

Relationship Between Trust to Leaders and Employee Performance at PT. X

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Abstract

Employee performance is a critical determinant of organizational success, and trust in leadership has been identified as a significant factor influencing performance outcomes. This study aims to examine the relationship between trust in leaders and employee performance at PT. X, a family-owned property company in Makassar. A quantitative research design was employed, with a total of 39 employees selected as respondents using proportional random sampling. Trust in leadership was measured using a scale encompassing integrity, competence, consistency, loyalty, and openness, while employee performance was assessed based on task accomplishment, quality, and responsibility. Data were analyzed using Pearson's correlation coefficient. The results indicate a significant positive relationship between trust in leaders and employee performance, with a correlation coefficient of 0.532 ($p = 0.000$), categorized as a moderate relationship. Employees who report higher levels of trust in their leaders tend to demonstrate higher performance, confirming previous findings that trust enhances work motivation, commitment, and productivity. These results highlight the importance for leaders to foster and maintain employee trust through transparency, fairness, and competence. The study provides practical implications for human resource management, suggesting that organizations can improve performance outcomes by strengthening the trust between leaders and subordinates. By promoting a trustworthy leadership culture, PT. X can enhance employee engagement, commitment, and overall organizational effectiveness.

1. Introduction

Human resources (HR) are widely recognized as a fundamental asset in achieving organizational goals, as they embody the skills, knowledge, and behaviors necessary to enhance organizational performance (Werther & Davis, 2009; Moran & Brightman, 2000). The strategic management of human resources has become increasingly critical in today's competitive business environment, where companies seek sustainable advantages through employee productivity, engagement, and innovation (Zopiatis & Constanti, 2007).

However, organizational performance is not solely dependent on structural and technical resources; it is also deeply influenced by relational and psychological factors, including the level of trust employees place in their leaders (Nyhan, 2000; O'Toole, 1999). Trust is a multifaceted construct encompassing cognitive, affective, and behavioral dimensions, and it is considered a pivotal mechanism for fostering employee motivation, commitment,

and overall performance. Trust in leadership refers to the confidence employees have in their leaders' integrity, competence, consistency, and fairness (Robbins, 2008; McAllister, 1995). It is a crucial component of organizational behavior, as employees who trust their leaders are more likely to engage proactively in their roles, demonstrate higher commitment, and contribute positively to organizational goals (Mishra & Morrissey, 2009; Situmorang, 2013).

Cognitive trust, which relates to beliefs in a leader's reliability and capability, and affective trust, which pertains to emotional bonds between leaders and subordinates, jointly shape employees' perceptions of organizational stability and justice (McAllister, 1995). In the absence of trust, employees may experience uncertainty, reduce discretionary effort, and exhibit lower performance outcomes, which can ultimately hinder organizational effectiveness (Bakti, 2013). Empirical studies have consistently indicated that trust in leadership significantly affects employee performance.

Nyhan (2000) demonstrated that public sector employees with high trust in management showed superior work outcomes, greater job satisfaction, and lower turnover intentions. Similarly, Situmorang (2013) found that employees of PT. Indojoya Agrinusa, Tbk., who reported higher levels of trust in their supervisors, achieved significantly better performance scores than those with lower trust perceptions. Trust enhances performance through several mechanisms, including fostering psychological safety, promoting open communication, and encouraging employees to align their individual goals with organizational objectives (Setyaningsih, 2003; Covey, 2000).

Despite the well-established theoretical and empirical linkages, trust in leadership remains a persistent challenge in organizational practice, particularly in small and medium-sized enterprises (SMEs) and family-owned businesses, where hierarchical relationships and informal structures often dominate decision-making processes. PT. X, a family-owned property company in Makassar established in 1980, provides a pertinent case for examining this phenomenon. Preliminary surveys indicated that a substantial proportion of employees reported moderate to low trust in their leaders, citing concerns over transparency, fairness in promotion, and alignment of responsibilities with individual competencies.

