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THE IMPACT OF TRUST AND OPPORTUNISTIC BEHAVIOR OF EMPLOYEES ON BUSINESS PERFORMANCE: CASE STUDY IN VIETNAM

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ABSTRACT

The study aimed to evaluate the direct and indirect effects of employees' trust and opportunistic behavior on business performance through intermediaries, engagement, and knowledge sharing. Using quantitative research methods through analysis of linear structure model SEM, the study surveyed 884 samples at companies in Vietnam. The findings showed that trust and opportunistic behavior affect the business performance of companies through intermediaries directly and indirectly. In particular, trust has a positive effect, while opportunistic behavior has a negative effect. In addition, the study also showed a positive impact of employee engagement on knowledge sharing. Based on these results, it is essential to encourage the sharing of information between employees and managers as well as to improve knowledge-sharing activities inside and outside enterprise. Enterprises should strengthen activities that supervise the working processes of all employees in the organization. Businesses should focus on building a harmonious working environment and promoting the spirit of solidarity among individuals, colleagues and managers.

Keywords: Trust, Engagement, Knowledge sharing, Business performance.

INTRODUCTION

Business performance is a very important goal for every business and it is of great significance for business or investment decisions. According to Rose (2002), business performance reflects the capacity of the management team to maintain the growth of revenue, investment activities compared to the increase in costs. Business efficiency is measured by market share, quality of goods and services, labor productivity, frequency of introduction of new products and patents, satisfaction, and maintenance of the workforce.

To date, many authors have pointed out the relationships among trust, opportunistic behavior, and business performance of enterprises. Most of the research results, such as those of Klein and Rai (2009), have agreed that trust has a positive effect on business performance. Ozmen (2019) argues that most businesses strive to build and maintain reliable relationships with their various stakeholders, in which maintaining trust with employees is especially important. Trust is seen as a source of corporate capital that reduces transaction costs, enhances knowledge sharing, thereby promoting effectiveness in management and business decisions (Kramer, 1999). Trust in managers and businesses allows employees to focus on manufacturing activities (Mayer and

Gavin, 2005). Building trust in the business works in improving positive behavior on the part of nature, promoting employees to be productive, and contributing to the business growth of the organization (Mayer and Gavin, 2005; Wong *et al.*, 2003). Most small- and medium-scale Vietnamese businesses have been creating a lot of pressure on managers and also significantly have influenced the professional competence and efforts of employees because of bulky apparatus and unprofessional, ineffective working processes. Additionally, employees' trust in many Vietnamese businesses has not been clearly shown; they still have doubts about the relationship between their efforts, expectations, and contributions in work and the fairness in performance evaluation and the policies and attitudes of superiors towards them.

Based on theoretical research and survey data from Vietnamese enterprises, the present research was conducted to evaluate the direct and indirect influence of employees' trust and opportunistic behavior on business performance, clarifying the intermediary role of engagement and knowledge sharing.

Theory and Research Model

Trust, Opportunistic Behavior, and Business Performance

Trust is how a person feels and has confidence in something. Employee confidence in the business is defined in different ways (Hodson, 2004). Trust is used to express employees' thoughts, views, and perceptions of the business. Appropriate views on what is permitted and not allowed to be done. Those thoughts lead to certain actions and consistent directions. Opportunistic behavior is a negative behavior that leads to undesirable results for the organization. Opportunistic behavior involves evasion of responsibility, individualism, and profitability based on the results of the organization (Leeson, 2011). The types of opportunistic behavior include evasion, denial of useful activities, and fraud in the enterprise (Ko *et al.*, 2018). Business performance is a category that reflects the level of taking advantage of resources to achieve defined business goals. From a system point of view, trade efficiency is seen as a group of standards used to measure the effectiveness of action.

In this study, in addition to the two main factors—trust and opportunistic behaviors—the authors analyzed the mediating role of engagement and knowledge sharing in the relationships among trust, opportunistic behavior, and business performance.

