

# Impact of perceived organizational support & organizational trust on organizational identification: A study on Employees of Pharmaceutical sector in India.

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## ABSTRACT

The study identifies the significant impact of perceived organizational support and organizational trust on organizational identification. About 268 Pharmaceutical sector employees working in different regions of India were considered for the study. Correlation and regression analysis are used to identify the relationship and effect of perceived organizational support and organizational trust on organizational identification. The result revealed that perceived organizational support and organizational trust has positive relationship and has a significant impact on organizational Identification. These findings help the organizations' to understand how the perceived organizational support and organizational trust helps in organization success by organizational identification with employees'. When employees are identified with the organization and when they feel that the organization success is their success, obviously employees efforts towards work or job will increase which in turn increase more commitment towards organization and also helps organization to reduce the turnover intention of employees, which leads to cost reduction in recruitment of new employees and also helps to retain experienced and talented employees with the organization and thus helps overall success of an organization.

**Keywords:** Pharmaceuticals, Perceived Organizational Support, Organizational Trust, Organizational identification.

## 1. INTRODUCTION:

Pharmaceutical companies in different regions of the world are running successfully by effective human resources and they are the significant assets of any organization. Among the major challenges facing by the organizations, understanding and meeting the employee's social, economical needs and expectations are the most important challenges for organizations today. Perceived organizational support is the perception of an individual about how well they are being valued by the management or superiors in the organization (Eisenberger et al., 1986). Thus, employees' always expects for being identified and recognized and should get appreciations for their work and contributions, by which they meet their psychological needs like recognition, respect and honor. Further, the employee who received recognition and respect, retribution for his/her efforts by organization, will give effective and best performance to achieve the strategic goals of the organization (Rhodas & Eisenberger, 2002). If employees socio, emotional needs are fulfilled through perceived organizational support, there is an

increase in organizational identification and attractiveness of employees' (Marique et al., 2013). On the other side organizational trust has been defined by literature in many ways (cummings and Bromiley, 1996; Hodson, 2004; Shockley-zalabak et al., 2000). Some researchers view organization trust as internal concept (Huff & Kelley, 2005), other scholars identified as a social climate (Collins & Smith 2006; Hubbell & Chory-Assad, 2005). Based on the relations between organization and its employees, an employee may consider some aspects to estimate their trust towards the organization. The high trust the employees have on organization, the more the organizational identification of employees. There is a relationship between organizational trust and organizational identification (Rousseau, 1998; Kreiner & Ashforth, 2004; Shockley-Zalabak et al., 2000).

The present research therefore tries to identify the effect of Perceived organizational support and Organizational trust on organizational identification and hence the objectives of the study are:

1. To identify the impact of perceived organizational support on Organizational Identification.
2. To find the impact of Organizational Trust on Organizational Identification.

## **2. LITERATURE REVIEW:**

### **2.1 perceived organizational support and Organizational identification:**

The theory of perceived organizational support states that employees' will evaluate their contributions towards the organization. As per this theory, employees have general belief that how their efforts are valued and how the organization will care about their well-being and development (Eisenberger et al., 2001). Perceived organizational support hikes the employees' expectations about rewards from organizations in return for their effort-outcomes. Thus, perceived organizational support motivates employees to boost their efforts for achieving the goals of organization. In this process, perceived organizational support encourage employees' to abide for the priorities and goals of an organization. Some of the antecedents of perceived organizational support include manager support, rewards, fair treatment towards employees (Eisenberger, 2002). Organizational Identification is a kind of social identification that every individual identify and defines herself/himself in terms of her/his membership in a specific organization. (Ashforth & Mael, 1989; Mael & Ashforth, 1992). Moreover, organizational identification is a psychological attachment of employees with the organization that arises when they adopt some defined characteristics of organization as defining their own characteristics (Dutton et al., 1994). Organizational Identification occurs when the organization identifies and includes satisfying socio, emotional needs of employees as one of the goals of the organization (Frenkel & Yu, 2011). Employees' who are highly identified with the organization are high to put more efforts to the tasks that is beneficial to the entire organization rather than benefit to a single person (Farrell & Oczkowski, 2012). Further, if the employees perceive negative image on organization, there is some undesirable outcomes like stress, depression, non-cooperation, showing less concentration and less efforts in achieving the goals can be found (Dutton et al., 1994). Perceived organizational support and organizational identification are the two concepts derived from various theories. Perceived organizational support concept was emerged based on social support theory, reciprocity norm and social exchange theory and organizational identification concept has been emerged from the theory of social identity. Both the theories gave

importance to the employees as well as organizations' well-being (Moel & Ashforth, 1992). One of the antecedents of organizational identification is the perceived organizational support (He et al., 2014; Lam et al., 2016) and there is a relationship between organizational support and organizational identification (Demir, 2015; Ghosh, 2016). Organizational Identification increases if there is fulfillment of employees social and emotional needs through perceived organizational support (Marique et al., 2013). Employee perception about their treatment in the organization has an effect on organizational identification and employees' identify with the organization when employees perceive that organization is giving value about their welfare (Edwards and Peccei, 2010). A study on academicians has also revealed that there is a significant relation between perceived organizational support and organizational identification (Zorlu et al., 2019).

