing the earlier procedure we have computed the factor validity of the construct and it has reported: overall cumulative variance = 69.7% (exceeded 50% with factor loading of each item exceeded 0.50); KMO = 0.89 (exceeding the recommended level of 0.50); Bartlett's test of sphericity χ^2 = 1191.28 (p < 0.01) with the eigenvalue of five dimensions of organisational trust at 6.22, 4.19, 3.85, 3.21, 1.92, 1.24 (exceeded the recommended value of 1.00).

In order to check the psychometric soundness of the major constructs used in this study we carried out both the construct validity (convergent and discriminant validity) and reliability of each constructs. In our study, the convergent validity of all the factor loadings were greater than 0.5, the p values associated with the factor loadings were less than 0.05 (significant at 0.5) and the cross loading also were less than 0.5. Similarly, the discriminant validity of all the four constructs had the square root of the average variance more than any of the correlations involving the latent variables. In addition, the reliability of all the four constructs was more than 0.7. This verifies that the constructs possess psychometric soundness and can be used for further statistical analysis to test the hypotheses.

3. Data analysis and results

We have carried out SEM analysis through AMOS 20.0 to

understand the combined measurement/structural model. For measuring the strength of mediation (to test the indirect effect); alternative hypothesis testing method proposed by Baron and Kenny (1986) is generally used. Hayes (2012) argued for including the bootstrapping technique in addition to the mediation process through PRODCLIN2 during SEM analysis. The said process has an advantage over customary approach especially in such cases when there is an assumption of increase in Type-I errors.

The initial analysis did not have a single factor as the first factor in our study reckoned 28.3% of variance which is less than the prescribed 50% (Podsakoff, Mackenzie, Lee, & Podsakoff, 2003). The two alternative models prescribed by Podsakoff and Organ (1986) were utilized. The first model was employed as a full model for controlling the common method. This is used to pack out the items of the first factor from the three constructs separately before testing the effect of first factor as a control variable having employee engagement, psychological well-being, transformational leadership and organisational trust as two separate analysis. The $\Delta R^2 = 0.33$ (p < 0.01) was achieved for the model whereas, without the first factor, the full model got a value of $R^2 = 0.39$ (p < 0.01) containing the original scales of employee engagement, psychological well-being and organisational trust. Similarly in the association among employee engagement, transformational leadership and organisational trust the obtained ΔR^2 value was 0.24 (p < 0.01) was achieved, whereas without the first factor, the full model got a value of $R^2 = 0.27$ (p < 0.01). As the values of R^2 and ΔR^2 are much close, the common method variance is not a major issue in the study. The significant regression value lends support to our first hypothesis (H_1).

Table 1 presented the mean, S.D., correlation coefficients among the variables. For examining the possible differences among our demographic profile chi-square test was carried out. The findings indicated not much of differences with regard to gender ($\chi^2 = 1.91$, p = 0.18) and education ($\chi^2 = 0.81$, p = 0.39). Fig-2 presented the achievement of structural model fit ($\chi^2/df = 1.84$, P < 0.001; CFI = 0.97, TLI = 0.95, RMSEA = 0.05). The VIF (variance inflation factor) and tolerance scores were in the range of 1.00−1.18 and 0.91 to 1.00. We have measured the outliers through examining the Cook's distance (0.00−0.31; at M = 0.02, S. D = 0.03) and the leverage values (0.01−0.14 at M = 0.02, S. D = 0.03) proving that the data has maintained required frequencies. The kurtosis value was ranging from 0.61 to −0.83, followed with skewness at 0.06 to −0.31 and critical ratio (C.R) stretching from 2.27 to −3.16 and hence there is no defilement of residual suppositions.

In line with the recommendation of Anderson and Gerbing (1988) we carried out the convergent and discriminant validity of the measurement model along with its composite reliability (refer to Table 2). All the constructs had composite reliability more than 0.7, the average variance extracted (AVE) of all the constructs were more than 0.5 and both the maximum shared variance (MSV) and average shared variance (ASV) less than the average variance extracted (AVE). Thus it proves the convergent and discriminant

validity of the measurement model. The path coefficients of the structural model are presented in Fig. 2. The findings from PRO-CLIN2 and bootstrap method are presented in Table 3 and Table 4 supporting our other two hypotheses (H_2 and H_3) of our proposed framework respectively.

