ANALYZING THE IMPACT OF ORGANIZATIONAL TRUST ON JOB ENGAGEMENT: A MEDIATING ROLE OF EMPLOYEE LOYALTY

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Abstract. This research aimed to investigate the mediating role of employee loyalty in the relationship between perceived organizational trust and job engagement. The study utilized data from 268 employees across two private banks in Mongolia and conducted thorough analyses to evaluate the reliability and correlation of the variables via structural equation modelling (SEM). The study revealed that organizational trust had a positive impact on both employee loyalty and job engagement. These findings underscore the critical importance of organizational trust in fostering employee loyalty and promoting increased engagement in one's work. Additionally, the study identified a positive influence of employee loyalty on job engagement, indicating that loyal employees are more likely to be engaged in their roles. The research determined that employee loyalty fully mediated the connection between organizational trust and job engagement. While organizational trust directly affects engagement, its impact is also channelled through enhanced employee loyalty. This highlights the intricate relationship between organizational trust, employee loyalty, and job engagement in the workplace. The results of this study deepen the understanding of organizational trust and have important practical implications for improving employee loyalty and engagement. Specifically, the findings suggest that fostering transparency and open communication between management and employees can increase trust, leading to higher retention rates and greater willingness to go above and beyond job duties.

Keywords: organizational trust; employee loyalty; job engagement; bank employees


JEL Classifications: L29, M10, M59, O15

Additional disciplines: Organizational behaviour, human resources management

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1. Introduction

In today's fiercely competitive environment, manufacturing and service demand are undergoing continuous rapid transformations, and organizations face an ethical crisis and many complex dilemmas. Advancements in information technologies have significantly accelerated the digital transformation of businesses (Ližbetinová et al., 2021; Krajčík, 2022; Civelek et al., 2023). In particular, the financial sphere's technological shifts grapple with formidable obstacles, including issues related to integrity, trust, transparency, and the looming threat of financial scandals (Srivastava & Mohaley, 2022; Sun et al., 2022a; 2022b). Today, more than ever before, business success is more dependent on organizational trust. In the financial sector, trust holds particular significance and serves as a cornerstone for its effective functioning, and organizational confidence acts as the bedrock, enabling the industry's smooth operation (Hurley et al., 2013). Given the rising significance of proficient human resource management in navigating the complexities of Industry 4.0 (Turek et al., 2023; Lewandowska et al., 2023), this subject has emerged as especially crucial (Szostek et al., 2020).

Organizational trust is the cornerstone of an organization's long-term success and survival while also being the key driver of employee performance, organizational commitment, engagement, and collaboration (Mishra, 1996; Mishchuk et al., 2023). Employees with a high level of organizational trust are more productive, engaged, collaborative, and likely to stay at their current company longer than employees with low trust. When employees trust their leaders and the organization, they tend to be more productive, dedicated, and willing to go above and beyond. Organizational trust also facilitates effective teamwork, information sharing, and relationships with clients and partners. For these reasons, establishing a high-trust culture is fundamental to an organization's long-term success and survival. Employees who trust their leaders and colleagues typically exhibit superior performance, greater loyalty, and a heightened commitment to their organization. Engaged, talented, and loyal employees are fundamental to the success of a business, as they play a pivotal role in wealth creation and drive organizational development. Hence, to heighten competitiveness, organizations focus on developing and retaining top talent, forging employee loyalty, and enhancing employee engagement alongside trust in the organization. However, further research into the causative factors is still needed to fully establish the degree and pathways through which organizational trust increases employee loyalty and engagement.

This study delved into the relationship between organizational trust, employee loyalty, and job engagement among Mongolian bank employees.

2. Theoretical background

2.1 Organizational trust

Trust has long been acknowledged as a critical determinant of organizational efficiency and stability (Artar & Erdil, 2017). Organizational trust is a complex social and psychological phenomenon, and scholars have approached the interpretation of organizational trust from diverse perspectives (Kmieciak, 2021; Olah et al., 2021).