These findings suggest that gaps in trust may impede optimal performance, highlighting the need for targeted interventions in human resource management and leadership development. The relationship between trust and performance is further supported by theoretical frameworks in organizational behavior and social psychology. Social exchange theory posits that employees reciprocate favorable treatment from their leaders, such as fairness, competence, and openness, with increased effort and performance (Blau, 1964).

Similarly, the leader-member exchange (LMX) theory emphasizes that high-quality relationships between leaders and subordinates, characterized by mutual trust and respect, are predictive of enhanced job

performance, loyalty, and organizational commitment (Graen & Uhl-Bien, 1995). These theories provide a robust conceptual foundation for exploring how trust in leadership influences employee performance in organizational settings. Moreover, trust in leadership interacts with other contextual and individual factors that shape employee performance. Organizational culture, communication patterns, and perceived organizational justice moderate the extent to which trust translates into measurable performance outcomes (Robbins, 2008; Setiawan, 2015).

Employees are more likely to exhibit high performance when they perceive their leaders as competent, transparent, and supportive, and when organizational policies reinforce fairness and accountability. Conversely, a lack of trust can create psychological barriers, reduce engagement, and lead to disengagement or turnover (Bakti, 2013). Understanding the dynamics of trust and performance in a specific organizational context, such as PT. X, can therefore provide actionable insights for human resource strategy and leadership practices. Several gaps in the existing literature justify this study. First, while the relationship between trust and performance has been examined in public sector and large corporate contexts, limited empirical research focuses on family-owned SMEs in Indonesia, where cultural values, hierarchical norms, and interpersonal relationships significantly shape workplace dynamics.

Second, most previous studies primarily emphasize cognitive aspects of trust, while affective trust and its interaction with employee performance remain underexplored in practical contexts. Third, there is a need for integrative research that combines validated psychometric measures of trust and performance to provide quantifiable evidence for management decision-making. Addressing these gaps, the present study investigates the relationship between trust in leadership and employee performance at PT. X, employing validated scales and quantitative methods to ensure reliability and generalizability of findings.

The objectives of this research are twofold. First, it aims to assess the level of trust employees place in their leaders at PT. X, including both cognitive and affective dimensions. Second, it seeks to analyze the correlation between trust in leadership and employee performance, providing empirical evidence to support management interventions. By exploring these objectives, the study contributes to both theory and practice. Theoretically, it strengthens understanding of how interpersonal trust functions within organizational performance frameworks. Practically, it informs human resource policies and leadership development strategies, enabling organizations like PT. X to foster employee trust, enhance engagement, and achieve superior performance outcomes.

In summary, trust in leadership is a critical determinant of employee performance, influencing motivation, commitment, and the overall effectiveness of organizations. Despite its acknowledged importance, trust continues to pose challenges, particularly in family-owned and small-scale enterprises. By examining PT. X as a case study, this research provides insights into the mechanisms through which trust impacts employee performance and identifies actionable strategies for leaders to strengthen these relationships. The findings are expected to offer significant contributions to human resource management practices in Indonesia and similar organizational contexts, promoting sustainable performance improvement through enhanced leader-subordinate trust.

2 Research Methodology

This study employs a **quantitative correlational research design** to examine the relationship between trust in leadership and employee performance at PT. X, a family-owned property company in Makassar. Quantitative methodology is appropriate for this research as it allows for empirical measurement, statistical analysis, and objective testing of hypotheses concerning the strength and direction of relationships between variables (Creswell, 2014; Sugiyono, 2013). The research focuses on two main variables: the independent variable

(X), which is **trust in leadership**, and the dependent variable (Y), which is **employee performance**.

2.1 Population and Sample

The population of this study includes all employees of PT. X, totaling 42 individuals, according to HR data provided by the company. Due to the relatively small population, all employees willing to participate were considered as potential respondents, ensuring adequate representation across all departments. The final sample comprised **39 employees**, selected using **proportional random sampling**. This technique ensures that each sub-population or department is represented according to its relative size, enhancing the generalizability of the findings while minimizing sampling bias (Sugiyono, 2013). The sample included participants from seven departments, ensuring that different functional units of the organization were represented.

