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## **HOW EXTRINSIC REWARDS BUILD TRUST IN MILLENNIAL AND GEN Z EMPLOYEES?**

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### **Abstract**

*This study investigates the influence of extrinsic social and organisational rewards on trust towards employers, with a specific focus on how different types of rewards affect trust among employees from different generational cohorts, specifically Millennials and Generation Z. The study applies quantitative surveys to collect comprehensive information from employees who fall into the Millennial and Gen Z generations in different industries. The survey consists of questions about trust toward employer and extrinsic social and organizational rewards, such as coworker support, supervisor support, satisfaction with benefits and pay satisfaction and included total 222 participants. The research demonstrates that extrinsic social incentives, such as the support of supervisors and colleagues, greatly increase trust in employers. In contrast,*



*extrinsic rewards provided by an organisation, such as satisfaction with pay and benefits, do not have a notable influence on trust. The results emphasise the significance of interpersonal connections and social incentives in promoting trust within organisations. This research contributes to theoretical discussions in organisational behaviour by questioning the traditional emphasis on financial rewards and highlighting the significance of social interactions in the formation of trust. Organisations should prioritise improving interpersonal relations and fostering supportive work environments rather than focusing only on financial incentives to effectively establish trust.*

*Keywords: Trust toward employer, supervisor support, coworker support, pay satisfaction, benefits satisfaction*

## **INTRODUCTION**

Trust toward the employer is an important factor that shapes the performance and dynamics of modern organization. Trust can foster collaboration and knowledge sharing within and between organizations (Politis, 2003). In order to use available resources with maximum productivity depends much on teams inside the organization. Talking in this context, rewards can be powerful tool in the process of building trust inside one organization. Rewards, including financial, tangible, and intangible incentives, play a crucial role in satisfying employees from different generations in teams. According to Ferrin & Dirks (2003), trust is strongly influenced by reward structures.

Younger individuals consistently strive for new challenges in their professional pursuits. Thus, they possess the ability to effortlessly complete challenging and difficult tasks. Furthermore, the youngest cohort exhibits a profound desire to improve their knowledge and, as a result, should be provided with plentiful learning prospects within the professional environment. Due to these circumstances, it can be challenging to manage younger generations (Kunze et al., 2011). Given that Millennials and Generation Z compose an important part of the workforce, it is essential that companies have a full understanding of the various characteristics, preferences, and motivations that each generation holds. These generational cohorts play a significant role in shaping the contemporary business environment because of their unique values and expectations. The ability of organizations to effectively tailor their strategies, particularly in the area of trust creation, is an essential indicator in determining whether they will be able to successfully tap into the potential of these generations. Companies should establish a work environment that fosters the long-term dedication, contentment, and effective involvement of all generations in the labour force (Kunze et al., 2011).

Through the promotion of open communication, teamwork, and a sense of well-being among employees, trust contributes to the improvement of the employment environment. Increasing the level of trust that exists between employees increases the likelihood that they will care about their jobs and remain loyal to the company. As a result of this, gaining an understanding of trust levels and working to increase them are essential components of effective human resource management.

A generation is a group of people who are the same age and share a similar social context, experiencing similar social events (Mannheim, 2013). Generations are thought to possess different values, attitudes towards leadership, and behavior. The area in question is influenced by differences between generations in terms of their ability to remember information, their beliefs and principles, their drive, their preferences for how work should be done, and their comprehension of what it takes to be a successful leader (Arsenault, 2004). This article specifically analyses the two most recent cohorts in the labour force viz. millennials and Generation Z.

According to Gabrielova & Buchko (2021) millennials, also known as Generation Y or GenY, are individuals born between 1981 and 1995. Millennials are so named due to their upbringing in the digital era, which serves as an indication of arrival of the new millennium. Generation Z refers to the group of people born after 1995, who come after the millennials. Initial findings indicate that post-millennials have the potential to become the most diverse and highly educated generation to ever (Fry, 2018).