In 1990, Podsakoff et al. defined organizational trust as a measure of the level of trust that employees hold in their supervisors and co-workers (Dai et al., 2022). As Mishra (1996) asserted, organizational trust constitutes a vital foundation for contemporary business resilience and competitiveness within an increasingly dynamic global climate. Organizational trust begets enhanced information sharing, collaboration, risk-taking, agile execution, and willingness to exert discretionary effort toward shared goals (Fulmer & Gelfand, 2012). Sousa-Lima, Michel, and Caetano (2013) argued that building organizational trust is critical in developing social exchange relationships. Organizational trust reflects the trustworthiness of the organization. When employees have confidence in their organization, they tend to invest more effort and adopt a positive attitude toward their work (Cohen, 2015).
Organizational trust is a critical factor influencing employee performance, organizational commitment, and loyalty to one's work (Alfes et al., 2016) and is a crucial component of establishing effective work relationships (Colquitt et al., 2007; Rózsa et al., 2023). Organizational trust can be defined as the positive expectation that individuals hold regarding the intentions and behaviour of numerous members within the organization. This expectation is rooted in the roles, relationships, experiences, and interdependence inherent in the organizational context (Shockley-Zalabak et al., 2000). In other words, organizational trust is essentially the confidence of employees in the actions and initiatives undertaken by the organization. Organizational trust is crucial in how organizations strengthen their relationships with their members. Employees who trust their colleagues and management tend to exhibit higher performance levels and demonstrate greater loyalty to their organization. Organizational trust emphasizes cooperation and teamwork in well-established organizations. Employee trust in the organization is a vital foundation enabling superior execution, innovation, and financial performance. As Hoppes and Holley (2014) established, perceptions of organizational integrity, benevolence, competence, openness, and reliability allow employees to focus on value creation rather than self-protection. By signalling care for workforce well-being and dependability in upholding ethical practices, trust-based company cultures benefit from reduced turnover, enhanced collaboration, knowledge sharing, and increased employee effort (Colquitt et al., 2007; Kuzmenko et al., 2023). Over time, the resulting benefits in innovation, customer orientation, product quality, and employee retention compound to reveal vast performance differences between trusted organizations and less reputable competitors (Gavurova et al., 2022). Furthermore, in periods of deep uncertainty wrought by technological shifts, economic fluctuations, or disruptive events, organizational trust sustains cooperativeness, adaptation, and rational decision-making to enable survival and renewed growth (McEvily et al., 2021). Thus, regular diagnostics via enterprise-wide surveys combined with responsive communication and policies reinforcing organizational trust constitute crucial strategies for contemporary executives.

### 2.2 Employee Loyalty

An individual’s loyalty reflects a psychological bond and willingness to expend effort based on a convergence of interests, values, or social belonging. As Rosanas and Velilla (2003) discussed, loyalty signals an underlying motivation to join an organization or group. Moreover, loyal individuals may sacrifice their narrow self-interest to achieve superordinate goals they care deeply about (Hajdin, 2005; Elegido, 2013). Employee loyalty can be assessed by attitude, personality, and psychological characteristics. It serves as an essential factor for gaining a competitive advantage for the organization (Dutta & Dhir, 2021; Mehmood et al., 2023) that promotes organizational interests and images of the external environment and expresses organizational citizenship (Bettencourt et al., 2001). It can be concluded that loyalty is a commitment to organizational success and employees’ belief in their good choice to work for the business (Trinh et al., 2023). Employee loyalty is expressed by their determination to contribute to organizational goals, increase productivity, and endeavour to provide excellent customer service. Loyal employees try to use their knowledge and expertise to add to the organization, directly impacting its operations (Tomic et al., 2018). Yee et al. (2010) found that employee loyalty knowingly impacts corporate incomes through quality service, satisfaction, and customer loyalty. Employee loyalty supports corporate growth and sustainability and reduces financial burdens and investments in recruiting potential new employees (Skare et al., 2023). Improving corporate reputation is closely linked to organizational performance, trust, employee loyalty, and job satisfaction (Ruschk et al., 2023; Xu et al., 2020). Nurturing employee loyalty requires continuous care and communication (Chang et al., 2010).