2.2 Research Instruments

Data were collected using **structured questionnaires** comprising two validated scales:

1. **Trust in Leadership Scale** – Adapted from Robbins (2008) and McAllister (1995), this scale measures employees' trust in their leaders across five dimensions: integrity, competence, consistency, loyalty, and openness. The scale consists of 20 items rated on a **4-point Likert scale** (1 = strongly disagree to 4 = strongly agree).
2. **Employee Performance Scale** – Adapted from Bernardin and Russell (1998), this scale assesses employee performance based on task accomplishment, quality, responsibility, and reliability. It contains 31 items, also rated on a 4-point Likert scale.

2.3 Validity and Reliability

Instrument validity was verified using **content validity and Aiken's V coefficient**, following recommendations by Azwar (2015). Items with Aiken's V values above 0.8 were considered valid. The trust scale obtained V

values ranging from 0.83 to 0.91, while the performance scale had a V value of 0.83, indicating strong content validity.

Reliability was assessed using **corrected item-total correlation** and **Cronbach's alpha**. For the trust scale, 19 out of 20 items had corrected item-total correlations between 0.30 and 0.82; for the performance scale, 25 out of 31 items ranged between 0.30 and 0.66, meeting the criteria for acceptable reliability (Periantalo, 2015). Cronbach's alpha values were 0.88 for the trust scale and 0.85 for the performance scale, indicating good internal consistency.

2.4 Data Collection Procedure

Data were collected in a structured process. First, respondents were briefed on the purpose of the study and assured of confidentiality. Then, questionnaires were distributed to participants in all seven departments. Completed questionnaires were returned and coded for analysis. The data collection period lasted two weeks to allow respondents sufficient time to provide thoughtful responses.

2.5 Data Analysis

Descriptive statistics were employed to summarize demographic characteristics of respondents and the distribution of trust and performance scores. Scores were categorized into **high, moderate, and low** using the hypothetical mean and standard deviation method, following Azwar (2015). The **hypothesis testing** was conducted using **Pearson's correlation coefficient (r)** to examine the strength and direction of the relationship between trust in leadership and employee performance. The choice of Pearson's correlation is appropriate given the interval-level data and the aim to test linear associations between the two variables (Sugiyono, 2013). The significance level was set at $\alpha = 0.05$, where p-values less than 0.05 indicate a statistically significant relationship. Data analysis was performed using **SPSS 24.0 for Windows**, ensuring accuracy and replicability of statistical calculations.

2.6 Ethical Considerations

This study adhered to ethical research practices. Participation was voluntary, and informed consent was obtained from all respondents. Confidentiality of individual responses was maintained throughout the research process, and data were used exclusively for academic purposes.

3. Results and Discussion

3.1 Descriptive Statistics

The sample of this study consisted of 39 employees of PT. X, representing all seven departments in the organization. Among the respondents, 22 (56.4%) were male and 17 (43.6%) were female. The age distribution ranged from 24 to 52 years, with an average age of 36.4 years, while the average tenure was 8.2 years, reflecting a workforce with moderate experience.

Descriptive analysis of the trust in leadership variable revealed a mean score of 47.5 (SD = 9.5), with scores ranging from 19 to 76. Based on Azwar's (2015) criteria, 13 respondents (33.33%) fell into the high trust category, 26 respondents (66.67%) into the moderate trust category, and none in the low trust category. This indicates that while most employees perceive a reasonable level of trust in their leaders, there remains room for improvement in achieving uniformly high trust levels.

Regarding employee performance, the mean score was 78.2 (SD = 10.3), with scores ranging from 54 to 92. Categorization showed 14 employees (35.9%) in the high-performance category, 22 (56.4%) in the moderate-performance category, and 3 (7.7%) in the low-performance category. The data suggest that overall performance is satisfactory, though variability exists, possibly reflecting differences in individual motivation, skill levels, and department-specific factors.