This research is supposed to find out the specific types of rewards that make employees more likely to trust to their employers. Using a survey-based research method with mixed-generational teams from different companies in Bosnia and Herzegovina, information were gathered that will help HR strategies and make the workplace more productive.

## LITERATURE REVIEW

Examining the differences between generations in the professional environment has gained significance, particularly in relation to the workforce comprising Millennials and Generation Z. Arsenault, (2004) emphasizes the significance of recognizing these variations as real matters of diversity and leadership. The focus is on understanding how generational differences can impact collaboration among individuals and the effectiveness of leaders in their roles. This topic holds significant importance in understanding the impact of external rewards on trust in employers within these specific groups. Trust in the workplace is a multifaceted concept that can be influenced by various factors, including leadership and rewards. In a study conducted by Casimir et al., (2006), the relationship between leadership and follower performance was examined, with a particular focus on the importance of trust in this dynamic.

Their findings emphasise the importance of trust in enhancing employee performance, a concept that is crucial for understanding the impact of rewards on trust.

Dietz, (2011) examines the factors that influence interpersonal trust and presents a theoretical framework for studying trust in organisational settings. This study is significant when examining how external social rewards can affect trust among employees. Similarly, Ferrin & Dirks, (2003) analyse the use of rewards to increase or decrease trust, offering valuable insights into the specific effects of various types of rewards. Support from supervisors and coworkers have a significant impact on how employees perceive trust in the workplace. According to a study conducted by Norman et al., (2010) it was found that exhibiting positive and transparent leadership significantly enhances trust in leaders. It can be inferred that establishing a reliable atmosphere can be enhanced by offering social rewards. Furthermore, Nazir et al., (2016) highlight the significance of organisational rewards in fostering organisational commitment, which is closely linked to trust.

Financial rewards and other benefits, which are external rewards, play a significant role in fostering trust within an organisation. In a study conducted by Malhotra et al., (2007), it was found that linking rewards to commitment in call centers in the United Kingdom led to higher levels of trust and reduced intentions to quit the job. As per the research conducted by Williamson et al., (2009), there is a correlation between collectivism and organisational rewards. This correlation can enhance emotional engagement to the organisation, afterwards impacting trust. When examining these dynamics, it is important to take into account the generational context. Fry, (2018) and Gabrielova & Buchko, (2021) provide demographic analysis on Millennials and Generation Z, focusing on their growing presence in the labour market and distinct management styles. Customised methods in reward strategies are necessary to establish trust when dealing with unique characteristics across generations.

In their study, Kunze et al., (2011) explore the challenges that arise when managing multiple generations in the workforce. They emphasise the significance of using leadership approaches that are customised for each generation. This perspective is crucial in establishing systems of rewards that effectively stick with both millennials and Generation Z employees. Mannheim, (2013) sociological analysis supports the importance of understanding how generational factors affect trust and organisational behaviour.

Overall, the literature indicates that both external social and organisational rewards play a crucial role in shaping the level of trust that Millennial and Generation Z employees have toward their employers. Having reward strategies that are effective and consider the characteristics of different generations is of extreme significance in today's labor market. The strategies should prioritise both social and financial incentives to foster a reliable environment

within the organisation. This review highlights the importance of understanding differences between generations and the complex nature of trust when creating effective reward systems.

### **Conceptual framework and hypotheses development**

Extrinsic rewards refer to concrete advantages provided by an organization, such as monetary incentives and advancements in job position. On the other hand, social rewards come from the way people interact with each other at work, including having positive relationships with supervisors and coworkers (Williamson et al., 2009). Gaining insight into the influence of these incentives on employee trust, specifically among the Millennial and Generation Z demographics, is crucial for proficient organizational administration.