### 2.3 Job engagement

The concept of job engagement is a popular management concept that is widely studied from multiple perspectives and has become a hot research area in recent years ((Bedarkar & Pandita, 2014; Navickas et al., 2023).

Employee engagement embodies the profound commitment of an employee's heart and mind to the organization, evident in the effort invested in their work. Put differently, it serves as a manifestation of belief in the organization's values, coupled with a genuine eagerness to contribute to achieving the overarching business objectives (Borisov & Vinogradov, 2022). Employee engagement is characterized by an employee's inclination to channel his or her energy and strength wholeheartedly toward goals and values. This impacts an organization's
development and adaptability and plays a pivotal role in shaping morale, productivity, initiative, and loyalty among employees, thereby impacting internal and external stakeholders (Rollnik-Sadowska et al., 2023). Employees become engaged when they are ready to pay for hard work, enthusiastic about the job, motivated to work, and concerned about the positions they hold within the organization (Horváthová et al., 2019). Job engagement can be assessed by how loyal employees are to the organization, their enthusiasm, and their match of personal values with the organization’s mission statement and goals.

**Relationship between Organizational Trust and Employee Loyalty**

Organizational trust is a pivotal factor that substantially impacts employee loyalty and encompasses the organization’s credibility, integrity, and trust. Employees who have faith in their organization tend to foster loyalty and commitment. Both employee trust and job satisfaction positively influence loyalty (Pham & Tran, 2023). Organizational trust has been shown to play a vital role in multiple organizational activities and outcomes. For example, high organizational trust fosters excellent entrepreneurial behaviour, loyalty, and employee performance (Baștuğ et al., 2016). Trust-driven loyalty further enhances employee participation, satisfaction, commitment, and positive workplace attitudes and behaviours (Shalabi, 2019; Alshaabani et al., 2022). Researchers suggest several mechanisms underlying these observed effects. As employees perceive an organization to be reliable, honest, and caring toward their well-being, they feel a sense of reciprocal psychological contract, which deepens their engagement and willingness to exert effort toward collective objectives (Matzler & Renz, 2006). Many researchers, including Kalhor et al. (2020), Melian-Alzola & Martin-Santana (2020), Pliśszkiewicz (2011), and Paparodamis et al. (2019), have confirmed that organizational trust has a positive impact on employee loyalty. Given these consistent findings, it is reasonable to hypothesize that as organizational trust increases, so does employee loyalty. Based on the results and evidence of previous studies, we support the abovementioned circumstances and propose the following hypothesis:

**H1:** There is a positive relationship between organizational trust and employee loyalty.

**Relationship between Organizational Trust and Job Engagement**

Employee engagement is a pivotal factor in the success of any organization and is intricately linked to trust and psychological safety in the workplace. The presence of trust among employers and coworkers fosters increased engagement (Tan & Tan, 2000). Wong et al. (2010) discovered that employee engagement can be enhanced through organizational trust and confirmed a direct and positive relationship between organizational trust and employee engagement. Numerous studies have demonstrated that organizational trust exerts a positive influence on employee engagement by fostering a positive workplace environment (Bulińska-Stangreck, 2020; Chughtai et al., 2015; Jankelová & Joniaková, 2022; Lin, 2010). Most researchers explain this relationship through the lens of social exchange theory. A central tenet of social exchange theory posits that associations evolve, progressing toward a state of trust, loyalty, and reciprocal obligations, as both parties adhere to specific rules of exchange (Mubashar et al., 2022). Employees who perceive that the organization treats them fairly are inclined to reciprocate positively. It can be concluded that organizational trust is crucial for employees to focus on their work, engage with organizational issues, and feel motivated to actively contribute to their tasks (Ugwu et al., 2014). Hence, we argue that organizational trust directly influences job engagement. In light of this, we introduce the following hypothesis:

**H2:** There is a positive relationship between organizational trust and job engagement.

**Relationship between Employee Loyalty and Job Engagement**

Job engagement refers to a positive and fulfilling work-related state of mind. Engaged workers demonstrate enhanced in-role task performance, driven by their dedication and focused commitment to their work (Zahra & Kee, 2022). In the work of Turkyilmaz et al. (2011), loyalty is defined as a psychological state that characterizes the relationship between employees and their organizations. This relationship has substantial implications for employees’ decisions regarding their retention within the organization and their level of job engagement. There is a relationship between employee engagement and employee loyalty, and employee loyalty positively affects job engagement (Ludviga & Kalvina, 2016; Ensai et al., 2022).
A reciprocal relationship exists between employee engagement and loyalty, where each influences the other (Milliman et al., 2018). Employee loyalty, in particular, directly impacts sustaining and enhancing employee engagement. Syahrazal, Patrisia, and Abror (2019) discovered in their study that employee loyalty significantly impacts job engagement. Consequently, they concluded that organizations should direct their attention toward fostering employee engagement as a means to augment loyalty. Researcher Soliman (2023) demonstrated a positive relationship between employee engagement and loyalty. Numerous studies have consistently affirmed the positive impact of employee engagement and loyalty (Nguyen & Ha, 2023). Based on the results of these studies, we propose the following hypothesis:

H3: There is a positive relationship between employee loyalty and job engagement.

The mediating role of employee loyalty
As the war for talent intensifies across industries, talent retention and engagement initiatives have become imperative for organizational success. The costs associated with turnover due to dissatisfied or distrusting employees are steep, with estimates of replacing an employee with an average salary of 6-9 (Beehner & Blackwell, 2016). Employees’ trust in an organization significantly influences their loyalty and commitment, ultimately decreasing turnover (Ferres et al., 2004). This enhanced trust fosters improved performance and increases employee engagement (Phuong & Vinh, 2020). Within banking specifically, nurturing loyalty and commitment across the workforce allows for superior mobilization of skills, knowledge sharing, accountability, and performance that directly impact operations and the bottom line (Tomic et al., 2018). Employee trust and belief in an organization enable more significant discretionary effort and commitment toward collective objectives. Shalabi (2019) found that more profound psychological attachment develops when workers perceive their organization to be aligned with their values and demonstrate integrity, benevolence, and competence in upholding its mission. This organizational trust contributes to heightened employee loyalty, fostering more active and engaged participation in their work. The following hypothesis has been proposed.

H4: Employee loyalty significantly mediates the relationship between organizational trust and job engagement.

Research objectives, methodology and data
This research aimed to investigate the mediating role of employee loyalty in the relationship between perceived organizational trust and job engagement.

3.1 Data collection and sample size
The survey was administered online by employees of two private banks between 02 October and 25 November 2023. When selecting the survey sample, a minimum confidence level or acceptable level of 95% was chosen, with a confidence interval of 5%. The target population consisted of 519 employees from two private banks. The sample size was determined to be 221 participants. As the survey collected responses from 268 participants, it can be concluded that the sample was representative of the original population.

The sample consisted of 268 employees (n = 91 males, n = 177 females) from two private banks. Regarding educational qualifications, 1.5% of the workforce held a high school diploma, 73.1% possessed a bachelor’s degree, 0.4% had a professional degree, 24.6% had a master’s degree, and 0.4% held a doctorate. Regarding employment distribution, 127 participants, constituting 47.4%, were employed in the central bank, whereas 141 participants, representing 52.6%, worked in branches. Regarding tenure, 23.1% of the respondents had worked for up to 1 year, 37.3% had worked for 1-5 years, 19.4% had worked for 6-10 years, 10.4% had worked for 11-15 years, 7.8% had been employed for 16-20 years, and 1.9% had a work history exceeding 20 years. Position-wise, 0.7% held executive management, 3.4% were departmental directors, 9.0% served as branch directors, 9.7% were senior managers, 14.9% were managers, 4.1% were senior specialists, 32.1% worked as specialists, 20.5% were branch employees, 0.4% served as credit risk analysts, and 5.2% held roles such as security guards, drivers, mechanical dispatchers, cashiers, customer service officers, and receptionists.
3.2 Instruments and Data Analysis
Organizational trust: This concept was measured using 12 items developed by Cummings and Bromiley (1996). The scale demonstrated excellent reliability (Cronbach’s alpha = 0.955) and validity (KMO = 0.933; Bartlett’s test p < 0.05).