Engagement with the organization is generally defined as strength based on the relationship of the close bond of the individual and its participation in the organization and is a factor that creates a connection between workers and organizations (Meyer *et al.*, 1997). Meyer and Allen (1991) developed a three-element concept of engagement with the organization, which refers to emotionally-based cohesion, calculation-based cohesion, and norm-based cohesion. Work engagement is the individual's responsibility and commitment to doing work. Employees who are engaged with their work focus highly on completing the work.

According to Hari *et al.* (2005), knowledge sharing is the process or activity whereby existing knowledge in an organization is transferred from its holders to others. Knowledge sharing is one of the highly significant phases of the knowledge management procedure.

Hypotheses



Employee trust affects every aspect of the business. If trust is built, the business will save time and money to maintain relationships with employees in the business and external partners. Vishwanath and Muahammad (1979) pointed to three factors that influence workers' engagement with the organization including demographics, context, and work factors. Stone and Porter (1975) also emphasized the work elements that are seen as key to determine employee involvement in the organization.

H1: Trust has a positive influence on employee engagement in businesses in Vietnam.

In human resources management, employee engagement with the business is important, as an intermediary in the correlation between management efficiency and employee performance (Si and Li, 2012). Igbaria *et al.* (1995) also emphasized the importance of cohesion as a forecast for employee behavior within the organization. Types of opportunistic behavior have a negative effect, more or less on the performance of each member of the organization.

H2: Opportunistic behavior has a negative effect on employee engagement in businesses in Vietnam.

The correlation between trust and knowledge sharing has always been a topic of interest to a wide range of researchers. Engstrom (2003) argued that employees' job satisfaction and trust in career prospects will affect knowledge sharing. According to Wheatley (2000), many employees will share their knowledge voluntarily if they find sharing important to their work and at the same time feel encouraged to share.

H3: Trust has a positive influence on the knowledge sharing of employees in businesses in Vietnam.

Riege (2005) mentioned some personal factors that hinder knowledge sharing, such as lack of awareness, differences in position and rank, the experience of power, lack of interaction, and lack of social connection. Among these factors, opportunistic behavior is referred to as a factor that influences in a negative direction, limiting the exchange of information, sharing of knowledge, and the work experience of employees.

H4: Opportunistic behavior has a negative effect on knowledge sharing of employees in businesses in Vietnam.

In the corporate apparatus, trust has significant importance to the performance of the organization. Trust is seen as an essential factor for workplace relationships, it affects employee satisfaction, retention, and productivity. Research by Guinot *et al.* (2014) mentioned trust as a factor that positively influences the organization's performance. Trust with the organization helps employees be more motivated and reassured at work; therefore, they tend to devote more to the organization, contributing to business performance and sustainability.

H5: The trust of employees in the organization has a positive effect on business efficiency in Vietnam.

As stated by Katsikeas *et al.* (2009), trust plays a role in the relationship of opportunistic behavior to business performance. Opportunistic behavior and business performance are considered as two opposite factors in an organization.



H6: *Employees' opportunistic behavior has a negative effect on business efficiency in Vietnam.*

In the studies conducted by Allen and Meyer (1990); Mowday *et al.* (1982); Shaw *et al.* (2003); Imran Ali *et al.* (2010) the impact of involvement on the process and performance of employees in the business was demonstrated. Similarly, Mansour *et al.* (2014) and Phan (2019) believe that the engagement of employees has a positive relationship to human resource management as well as business efficiency.

H7: *Employees' involvement has a positive effect on business efficiency in Vietnam.*

As declared by Binsawad *et al.* (2017), there is an effect of knowledge sharing on business performance. Podug *et al.* (2017) also suggested that the knowledge-sharing process has a positive effect on the organization's ability to innovate.

H8: *Employees' knowledge sharing has a positive influence on business performance in Vietnam.*

To strengthen organizational relationships, solidarity, and knowledge sharing, enterprises can establish a variety of measures, with an emphasis on increasing employee engagement with the organization in the business. Chalkiti (2012) studied the factors affecting knowledge sharing, confirming that commitment and engagement with an organization have a positive correlation with knowledge sharing.

H9: *Engagement has a positive effect on knowledge sharing of employees in businesses in Vietnam.*

The model of the correlation between opportunistic behavior, employee engagement, and business performance is presented in **Figure 1**.