#### ***Impact of Extrinsic Social Rewards on Trust Toward Employer***

Supervisor support and coworker support, which are extrinsic social rewards, have a substantial impact on how employees perceive trust within the organization. The foundation of this relationship is rooted in the level of interactions among employees and their supervisors or colleagues. Employees develop perceptions regarding the trustworthiness of their leaders by observing and evaluating their interactions, as stated by Casimir et al., (2006) and Wang & Hsieh (2013). Trustworthiness, in this context, includes the demonstration of ethical principles, conducting oneself with honesty, and sincerely prioritizing the welfare of others. This behavior promotes a feeling of pride among coworkers and instills trust in the knowledge, reliability, and integrity of leaders, which are essential elements of trust (Norman et al., 2010; TAN & Tan, 2000).

The research conducted by Malhotra et al., (2007) highlights the significance of social rewards. Their research conducted in call centers of retail banks in the UK provides evidence for the principles of exchange theory, emphasizing the role of both external and internal rewards in fostering emotional, moral, and sustained commitment among employees. The commitment, nurtured through efficient reward management tactics, strengthens confidence in organizational leaders and the organization as a whole (Dietz, 2011). Nazir et al., (2016) investigated the correlation between rewards and employee conduct among Chinese workers in both public and private sectors. Their research highlights the influence of social incentives on the level of dedication and intentions to leave an organization. These observations emphasize the crucial importance of supervisor and coworker assistance in promoting trust within the organization.

Proposed hypotheses based on mentioned literature:

**Hypothesis 1:** Extrinsic social rewards have impact on trust toward employer.

**Hypothesis 1a:** Supervisor support has impact on trust toward employer.

**Hypothesis 1b:** Coworker support has impact on trust toward employer.

### ***Impact of Extrinsic Organizational Rewards on Trust Toward Employer***

Employee commitment and performance can be greatly influenced by extrinsic organizational rewards, such as pay satisfaction and satisfaction with benefits. These rewards play a crucial role in maintaining and improving employee motivation and productivity. The study conducted by Malhotra et al., (2007) presents evidence supporting the theory that reward management strategies have a significant impact on employee dedication. Organizations can foster a sense of commitment among employees by effectively communicating expectations and offering fair compensation and benefits. This, in turn, helps to build trust between employees and their employers.

Trust is an essential component in the way people interact within an organization, and it has been carefully investigated. According to Mayer et al. (1995), trust is the act of being vulnerable to the actions of another person, based on the belief that they will act in one's best interests. According to Lewicki et al., (2006), trust is about having positive expectations when it comes to how others behave or communicate.

In their study, Mahmoud et al., (2024) examined the variations between generations in work environments, focusing on how different age groups perceive and respond to challenging circumstances. This study highlights the importance of comprehending the way Millennials and Generation Z individuals react to work-related difficulties and how these reactions affect their trust in the workplace. This study highlights the significance of organizational rewards in effectively managing generational differences and cultivating trust.

Proposed hypotheses based on mentioned literature:

**Hypothesis 2:** Extrinsic organizational rewards have impact on trust toward employer.

**Hypothesis 2a:** Pay satisfaction has impact on trust toward employer.

**Hypothesis 2b:** Satisfaction with benefits has impact on trust toward employer.

### **RESEARCH MODEL**

The research model (*Figure 1*) provides a structured approach to examining the relationships between extrinsic social rewards, extrinsic organizational rewards, and employee trust toward their employer. The model identifies two main categories of extrinsic rewards:

#### **Extrinsic Social Rewards:**

- Supervisor support
- Coworker support

#### **Extrinsic Organizational Rewards:**

- Pay satisfaction
- Satisfaction with benefits

According to the research model, these rewards have an effect on the level of trust that employees, particularly members of Generation Z and Millennials, have in their employer. A correlation between the effective management of social and organizational rewards and the strengthening of trust in the workplace, which ultimately leads to improved organizational outcomes, is suggested by the model. By incorporating findings from a number of different studies, this conceptual framework offers an in-depth overview of the ways in which extrinsic rewards influence the trust that employees have in organizations. The hypotheses that are derived from this framework serve as a guide for empirical research of these relationships. These hypotheses provide beneficial insights for organizational leaders who are attempting to cultivate a workforce that is trustworthy and committed.