4. Discussions and implications of the study

The mediation approach of our study was based on Baron and Kenny (1986) and it was found that both psychological well-being and transformational leadership were significantly mediating the causal relationship between employee engagement and organisational trust. The findings are novel in the way that hardly any research work has ever empirically tested the influence of employee engagement on organisational trust. The present study has also investigated the indirect influence of psychological well-being and transformational leadership on both employee engagement and organisational trust. The framework on employee engagement and organisational trust proposed in this paper not only suggests a new approach for endorsing organisational trust, but also gives necessary direction for attaining trust maintenance and continuance.

The findings of the study proved that engagement sets a "clear connection between employee and organisational performance", and providing a better understanding of organisational objectives (Hughes & Rog, 2008). Organizations witness higher employee engagement where expected outcomes are clearly communicated and mutual goal setting exercises are constantly been carried out (Gallup, 2011). The trust worthy behavior of leaders generates confidence among subordinates by creating a better engaging work atmosphere (Wong, Spence-Laschinger, & Cummings, 2010; Hsieh & Wang, 2015). The trust on leader combined with rational outcome distribution begets psychological well-being (Albrecht, 2010). The positive interdimensional correlation among transformational leadership, psychological well-being and organisational trust supports the earlier work of Den Hartog and Belschak (2012) proving that employees' perceiving their leader as ethical and trust worthy reports more psychological engagement with their job assignment. Our findings have proved that meaningful engagement results in positive feelings towards work and organisation, thereby, resulting in achieving employee's psychological well-being. In the conclusion, Gallup (cited in Lockwood, 2007) reported that 62 percent of engaged employees reported positive result on their physical and mental health, specifically impressing on the fact that higher trustworthiness was culminated because of their leader's transformational style of functioning.

The *first* implication of our study is related to the interaction that we had with senior management during our data collection. Many of them unanimously agreed to streamline the engagement and trust factor in their recruitment and selection process, especially while hiring prospective candidates. We have also found that

Table 1
Descriptive statistics, correlation and reliability.

Variables	Mean	S.D	EE	TL	PWB	OT
EE	3.41	0.51	**(0.81)**			
TL	3.26	0.32	0.41*	**(0.83)**		
PWB	3.33	0.52	0.34*	0.29*	**(0.81)**	
OT	3.25	0.26	0.48*	0.37*	0.22*	**(0.92)**

Note: EE = Employee engagement; TL = Transformational leadership; PWB = Psychological well-being; OT = Organisational trust; The diagonal bold one's are Cronbach alpha; *p < 0.01 (2 tailed).
Source: Author's findings.

Table 2
Convergent and Discriminant Validity of the measurement model.

Variables	AVE	MSV	ASV	CR
EE	0.62	0.54	0.48	0.91
TL	0.68	0.56	0.51	0.94
PWB	0.64	0.59	0.52	0.92
OT	0.73	0.67	0.63	0.96

Note: EE = Employee engagement; TL = Transformational leadership; PWB = Psychological well-being; OT = Organisational trust; AVE = Average variance extracted; MSV = Maximum shared variance; ASV = Average shared variance; CR= Composite reliability.
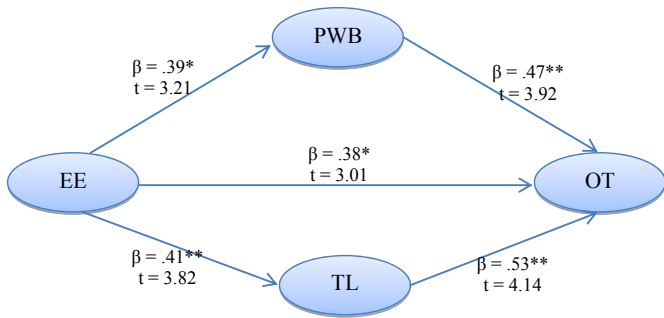Source: Author's findings.