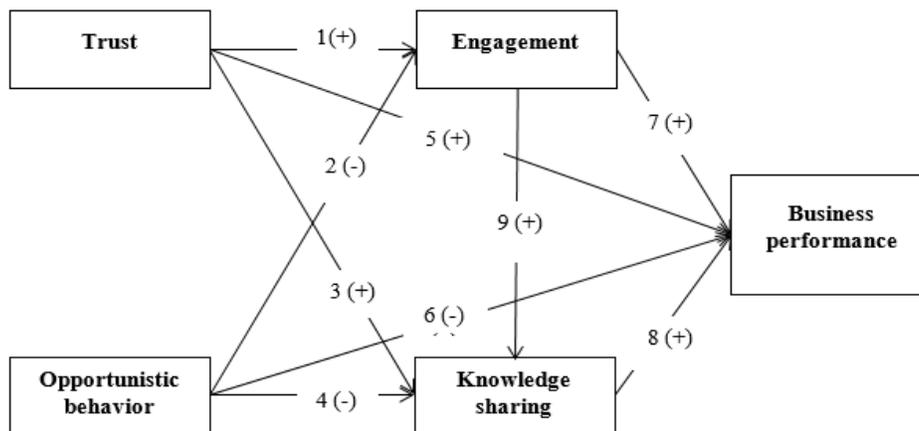


Figure 1. Research Model

MATERIALS AND METHODS

Measurement Scales

According to the theoretical review and relevant study background, the authors proposed a research model with independent and intermediate variables such as trust, opportunistic behavior, engagement, knowledge sharing, and the target variable, that is, business efficiency. The study applied a five-item Likert scale (Strongly agree; Agree; Normal; Disagree; Strongly

disagree). The indicators assessing the applied variables were modified based on the specifications of samples from previous studies.

The “Trust” variable (*TR*) used a scale of Morgan and Hunt (1994) with five observations; “Opportunistic behavior” (*OPB*) used a scale of Katsikeas *et al.*, (2009), including five observations; “Engagement” (*EN*) used a scale of Meyer *et al.* (1993) consisting of five observations; “Knowledge sharing” (*KS*) used a scale of Chennamaneni (2006) with six observations; and “Business performance” (*FP*) used a scale of Huselid (1995) of six observations.

Data Collection and Sampling

The convenience sample selected by the nonprobability sampling method was relatively stratified by provinces and localities in Vietnam. The unit of analysis was an employee in a Vietnamese enterprise. The sample size for the collection was 884 samples. The data collection was done in two ways: direct and online questionnaires. 752 online questionnaires were gathered, of which 396 were usable. For the direct survey, 850 questionnaires were issued, 546 were collected, and 488 were valid. The total number of valid questionnaires applied for analysis was 884. According to the study of Hair *et al.* (1998) for reference to the sample size, the minimum sample size is five times the total number of observed variables. With 27 research observations, the sample size of 884 ensures analytic requirements. The data collection took place from October 2019 to February 2020.

Data Analysis Method

This study applied quantitative methods. After collection and cleaning, the data were processed through SPSS and Amos. Firstly, the reliability of the scale was assessed, with a Cronbach’s alpha value > 0.7 . Secondly, the EFA discovery factor was analyzed to determine “convergent values” and “discriminant values of the scale”. After that, AMOS was used to evaluate the suitability of the research model through the CFA test. Eventually, the research hypotheses were examined using the SEM model.

RESULTS AND DISCUSSION

Reliability of the Scale

The Cronbach’s alpha test analysis in **Table 1**, evaluating the reliability of the scale used in the analysis, showed coefficients of all variables > 0.7 . However, the KS5 indicator, which has Cronbach’s alpha if the Item Delete coefficient is 0.891, is larger than the Cronbach’s alpha coefficient of the KS indicator (0.886). FP3 indicator, which has a Cronbach’s alpha if Item Delete coefficient is 0.941, is greater than the Cronbach’s alpha coefficient of the FP variable (0.907). So, to enhance the suitability of the scale, the research performed KS5 and FP3 indicators.