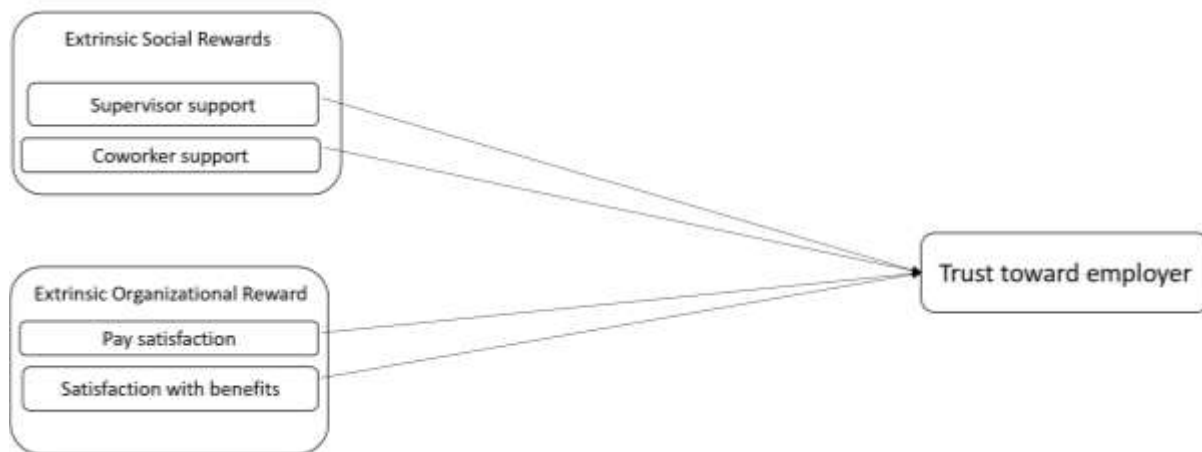


Figure 1: Research model

## METHODOLOGY

### Sample and data collection

The study included a total of 222 participants. Generation Z constituted the majority with a proportion of 65.3%, whereas Millennials made up 34.7%. The study utilized a random stratified sampling technique to select companies from across Bosnia and Herzegovina. The key factor used to determine the participants for the study was their generational cohort. Therefore, the sample was limited to individuals exclusively from the Millennial (1981-1996) and Generation Z (1997-2012) cohorts. It was important to make this distinction so that research findings could provide a look into the unique attitudes and behaviors of these younger generations. In order to engage potential participants, social media platforms were used, with a particular focus on LinkedIn, because of its professional networking environment. This method allowed for easy access to a wide range of individuals with different professional backgrounds,

ensuring that the findings obtained accurately represented the current generation of workers in the country.

Table 1: Sample characteristics

Variable	Demographics	Number	%
Gender	M	84	37.8%
	F	138	62.2%
Generation	Millennials (1981-1996)	77	34.7%
	Gen Z (1997-2012)	145	65.3%
Education	High school graduate	55	24.8%
	Bachelor's degree	100	45.0%
	Master's degree	62	27.9%
	Doctorate degree	5	2.3%
Experience	Less than 1 year	69	31.1%
	1-3 years	91	41.0%
	4-6 years	35	15.8%
	7-10 years	13	5.9%
	More than 10 years	14	6.3%
Employee status	Online	114	51.4%
	From the office	26	11.7%
	Hybrid	83	37.4%
Industry	Administrative and business services, consulting, recruiting, legal services	28	12.6%
	Economics, finance and banking	18	8.1%
	Information Technology (IT)	47	21.2%
	Commercial industry and sales	10	4.5%
	Creative industry (art and design, media and entertainment, marketing and advertising)	35	15.8%
	Education and research	30	13.5%
	Technical and engineering services (construction sector, manufacturing and distribution of electronics, engineering and technical services, research and development)	16	7.2%
	Tourism, catering and other service activities	18	8.1%
	Healthcare and pharmaceutical industry	13	5.9%
	Sport	1	0.5%
	NGO	6	2.7%



## **Research design and instrumentation**

In this study, a quantitative survey methodology is utilised to investigate the impact of extrinsic rewards on trust towards employers among employees belonging to the Millennial and Generation Z generations. Both extrinsic social rewards (such as support from supervisors and support from coworkers) and extrinsic organisational rewards (such as pay satisfaction and satisfaction with benefits) are incorporated into the research design in order to conduct an in-depth investigation into the impact that these types of rewards have on trust.