## **2.2 Organizational Trust and organizational Identification:**

Organizational trust can be considered as social glue that keeps various structures of organization together (Atkinson & Butcher, 2003). Organizational trust is an important concept in the life of organization, a process which creates sincerity, loyalty, honesty and belief among the relationships of members in the organization and helps organization to achieve their goals (singh & srivastava, 2016). In short, organizational trust is a kind of web of organizational behavior and relations that arise when the employee trusts each other employees, the group where they are working, managers and organization as a whole (Cummings & Bromiley, 1996; Duffy & lilly, 2013). Generally, organizations are more successful when their employees have high level of trust compare to the organizations having employees with a low level of organizational trust. (Huff & Kelley, 2003). Organizational trust is also one of the factor which affects organizational identification. Employees who trusted organization can help organization in achieving the goals through good efforts in job. Thus, organizational trust has relation with job involvement (schoorman et al., 2007). Employees who are identified with their organizations are ready to put more efforts in their work because they feel that organization success is their success. When organizations are viewed with high level honesty and integrity, employees shows a high level of trust (Dirkins and Ferrin, 2002). It is identified that employees who have greater organizational trust also have a high degree of organizational identity. Organizational identification is a kind of social identification (Gautam et al., 2004). The concept of organizational identification has been generated from the theory of social identity (Tajfel, 1982). Scholars revealed that trust is highly related with respect to organizational identification (Rousseau et al., 1998). Some studies show that organizational trust is antecedents to organizational identification, which influences turnover intention of employees (Edwards and cable, 2009). There exists a relation between organizational trust and organizational identification (kaya et al., 2017; Fikret Ates et al., 2017).

## **3. RESEARCH METHODOLOGY:**

**3.1 Research Hypothesis:** The present paper tries to identify the effect of perceived organizational support and organizational Trust on Organizational Identification. Therefore, the hypothesis has been designed as below:

H1: perceived organizational support has a statistical significant effect on organizational Identification.

H2: organizational trust has a statistical significant effect on organizational identification.

**3.2 Data collection and Samples:** To obtain data for the present study, a structured questionnaire were distributed to the employees working in different Pharmaceutical companies in India. A total of 300 questionnaires were distributed and out of them 268 valid questionnaires were received and used for analysis. Table.1 presents the demographic details of this study. About 63.8 % of male respondents and 36.2% of female were participated. 54.9% of participants are between the age group of 21-30, 38.8% are between the age group of 31-40 and 6.3% are between the age group of 41-50. Out of 268 respondents, 61.9% were married and 38.1% were single. 77.2% of respondents having experience between 0-5 years, 13.1% of respondents having experience between 6-10 years and only 1.1 % of participants of experience of more than 15 years. The monthly income group of more than 50,000/- rupees is 45.9%, the monthly income group in between 30,000/- to 50,000/- rupees is 26.9% and the income group of below 30,000/- rupees is 27.2%.

**Table.1 Demographic Details:**

Variables	Category	frequency	percentage
Gender	Male	171	63.8
	Female	97	36.2
Age	21-30	147	54.9
	31-40	104	38.8
	41-50	17	6.3
Marital status	Married	166	61.9
	Single	102	38.1
Work experience	0-5 years	207	77.2
	6-10 years	35	13.1
	11-15 years	23	8.6
	Above 15 years	3	1.1
Income	More than 50,000/-	123	45.9
	30,000/- To 50,000/-	72	26.9
	Below 30,000/-	73	27.2

**3.3 Research scales:** For gathering information, the instrument used is the standard questionnaire. All variables were measured on a five point likert scale which ranges from “strongly disagree=1” to “strongly agree=5”. Perceived organizational support has been measured by 8 item scale given by Eisenberger et al., (1986). Organizational Trust is measured using a 12 item scale given by Nyhan and

Marlowe (1997). Organizational identification is measured using a 6 item scale developed by Ashforth and Mael (1992).

**3.4 Reliability of research variables:** Cronbach's Alpha is used to identify the reliability of research variables. According to Bagozzi & Yi (1988), the alpha value should be greater than 0.60. In current study, perceived organizational support with 8 item scales has an alpha value of 0.7, organizational trust with 12 item scale has an alpha value of 0.9 and organizational Identification with 6 item scale has an alpha value of 0.8. Thus, all the research variables have cronbach's alpha of more than 0.60 and hence reliable. Table.2 shows the Cronbach alpha of research variables.