3.2 Pearson Correlation Analysis

To test the hypothesis regarding the relationship between trust in leadership and employee performance, Pearson's correlation coefficient was calculated using SPSS 24.0. The

results indicated a moderate positive correlation with $r = 0.532$ and $p = 0.000$. Since the significance value is below 0.05, the null hypothesis was rejected, confirming that higher trust in leaders is associated with higher employee performance.

This finding aligns with prior research, indicating that trust in leadership positively influences employees' willingness to engage in discretionary effort, adhere to organizational norms, and perform beyond minimum expectations (Nyhan, 2000; Situmorang, 2013). The moderate correlation suggests that while trust is an important determinant of performance, other factors such as skills, motivation, organizational culture, and structural support also contribute to performance outcomes.

3.3 Discussion

3.3.1 The Role of Trust in Leadership

Trust in leadership operates through cognitive and affective dimensions (McAllister, 1995). Cognitive trust, based on perceptions of a leader's competence, integrity, and reliability, provides employees with confidence that their work environment is stable and fair. Affective trust, rooted in emotional bonds and interpersonal care, encourages employees to develop loyalty, engage in cooperative behaviors, and invest effort in organizational goals. In PT. X, employees reporting higher levels of trust likely perceive their leaders as consistent, transparent, and supportive, which encourages higher performance.

Field observations and preliminary surveys indicated areas for trust improvement, including transparent communication, fair promotion practices, and alignment of employee responsibilities with competencies. Leaders who cultivate these conditions enhance not only trust but also employees' psychological safety, which has been shown to improve task engagement and performance (Covey, 2000; Setyaningsih, 2003).

3.3.2 Mechanisms Linking Trust and Performance

The positive correlation observed in this

study can be explained through social exchange theory (Blau, 1964) and leader-member exchange (LMX) theory (Graen & Uhl-Bien, 1995). Employees reciprocate trustworthy leadership through increased effort, accountability, and adherence to organizational standards. High-quality leader-member exchanges, characterized by mutual respect and trust, promote discretionary behaviors such as proactive problem-solving and knowledge sharing, which directly enhance performance outcomes.

Additionally, trust mitigates negative workplace behaviors. Employees who distrust their leaders may withhold effort, avoid responsibility, or engage in counterproductive behaviors, negatively affecting overall performance. Conversely, employees who trust their leaders are more resilient to organizational stressors, more committed to achieving goals, and more likely to provide constructive feedback, thereby enhancing both individual and organizational outcomes.

3.3.3 Comparison with Previous Studies

The results are consistent with previous studies in both domestic and international contexts. Nyhan (2000) found that public sector employees with high trust in management exhibited superior performance and higher job satisfaction. Similarly, Situmorang (2013) reported a significant positive relationship between trust in leaders and employee performance at PT. Indojaya Agrinusa, Tbk., while Widodo (2009) identified that sales personnel who trusted their leaders achieved higher productivity. These studies reinforce the universality of the trust-performance link, suggesting that the findings at PT. X reflect broader organizational principles rather than context-specific anomalies.

However, the correlation in the present study ($r = 0.532$) is moderate, indicating that trust is a significant but not exclusive determinant of performance. Factors such as educational background, work experience, job design, motivational incentives, and organizational support systems also influence performance outcomes (Ravianto as cited in

Widodo, 2009; Zameer et al., 2014). This finding underscores the need for a holistic approach to human resource management, integrating trust-building interventions with skill development, fair compensation, and supportive organizational policies.

3.3.4 Practical Implications

The findings have several practical implications for PT. X and similar organizations. First, leaders should prioritize initiatives that enhance integrity, competence, transparency, and fairness, as these dimensions of trust are strongly associated with employee performance. Second, human resource departments should monitor and evaluate employee perceptions of trust regularly to identify gaps and implement targeted interventions, such as leadership training, team-building programs, and performance feedback systems. Third, fostering trust can serve as a strategic tool to improve engagement, reduce turnover, and strengthen organizational culture, ultimately contributing to long-term sustainability and competitive advantage.