### ***Extrinsic social rewards***

The House and Dessler (1974) developed construct that was used to measure supervisor support. This model consists of six components that evaluate different aspects of supervisor behavior (such as availability, fairness, and expertise) that are essential for the perception of supervisor support. The participants of the study were requested to rate, using a five-point scale ranging from 1 (indicating "strongly disagree") to 5 (indicating "strongly agree"), the degree to which their relationship with their supervisor contributes to their sense of support in the workplace.

The items developed by Malhotra et al. (2007) was used to measure coworker support. This construct consists four items specifically designed to assess the supportive dynamics among colleagues in the workplace. These items specifically evaluate the effectiveness of colleagues in completing tasks, satisfaction with their supportive attitude, their contributions to team efforts in customer service, and the prevalence of cooperation rather than competition among peers. The study participants were requested to assess their level of agreement with these statements using a five-point scale, ranging from 1 ("strongly disagree") to 5 ("strongly agree"). This was done to ascertain the impact of co-worker support on their work environment and overall job satisfaction.

### ***Extrinsic organizational rewards***

The pay satisfaction measurement utilized the construct developed by Malhotra, Budhwar, and Prowse (2007). This scale consists of three items designed to evaluate individuals' perceptions of fairness and satisfaction regarding the compensation they receive for their work. These perceptions are assessed in relation to the job itself and in comparison to other organisations. These items specifically assess the overall satisfaction regarding the level of pay received, the satisfaction with pay in comparison to other well-known organisations, and the perception of fairness in compensation relative to the work performed. The study

participants were requested to indicate their degree of agreement with these statements using a five-point scale, where 1 represented "strongly disagree" and 5 represented "strongly agree".

The Spector (1997) developed construct that was used to measure satisfaction with benefits. This construct consists of two items specifically created to assess employees' satisfaction with their fringe benefits package, which includes a range of elements such as provided housing, parking, support for professional development (such as conferences and certifications), season tickets to events, and long-term sick day compensation. Furthermore, it evaluates the extent to which the benefits package measures up to those provided by other organisations. The study participants were asked to evaluate their satisfaction with various aspects of their employment using a scale from 1 ("strongly disagree") to 5 ("strongly agree").

### ***Trust toward employer***

The Hon and Grunig (1999) developed construct that was used to measure trust towards employers. The construct involves four items that evaluate employees' perceptions of their company's reliability, integrity, and accessibility in decision-making procedures. The items specifically assess the extent to which employees perceive the company's willingness to consider their interests in significant decisions, the company's reliability in fulfilling its commitments, the integration of employee opinions in company decisions, and the employees' trust in the company's capabilities. The study participants were requested to indicate their level of agreement with these statements using a five-point scale, ranging from 1 ("strongly disagree") to 5 ("strongly agree"), in order to assess their level of trust towards the company.

Table 2: Research variables scale

<b>Name of variable</b>	<b># of item scale</b>	<b>References</b>
<b>Extrinsic Social Rewards</b>		
Supervisor support	6 items scale	House and Dessler (1974)
Coworker support	4 items scale	Malhotra et al. (2007).
<b>Extrinsic Organizational Reward</b>		
Pay satisfaction	3 items scale	Malhotra, Budhwar and Prowse (2007)
Satisfaction with benefits	2 items scale	Spector (1997)
Trust toward employer	4 items scale	Hon and Grunig (1999)

### **Data analysis**

The data of the study was analyzed using the SPSS software program. The reliability of the scales was evaluated using Cronbach's alpha coefficient, while the original structure of the

factor was examined through exploratory factor analysis. Descriptive statistics were used to analyze and summarize the demographic data of the participants. Pearson's correlations were employed to illustrate the relationship between supervisor support, coworker support, trust toward employer, pay satisfaction and satisfaction with benefits. The following section provides a concise overview of the findings.