Table 1. Reliability of the Scale Assessed by Cronbach’s Alpha Coefficients

<i>No.</i>	<i>Variable</i>	<i>Code</i>	<i>Cronbach’s alpha coefficient</i>
1	Trust	TR	0.873
2	Opportunistic behavior	OPB	0.842
3	Engagement	EN	0.813



4	Knowledge sharing	KS	0.891
5	Business performance	FP	0.941

EFA Analysis

Following the test for the compatibility of the scale, EFA discovery factor analysis was completed for independent, intermediate, and dependent variables. The analysis findings in **Table 2** showed that the data was eligible for analysis due to the load factor coefficient > 0.5, satisfying the two conditions of “convergence value” (observation variables converge on the same factor) and “distinctive value” (observed variables that belong to one factor are distinguished from another).

Table 2. Findings of EFA Factor Analysis

EFA analysis	KMO coefficient	P-value	Variance extracted	Load factor coefficient	Conclusion
Independent variables and intermediate variables	0.898	0.000	64.178	Ensure analysis requirements	Ensure analysis requirements
Dependent variables	0.901	0.000	80.895	Ensure analysis requirements	Ensure analysis requirements

CFA Analysis

The study findings revealed the proportionality of the assessment model, chi-square = 651.560, df = 265, chi-square/df = 2.459 (< 3), P = 0.000, GFI = 0.943 (> 0.9), TLI = 0.966 (> 0.9), CFI = 0.970 (> 0.9), RMSEA = 0.041 (< 0.05).

SEM Linear Structure Model Analysis

Investigation of the SEM model for the research model showed that the general indicators were satisfactory, chi-square = 720.260, df = 266, chi-square/df = 2.708 (< 3), P = 0.000, GFI = 0.937 (> 0.9), TLI = 0.960 (> 0.9), CFI = 0.964 (> 0.9), RMSEA = 0.044 (< 0.05).

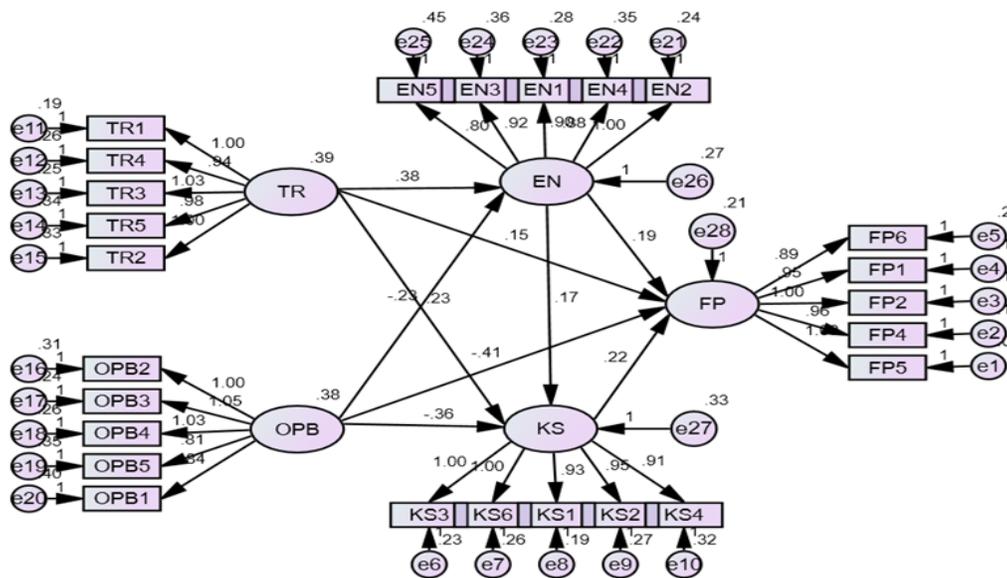


Figure 2. SEM Model Analysis

The findings of investigating the correlations in **Figure 2** showed that the research model was suitable. All hypotheses with a significance level of $P < 0.05$ were accepted.