**Table.2 Cronbach's alpha of research variables**

Variables	Number of items	Cronbach's Alpha
Perceived organizational support	8	0.7
Organizational Trust	12	0.9
Organizational Identification	6	0.8

#### 4. DATA ANALYSIS & RESULTS:

Table.3 shows the mean and standard deviation of research variables and Table.4 shows the results of correlation and significance effect of perceived organizational support on Organizational Identification. In the present analysis, the value of F is 29.187 at significant level of ( $P=0.000$ ) and this is less than 0.01. The correlation coefficient ( $R=0.314$ ), which shows positive relationship between the variables and coefficient of determination ( $R^2=0.099$ ), which means a 10% change in Organizational Identification (Dependant variable) is being explainable by the Perceived organizational support (Independent Variable). Thus there is statistical significant effect between Perceived Organizational Support and Organizational Identification. Hence, H1 is supported.

**Table.3 Mean and standard deviation of Research variables**

Variables	Mean	Standard Deviation
Perceived organizational support	2.84	0.553
Organizational Trust	3.61	0.623
Organizational Identification	3.16	0.630

**Table.4 Correlation and significance between POS and OI**

Variable	R	R square	F-value	Significance
POS	0.314**	0.099	29.187	0.000
Note: ** $P<0.01$ (statistically significant at $P<0.01$ )				
Predictor (constant): POS				
Dependent Variable: OI				

POS: Perceived organizational support; OI: Organizational Identification

Table.5 showing the correlation and significance effect of Organizational trust on Organizational identification. In this analysis, F value is 73.795 at significant level of ( $P=0.000$ ) and this is less than 0.01. Correlation coefficient ( $R=0.466$ ), which means there exists a positive relationship between the Organizational Trust and Organizational Identification. Further, coefficient of determination ( $R^2=0.217$ ), which says that a 22% change in Organizational identification (Dependant variable) is being explained by the organizational trust (Independent variable). Thus we conclude that there is a statistical significant effect between Organizational Trust and Organizational Identification. Thus, H2 is also supported.

**Table.5 correlation and significance between OT and OI**

Variable	R	R square	F-value	Significance
OT	0.466**	0.217	73.795	0.000

## 5. DISCUSSION & CONCLUSION:

First hypothesis of this study is the perceived organizational support has a significant effect on organizational identification and was supported ( $\beta=0.314$ ,  $P=0.000$ ). The results obtained from this study is in compliance with the findings of the studies of previous researchers (Demir, 2015; Gosh, 2016; Edwards and Peccei; 2010, zorlu et al., 2019). Thus employees' perception in terms of their treatment showed and value given by the organization through perceived organizational support has significant impact on organizational Identification and at the same time employees identify with the specific organizations' when employees' feels and perceives that organization is giving more importance about their wellbeing.

Further, second hypothesis of this study is that there is significant impact of organizational trust on organizational identification and this was also supported ( $\beta=0.466$ ;  $P=0.000$ ). The results of this study are in compliance with the study outcomes of earlier researchers (Gautam et al., 2004; Rousseau et al., 1998; kaya et al., 2017; Fikret ates et al., 2017). Therefore employees who have a high level of organizational trust also have greater level of organizational identification and can give more efforts in their job or tasks for organizational success and also believe that organization success is their own success.

## 6. PRACTICAL IMPLICATIONS:

Perceived organizational support will satisfy the employees' socio-emotional needs, enlighten the organizational attraction and heighten the organizational identification with the employer. When employees identified with the organization their effective commitment towards work is also high and thereby possible to reach the goals of an organization. Hence, it is advisable that practitioners should concern more about their welfare, meet their social and emotional needs through perceived organizational support. Similarly, organizational trust is important for building relationship between

employer and employee. It is an important antecedent of employees' identification with their specific organization and also helps employees in motivating their efforts in reaching the organizational goals through their effective commitment towards work or tasks. Hence, it is suggested that organization should build strong relationship with employees by developing trust in employees.

## 7. LIMITATIONS & FUTURE RESEARCH:

Besides contributions, current study also has some limitations. One such limitation is that the objectives of the research is about identify the significant impact of perceived organizational support and organizational trust on organizational identification, which is limited to only two factors. In future the studies can be done by identifying several other factors like job satisfaction, quality of work, employee trust etc, which helps to understand organizational identification with the employees better. Another limitation is the population and sample size of the study is limited to Pharmaceutical sector employees of India only. Further, research can be done in another geographical regions or in other sectors on large samples.

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