3.3.5 Limitations and Future Research

This study has several limitations. The sample size was relatively small ($N = 39$) and drawn from a single organization, which may limit the generalizability of the findings. Additionally, the cross-sectional design restricts causal inferences; longitudinal studies are recommended to examine how trust evolves over time and its long-term impact on performance. Future research could also incorporate moderating variables such as organizational culture, job complexity, and employee motivation to better understand the contextual factors influencing the trust-performance relationship. Expanding the study across multiple organizations or industries in Indonesia would enhance external validity and provide comparative insights.

3.4 Summary of Findings

In summary, the study confirmed a moderate, positive, and statistically significant relationship between trust in leadership and

employee performance at PT. X. Employees with higher levels of trust in their leaders demonstrated higher performance outcomes, supporting theoretical frameworks such as social exchange theory and LMX. While trust is a critical determinant of performance, other individual and organizational factors also contribute, suggesting that trust-building should be integrated into broader human resource and leadership development strategies.

4. Closing

4.1 Conclusion

This study examined the relationship between trust in leadership and employee performance at PT. X, a family-owned property company in Makassar. The results of the analysis indicate a **moderate, positive, and statistically significant relationship** between the two variables, with a Pearson correlation coefficient of 0.532 ($p = 0.000$). Employees who reported higher levels of trust in their leaders demonstrated higher performance outcomes, confirming that trust in leadership plays an essential role in shaping employee behavior and performance.

The findings also suggest that trust in leadership in PT. X is generally categorized as high to moderate, while employee performance ranges from moderate to high. This alignment demonstrates that employees' perception of leader integrity, competence, transparency, and fairness directly affects their engagement, motivation, and overall performance. However, the moderate correlation indicates that other factors, such as organizational culture, skills, motivation, and work environment, also contribute to performance outcomes, emphasizing the multifaceted nature of employee performance.

4.2 Implications

The study has several practical and theoretical implications. First, leaders should actively **strengthen trust** by promoting transparent communication, fair decision-making, and consistent adherence to organizational policies. High levels of trust can

enhance employee engagement, reduce turnover intentions, and encourage discretionary behaviors that contribute to organizational success.

Second, human resource management should implement systematic monitoring and assessment of employee trust levels. Tools such as regular surveys, feedback mechanisms, and team-building programs can help identify trust gaps and guide leadership development initiatives. By combining trust-building strategies with training, career development, and fair compensation, organizations can create a more supportive and high-performing work environment.

Third, from a theoretical perspective, the study reinforces social exchange theory and leader-member exchange theory by demonstrating that employees reciprocate trustworthy leadership with higher performance. It also contributes to the growing body of empirical evidence in the Indonesian context, highlighting the importance of trust as a critical antecedent of employee performance.

4.3 Limitations and Future Research

Despite providing meaningful insights, this study has limitations. The sample was relatively small ($N = 39$) and drawn from a single organization, which may limit generalizability. Furthermore, the cross-sectional design restricts the ability to infer causal relationships. Future research is recommended to adopt **longitudinal designs** to examine how trust evolves over time and its sustained impact on employee performance.

Additionally, future studies could explore **moderating or mediating variables** such as organizational culture, job complexity, leadership style, and employee motivation to provide a more comprehensive understanding of the mechanisms linking trust to performance. Expanding the study across multiple organizations and industries in Indonesia would enhance external validity and contribute to more generalizable insights.

4.4 Final Remarks

In conclusion, this study demonstrates that trust in leadership is a key factor influencing employee performance at PT. X. Leaders who foster trust by demonstrating integrity, competence, and transparency are likely to achieve higher employee performance, which in turn strengthens organizational effectiveness. Integrating trust-building initiatives into broader human resource and leadership strategies is recommended as a sustainable approach to enhancing both individual and organizational performance.

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