Employee loyalty: Four items from Bettencourt et al. (2001) were used to evaluate employee loyalty. The scale showed high reliability (Cronbach’s alpha = 0.860) and validity (KMO = 0.933; Bartlett’s test p < 0.05).

Job engagement: Nine items developed by Crawford et al. (2013) were used to assess job engagement. The scale exhibited strong internal consistency (Cronbach’s alpha = 0.929) and validity (KMO = 0.929; Bartlett’s test p < 0.05).

All the questionnaires were scored on a 5-point Likert scale. Statistical data analysis tools such as SPSS 23.0 and Smart PLS version 4.0.9.8 were used to analyze the research results. The reliability and correlation of the variables were analyzed in the study to ensure the quality of the measurements. Structural equation modelling (SEM) was employed to examine the relationships and obtain the results.

4. Results and discussion

Results

4.1 Reliability analysis of variables
A factor loading analysis was also conducted to determine the correlation coefficients between the measurement variables. Internal consistency and reliability tests were also performed, including calculating Cronbach's alpha, composite reliability (CR), and average variance extracted (AVE). The results of these analyses are presented in Table 1 to demonstrate the underlying relationships between the measures.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Number of questions</th>
<th>Factor loading</th>
<th>Cronbach's α</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Trust</td>
<td>9</td>
<td>0.777-0.906</td>
<td>.955</td>
<td>.961</td>
<td>.734</td>
</tr>
<tr>
<td>Employee loyalty</td>
<td>4</td>
<td>0.765-0.906</td>
<td>.860</td>
<td>.906</td>
<td>.707</td>
</tr>
<tr>
<td>Job Engagement</td>
<td>9</td>
<td>0.749-0.854</td>
<td>.929</td>
<td>.941</td>
<td>.639</td>
</tr>
</tbody>
</table>

Table 1. Results of the reliability analysis of the variables.
Source: authors

The analysis yielded strong consistency and reliability across the factors and measurement variables. Specifically, the internal consistency values ranged from 0.749 to 0.906, indicating a good level of consistency among the questions used to measure each factor. The Cronbach's alpha values ranged from 0.860 to 0.955, surpassing the 0.70 threshold for adequate reliability (Nunnally, 1978). The composite reliability (CR) ranged from 0.906 to 0.941, exceeding the 0.70 guideline (Hair et al., 2014) and demonstrating high reliability. Finally, the average variance extracted (AVE) values ranged from 0.639 to 0.734. Since these AVE values surpass the recommended 0.50 level (Awang, 2014), they signify practical significance and the ability to discriminate between factors. Additionally, we excluded questions OT4, OT6, and OT12, which had values less than 0.7, from further analysis.
4.2 Correlation analysis
Table 2 outlines the descriptive data and pairwise correlation coefficients for all quantified variables. Our analysis indicates negligible multicollinearity concerns, as the interrelationships between model constructs sit below the 0.8 best practice cut-off (Gujarati & Porter, 2003).