## RESULTS

### Initial analysis

The construct validity of the scales utilized in this study has been evaluated by exploratory factor analysis. The varimax approach was used for the component rotations. The principal component analysis has been used as the factor extraction method. The definitive composition of dimensions and elements was achieved in the initial round. Table 3 illustrates the factor loadings and Cronbach's alpha.

Table 3: Factor Loadings and Coefficient Alpha for supervisor support, coworker support, trust toward employer, pay satisfaction and satisfaction with benefits

Name of the item:	Factor loading:	Cronbach's Alpha
<b>ITEMS Supervisor support</b>		0.943
SS1 My supervisor is approachable.	0.773	
SS2 My supervisor helps make my job more pleasant.	0.767	
SS3 My supervisor treats all the workers as his/her equal.	0.748	
SS4 I am satisfied with the technical competence of my supervisor.	0.927	
SS5 I am satisfied with my supervisor's ability to lead me.	0.972	
SS6 I am satisfied with the way my supervisor helps me achieve my goals.	0.858	
<b>ITEMS Coworker support</b>		0.889
CS1 My co-workers are helpful to me in getting my job done.	0.835	
CS2 I am satisfied with the supportive attitude of my co-workers at work.	0.945	
CS3 Everyone contributes to a team effort in serving customers.	0.765	
CS4 My co-workers and I co-operate more often than we compete.	0.688	

<b>ITEMS Trust toward employer</b>		0.875
TTE1	Whenever this company makes an important decision, I know it will be concerned about me.	0.873
TTE2	This company can be relied on to keep its promises.	0.717
TTE3	I believe that this company takes my opinions into account when making decisions.	0.903
TTE4	I feel very confident about this company's skills.	0.553
<b>ITEMS Pay satisfaction</b>		0.925
PS1	I am satisfied with the amount of pay I receive for the job I do.	0.949
PS2	I am satisfied with my pay considering some other organizations I know of.	0.816
PS3	I feel I am paid fairly considering the work I do.	0.918
<b>ITEMS Satisfaction with benefits</b>		0.892
SWB1	I am satisfied with the fringe benefits package (University-provided housing/ parking / vehicle, support for conference/ meetings/ licenses/ certificates, season tickets to events, long term sick day pay).	0.977
SWB2	The fringe benefits package is as good as other organizations offer.	0.767

Based on the data presented in Table 3, it can be concluded that the factor loadings for both the independent and dependent variables in this study are deemed significant, with values of  $\pm 0.50$  or greater. This suggests that the variables exhibit a strong relationship with the factors they are designed to assess. The reliability test results provide additional evidence of the durability of these variables. The independent variable of supervisor support exhibits strong reliability, as evidenced by a Cronbach's alpha ( $\alpha$ ) coefficient of .943, indicating a high degree of internal consistency. The reliability of coworker support is high, with a coefficient alpha ( $\alpha$ ) of .889. Satisfaction with benefits also demonstrates high reliability, with an  $\alpha$  of .892. Pay satisfaction, on the other hand, exhibits excellent reliability, with an  $\alpha$  of .925. The high reliability scores indicate that the measures for these independent variables consistently capture the underlying constructs they are intended to assess.

The reliability of the dependent variable, trust towards the employer, is also strong with a coefficient alpha ( $\alpha$ ) of .875, which further confirms the reliability of this measure. The consistent reliability of both independent and dependent variables in this study enhances the overall

validity of the findings, indicating that the results can be trusted to accurately reflect the relationships being investigated. The strong factor loadings and high reliability scores indicate that the instruments utilised in this study are both valid and reliable. This establishes a solid basis for interpreting the data and drawing significant conclusions regarding the dynamics of supervisor support, coworker support, satisfaction with benefits, pay satisfaction, and trust towards the employer.

### Test of the hypotheses

Prior to hypotheses testing, it was important to identify the correlation and strength between variables of supervisor support, coworker support, satisfaction with benefits, pay satisfaction and trust toward employer, the correlation analysis was done.