Fig. 2. Structural model results.
Note: Path coefficients: **p < 0.01, *p < 0.5.
Source: Author's findings.

engaged employees are hopeful, maintain good interpersonal relationship and exhibit high level of performance. With this understanding, senior management and we have come to a conclusion to use psychological tests especially case method of analysis of candidates to understand their will-power and adaptability skill during recruitment. *Secondly,* management needs to introduce dynamic reward and recognition mechanisms in order to extend intangible support, and career advancement opportunity to increase trust and confidence of employees. Employees having trust on the leadership structure and organisational mission are likely to develop the required coping ability. *Lastly,* HR department needs to practice transparency while shunning out any kind of nepotism. We are of the belief that, the transformation of organisational culture and progressive HR practices will foster amicable relations among employee and management.

5. Limitations and scope for future research

Engagement and trust are mutually related to one another, as trust and openness encourages leaders and subordinates to work jointly in order to explore ideas for solving organisational issues while promoting individual's psychological well-being. Taking due care on learning and development of employees and making them to realize about organisation's concern for their growth and development may result in developing trust. During our observation with service sector executives we have found that a skilled employee is happy, productive and engages wholeheartedly for realizing the company's goal.

Although, the study has made some significant contributions, however the present research is not devoid of limitations. *First,* the variables are grounded on self-report measures and hence might suffer from common method bias (though, we have taken procedural measures and carried out CMV test in order to counter the common method bias). *Second,* the present study has considered psychological well-being and transformational leadership as an influencing mechanism between employee engagement and organisational trust, however exploring interactional variable in the existing relationship will contribute more clarity to the construct of organisational trust. *Third,* the nature of organisation and sample size can be increased for generalization of the result findings. Given the proposition that employee engagement is a strong predictor of organisational trust, future research should focus on job demands and other HR factors to have a much better understanding of this construct. Therefore, the scope is much wide to undertake future studies on exploring several other variables that remains unaddressed. *Finally,* experimental research is proposed across organizations to examine engagement interventions for promoting organisational trust.

Table 3
Findings of PRODCLIN2, Bootstrapping Methods and corresponding Z scores of effect size: Psychological well-being as mediator between employee engagement and organisational trust.

| Mediator Psychological well-being | Mac. Kinnon's PRODCLIN2[a] 95% CI | | Boot strapping result s[c] | | | | | | | |
| | | | Product of coefficients | | | Bias corrected at 95% CI | | Percentile 95% CI | |
	Lower	Upper	Estimate	Bootstrap S.E	Z Score[b]	Lower	Upper	Lower	Upper
Total effects	0.13	0.31	0.42	0.09	3.13	0.04	0.31	0.05	0.28
Indirect effects			0.17	0.02	2.84	0.03	0.11	0.01	0.16
Direct effects			0.22	0.08	2.01	0.01	0.19	0.001	0.21

[a] The interval and zero direct effect indicating full mediation.
[b] Z score >1.96.
[c] The results excludes the interval zero for computing total and indirect effect specifying significant mediation.
Source: Author's findings.

Table 4
Findings of PRODCLIN2, Bootstrapping Methods and corresponding Z scores of effect size: Transformational leadership as mediator between employee engagement and organisational trust.

| Mediator Transformational leadership | Mac. Kinnon's PRODCLIN2[a] 95% CI | | Boot strapping results[c] | | | | | | | |
| | | | Product of coefficients | | | Bias corrected at 95% CI | | Percentile 95% CI | |
	Lower	Upper	Estimate	Bootstrap S.E	Z Score[b]	Lower	Upper	Lower	Upper
Total effects	0.16	0.39	0.51	0.14	3.57	0.04	0.38	0.05	0.36
Indirect effects			0.28	0.05	3.21	0.01	0.17	0.01	0.19
Direct effects			0.31	0.11	2.19	0.03	0.26	0.001	0.27

Note: Bootstrap sample = 1000.
[a] The interval and zero direct effect indicating full mediation.
[b] Z score >1.96.
[c] The results excludes the interval zero for computing total and indirect effect specifying significant mediation.

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