<table>
<thead>
<tr>
<th>Source definition</th>
<th>Mean</th>
<th>OT</th>
<th>EL</th>
<th>JE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Trust - OT</td>
<td>4.1828</td>
<td>(0.857)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee loyalty - EL</td>
<td>4.3442</td>
<td>0.531</td>
<td>(0.841)</td>
<td></td>
</tr>
<tr>
<td>Job Engagement - JE</td>
<td>4.3093</td>
<td>0.436</td>
<td>0.473</td>
<td>(0.799)</td>
</tr>
</tbody>
</table>

Diagonal elements (bold) in brackets are the square roots of AVEs. Below the diagonal elements are the correlations between the constructs.

| Table 2. Results of Discriminant Validity Determination Using the Fornell–Larcker Criterion
Source: authors |

4.3 Structural equation modeling (SEM)
The present study used PLS-SEM to test the hypotheses. The correlation between independent and dependent variables was reviewed during the analysis. The analysis results supported all three assumptions, and all the regression weight values were positive and significant (p <0.01). The results of the survey are shown in Table 3.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Path</th>
<th>Standardize Beta</th>
<th>Standard Error</th>
<th>T statistics</th>
<th>P value</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>OT → EL</td>
<td>0.541***</td>
<td>0.064</td>
<td>7.288</td>
<td>.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>OT → JE</td>
<td>0.258***</td>
<td>0.072</td>
<td>3.968</td>
<td>.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H3</td>
<td>EL → JE</td>
<td>0.342**</td>
<td>0.061</td>
<td>8.727</td>
<td>.000</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Note: ***p<0.001; **p<0.01; *p<0.05, significance levels are two-tailed
Variable definition: OT, Organizational Trust; EL, Employee loyalty; JE, Job Engagement;

| Table 3. Research results in PLS-SEM
Source: authors |

Having established the validity and reliability of the measurement model, the next step was to test the hypothesized relationship by running the PLS algorithm and bootstrapping algorithm in PLS 4.0.9.8.
As depicted in Figure 2 and Table 3, the study's results confirmed all the research hypotheses about the direct effect of organizational trust (OT) on employee loyalty (EL) and job engagement (JE).

According to the results of the analysis, for the participants of the study, it was observed that organizational trust in employee loyalty (β = 0.531) has a positive and moderate effect and that job engagement (β = 0.258) has a positive and weak effect. Additionally, the research results indicated that employee loyalty (β = 0.336) has a positive weak effect on job engagement. All of the hypotheses in the study were confirmed, as the effects of the associated regulatory variables (beta coefficients) were all positive and statistically significant (p < 0.01). Additionally, we propose examining the mediating role of the relationship between employee loyalty and organizational trust, and job engagement. Bootstrapping was employed to further test the mediating effect, and the results are shown in Table 4. The mediating effect of employee loyalty is significant, and the total mediating effect is 0.436. The indirect effect value of the OT → EL → JE process is 0.178. The upper and lower limits of the 95% confidence interval obtained via the bootstrap method do not contain 0. Employee loyalty has a strong mediating effect on the relationship between organizational trust and job engagement, which fully supports hypothesis H4.
Hypothesis | Path | Direct effects | Indirect effects | Total effects |
--- | --- | --- | --- | --- |
H4 | Organizational Trust → Employee loyalty → Job Engagement | 0.258*** | 0.178*** | 0.436*** |

***: p<0.001; **: p<0.01; *: p<0.05

Table 4. The Mediating Effect of Employee Loyalty and Job Engagement

Source: authors

Our study verified all four hypotheses, as the impacts of the associated independent variables proved positive and significant at the p<0.01 level.

Discussion

An organization’s ability to sustain its competitive edge and fortify its market standing hinges on retaining engaged, dedicated, and loyal employees who believe in its mission. Boosting employee loyalty and engagement is one of executives’ most difficult yet critical tasks. This study analyzed the connections between organizational trust, employee loyalty, and job engagement at two private banks in Mongolia. The results of this study provide several meaningful insights into the relationships between organizational trust, employee loyalty, and job engagement in the banking sector.