Table 4. Mean, standard deviations, and correlations

Variables	Means	SD	1	2	3	4	5
1 - Supervisor support	3.9189	1.09086	1				
2 - Coworker support	4.2173	0.86328	.534**	1			
3 - Trust toward employer	3.4471	1.01642	.643**	.378**	1		
4 - Pay satisfaction	3.2162	1.22784	-0.020	0.013	0.066	1	
5 - Satisfaction with benefits	3.0045	1.34366	-0.098	-0.066	-0.054	.558**	1

The correlation analysis presented in Table 4 demonstrates statistically significant relationships among the variables. The mean value for supervisor support is 3.9189, suggesting that participants in the study perceive a moderate level of support from their supervisors. This variable demonstrates a strong positive correlation with coworker support ( $r = .534^{**}$ ,  $p < .01$ ) and trust towards the employer ( $r = .643^{**}$ ,  $p < .01$ ). This implies that individuals who perceive support from their supervisors are likely to have supportive relationships with their coworkers and demonstrate a higher level of trust in their employer.

The average coworker support score of 4.2173 indicates a relatively strong perception of support from colleagues. The variable exhibits a positive correlation with trust towards the employer ( $r = .378^{**}$ ,  $p < .01$ ), suggesting that having supportive relationships with coworkers is linked to higher levels of trust in the employer. The variable of pay satisfaction has the lowest score, with a mean of 3.2162. This could indicate a general dissatisfaction with the compensation or suggest that respondents' expectations are not completely fulfilled. The correlations between this variable and other variables are not statistically significant.

Ultimately, there is a positive relationship between satisfaction with benefits and pay satisfaction, with a correlation coefficient of .558\*\* and a significance level of  $p < .01$ . This suggests that individuals who are satisfied with their pay are also likely to be satisfied with the benefits offered by their employer. To summarize, the data indicates that the social support dynamics in the workplace, including support from supervisors and colleagues, are vital in promoting trust towards the employer.

Table 5: Summary of hypotheses results

Hypothesis number	Hypothesis	Supported/not supported
H1	Extrinsic social rewards have impact on trust toward employer.	$(p \leq .001)$ - Supported
H1a	Supervisor support has impact on trust toward employer.	$(p \leq .001)$ - Supported
H1b	Coworker support has impact on trust toward employer.	$(p \leq .001)$ - Supported
H2	Extrinsic organizational rewards have impact on trust toward employer.	$(p \geq .1)$ – Not supported
H2a	Pay satisfaction has impact on trust toward employer.	$(p \geq .1)$ – Not supported
H2b	Satisfaction with benefits has impact on trust toward employer.	$(p \geq .1)$ – Not supported

The data presented in the table above indicate that Hypothesis 1 (including H1a and H1b) is supported, while Hypothesis 2 (including H2a and H2b) is not supported. Based on this information, it can be concluded that the support provided by supervisors and coworkers influences the level of trust an employee has towards their employer. However, factors such as satisfaction with pay and benefits do not have a direct impact on an employee's trust towards their employer.

## DISCUSSION

This study's findings provide a nuanced understanding of how extrinsic social and organizational rewards influence trust toward employers among Millennial and Generation Z employees. The results reveal significant impacts of social rewards, such as supervisor and coworker support, on trust, while organizational rewards, including pay satisfaction and benefits, do not show a notable influence. These findings offer several insights when compared to previous research and contribute to both theoretical and practical domains.

Previous studies have highlighted the importance of both social and organizational rewards in fostering trust within organizations. For instance, Ferrin & Dirks, (2003) emphasized

the role of rewards in trust-building, suggesting that both financial and social rewards are crucial. Similarly, Nazir et al., (2016) pointed out the significance of organizational rewards in enhancing commitment and, subsequently, trust. However, findings of this research diverge from this perspective by indicating that while social rewards are pivotal, organizational rewards do not significantly impact trust. This aligns with Dietz, (2011), who highlighted the importance of interpersonal trust factors over tangible rewards.