Especially, with hypotheses H1 and H2, the study aimed to test the influence of factors on employee engagement and commitment in businesses in Vietnam. The study findings indicated that hypothesis H1 had a significance level of $p < 0.05$ and the regression weight was $0.376 > 0$, indicating that trust has a positive effect on employee engagement. Meanwhile, hypothesis H2 had a regression weight of $-0.226 < 0$. Therefore, opportunistic behavior has a negative effect on employee engagement in businesses. These findings are consistent with similar researches including those of Vishwanath and Muahammad (1979); Stone and Porter (1975); Ighbaria *et al.* (1995) and Si and Li (2012).

Hypotheses H3 and H4 examined the effects of factors on knowledge sharing of employees in Vietnamese businesses. The research results in **Table 3** showed that hypothesis H3 had a significance level of $p < 0.05$ and a regression weight of $0.234 > 0$. Therefore, trust has a positive influence on employees' knowledge-sharing level. Hypothesis H4 had a regression weight of $-0.363 < 0$, indicating that opportunistic behavior has an opposite effect on employee knowledge sharing. These findings are analogous to the studies of Engstrom (2003), Wheatley (2000), Ismail and Yusof (2009), and Riege (2005).

With hypotheses H5, H6, H7, and H8 assessing the direct effect of corporate social responsibility factors on business efficiency in companies in Vietnam, the results in **Table 3** showed that the hypotheses were accepted with a significance level of $p < 0.05$. Particularly, with a regression weight of $-0.414 > 0$, it can be deduced that the opportunistic behavior factor has a negative effect on business efficiency. At the same time, with regressions > 0 , trust, engagement, and knowledge sharing of employees all positively affect the business performance. The order of effect is defined as knowledge sharing with a regression weight of 0.223, engagement of 0.187, and trust of 0.146. These findings are in line with the studies such as Guinot *et al.* (2014), Katsikeas *et al.* (2009), Mowday *et al.* (1982), Allen and Meyer (1990), Shaw *et al.* (2003), Imran Ali *et al.* (2010), Mansour *et al.* (2014), Binsawad *et al.* (2017), Podug *et al.* (2017).

Thus, by accepting all the assumptions, it can be concluded that both employees' trust and opportunistic behaviors have direct and indirect effects on Vietnamese business efficiency through two intermediaries: engagement and knowledge sharing. In addition, hypothesis H9, examining the effect of employees' knowledge sharing on businesses in Vietnam, is also accepted with a p-level of $0.000 < 0.05$ and a regression weight of $0.171 (< 0)$ (**Table 3**). Therefore, cohesion has a positive influence on the knowledge sharing of employees.

Table 3. SEM Analysis Results for the Relationships in the Model

Hypothesis	Relationship	Mean	S.E.	C.R.	P	Conclusion
H1	EN <--- TR	0.376	0.037	10.060	0.000	Accepted
H2	EN <--- OPB	-0.226	0.037	-6.170	0.000	Accepted
H3	KS <--- TR	0.234	0.042	5.574	0.000	Accepted
H4	KS <--- OPB	-0.363	0.042	-8.747	0.000	Accepted
H5	FP <--- TR	0.146	0.034	4.277	0.000	Accepted
H6	FP <--- OPB	-0.414	0.037	-11.274	0.000	Accepted
H7	FP <--- EN	0.187	0.038	4.876	0.000	Accepted
H8	FP <--- KS	0.223	0.033	6.760	0.000	Accepted



CONCLUSION

Based on relevant works, this study used a research model including the variables of trust, opportunistic behavior, engagement, and knowledge sharing of employees, examining the direct and indirect impacts of trust and opportunistic behavior to the target variable (business efficiency). With the context of businesses in Vietnam, the results showed that trust and opportunistic behavior both directly and indirectly affect business performance through two intermediaries: engagement and knowledge sharing. In particular, trust has a positive effect and opportunistic behavior has a negative effect. Based on these results, the authors propose the following solutions to improve business performance.

First, regarding the trust of employees, it is essential to encourage the sharing of information between employees and managers. Taking the time to communicate directly with employees, managers should understand the difference in benefits between public expression and communicating with each employee, promotes collectivism and harmony, and creates trust among members of the organization.

Second, in terms of opportunistic behavior, enterprises should strengthen activities that check and supervise the working processes of all employees in the organization. In addition to the incentives, both mental and physical, for employees to enhance performance, businesses must apply sanctions for cases of violations of professional ethics.

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