- First, organizational trust was found to have a significant positive influence on employee loyalty (β=0.531, p<0.001). This finding suggests that when employees perceive their organization to be trustworthy, open, and reliable, they are more likely to feel a sense of loyalty and commitment to the organization. Strategies to build trust through transparent communication, showing care for employees, and fulfilling promises could strengthen loyalty. Our study's first finding is in line with the findings of Alshaabani et al. (2022), Baştuğ et al. (2016), Kalhor et al. (2020), Melian-Alzola & Martín-Santana (2020), Paliszkiewicz (2011), and Paparoidamis et al. (2019) reinforce the consensus among various researchers that organizational trust consistently has a positive impact on employee loyalty.

- Second, organizational trust was also found to weakly but positively impact job engagement (β=0.258, p<0.001). Fostering organizational trust could be an avenue to enhancing employee engagement. The second finding of our study aligns with the findings of Bulińska-Stangrecki (2020), Chughtai et al. (2015), Jankelová & Joniaková (2022), Lin (2010), Ugwu et al. (2014), and Wong et al. (2010) support the findings among various researchers that organizational trust plays a pivotal role in increasing employee engagement.

- The third major finding demonstrates that loyal employees also tend to be more engaged in their jobs (β=0.336, p<0.001). Employees who feel committed to and identify with the organization are more motivated to devote greater effort and become immersed in their roles. Bolstering ties binding staff and organizations could ignite heightened participation. The third finding of our study corresponds with the findings of Ensai et al. (2022), Ludviga & Kalvina (2016), Soliman (2023), and Zahra & Kee (2022), who support the findings of various researchers that a positive relationship exists between employee engagement and loyalty.

- Employee loyalty fully mediated the link between organizational trust and job engagement. While organizational trust directly affects engagement, its influence is also transmitted through enhanced loyalty. Nurturing trust serves to deepen employees’ loyalty and commitment, which in turn drives greater work engagement. The last finding from our study aligns seamlessly with the research results of Ferres et al. (2004), Phuong and Vinh (2020), and Shalabi (2019). This strengthens the consensus among diverse researchers that employee loyalty is a pivotal mediating factor in the correlation between organizational trust, work engagement, intention to quit, and employee performance.

Overall, the results emphasize the vital role that organizational trust plays in securing employee loyalty and spurring greater involvement in one's work. Initiatives to cultivate transparency, deliver on promises, show care for employees, and support their needs could strengthen trust bonds, loyalty, and engagement, positively impacting employee and organizational outcomes.
5. Conclusions

This study makes significant contributions to both theoretical understanding and practical applications in organizational dynamics, specifically focusing on the intricate connections among organizational trust, employee loyalty, and job engagement. Drawing from survey data collected from 268 employees spanning two private banks, the results distinctly reveal that organizational trust not only exerts a direct positive influence on employee loyalty but also, directly and indirectly through loyalty, significantly impacts job engagement.

From a theoretical standpoint, these findings align with established organizational behaviour theories, suggesting that employees cultivate a stronger sense of connection and commitment when they perceive their organization as trustworthy, open, and reliable. This heightened loyalty, in a reciprocal manner, propels increased motivation and active participation in their respective roles. Strategic initiatives geared toward fostering transparency, fulfilling promises, demonstrating care and support for employees, and meeting employees’ needs emerge as pivotal in fortifying trust within the organization.

In summary, this study provides valuable insights by shedding light on the indispensable role of organizational trust in cultivating employee loyalty and enhancing job engagement.

Limitations of the research

Recognizing specific limitations within this study is crucial. First, the data were exclusively sourced from employees within two private banks, thereby constraining the generalizability of the findings to a broader context. Furthermore, the reliance on self-report surveys introduces the potential for response biases, influencing the accuracy of the gathered information. To overcome these limitations and enrich the depth of understanding, future research could extend its scope to encompass a more diverse array of organizations and industries. Utilizing multisource data collection methods would offer a more comprehensive and nuanced perspective. Despite these limitations, it is crucial to underscore that this study significantly contributes to theoretical and practical realms by revealing the intricate dynamics of organizational trust and loyalty to heightened employee engagement.

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