Moreover, Casimir et al. (2006) and Norman et al. (2010) underscored the role of leadership and coworker support in building trust, which this study confirms by demonstrating strong correlations between supervisor and coworker support and trust toward employers. These results suggest a shift in understanding the dynamics of trust, emphasizing relational and social aspects over traditional financial incentives.

### **Practical Implications**

This study offers practical insights that can be put into practice by managers in organizations and professionals in human resources. The study proposes that organizations should allocate resources towards training programs that improve interpersonal skills and emotional intelligence among leaders and staff, based on the demonstrated impact of supervisor and coworker support, as well as the influence of social rewards. Implementing initiatives that foster team collaboration and cultivate a supportive culture can play a crucial role in enhancing trust.

The findings suggest that organizations should reconsider the design of their reward systems. Organizations should shift their focus from financial incentives such as pay raises and bonuses, which had little effect on trust, to the development of recognition programs that acknowledge and reward contributions to team efforts and community involvement. These initiatives have the potential to create a work environment that is more supportive and to strengthen trust throughout the company. Promoting strong interpersonal relationships and fostering real support from colleagues and supervisors can result in increased organizational loyalty and trust.

### **Theoretical Implications**

This study's findings enhance theoretical understanding in organizational behavior by highlighting the significance of interpersonal dynamics in the establishment of trust within organizations. This study questions traditional theories that emphasize the importance of tangible rewards and compensation structures in shaping employee behavior and attitudes. Instead, it suggests that trust in employers is closely linked to the quality of interpersonal

interactions and social rewards. This perspective enhances the theory by proposing that the emotional and relational elements of work life are crucial in the formation of trust. This aligns with and builds upon social exchange theory, which suggests that social behavior is driven by an exchange process that seeks to maximize benefits and minimize costs.

The evidence supporting hypotheses regarding extrinsic social rewards, supervisor support, and coworker support suggests that these factors play an important role in influencing the trust toward employer. This highlights the necessity to modify and expand current trust models in organizational environments to specifically incorporate these social and supportive contexts.

### **Limitations and Future Directions**

This study, although offering valuable insights into the dynamics of trust within organizations, has several limitations that need to be acknowledged. The study's use of self-reported measures may introduce response biases, including social desirability bias, where participants may report behaviors or attitudes in a manner they perceive as favorable rather than accurate. Additionally, the study's emphasis on particular categories of rewards and support may not include other significant factors that could impact trust, such as organizational culture or leadership behavior that is not limited to supervisory or coworker support. The generalizability of the findings may also be restricted if the sample does not adequately represent a wider array of industries or geographical locations.

In order to overcome these limitations, future research should utilize a combination of qualitative interviews and quantitative measures through a mixed-methods approach can offer a more comprehensive understanding of the process of trust formation within organizational settings. This approach allows for an investigation of dynamics that may not be completely captured by depending only on quantitative measures. In addition, future research could broaden the investigation to include intangible factors, such as job autonomy, professional development opportunities, and improvements in quality of life. These elements could also have an impact on trust. Replicating this study across diverse industries and cultural contexts would improve the external validity and generalizability of the findings, thus providing additional benefits.

### **CONCLUSION**

This study investigated the correlation between different types of rewards and employees' trust in their organization, with a specific focus on how various forms of rewards impact trust towards employers. The study's results suggest that external social rewards,



support from supervisors, and support from coworkers have a significant impact on trust towards the employer. However, the influence of extrinsic organizational rewards, pay satisfaction, and satisfaction with benefits on trust was found to be insignificant.

The supported hypotheses indicate that interpersonal factors in the workplace, such as positive interactions with supervisors and colleagues, along with social rewards, are essential in establishing trust. These elements create a sense of trust by developing interpersonal and personal connections within the organization. On the other hand, the absence of significant findings regarding external rewards provided by organizations and individual satisfaction related to pay indicates that trust in the employer may rely less on monetary incentives and more on the quality of daily interactions.

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