# Open Research Online
The Open University's repository of research publications
and other research outputs

## Trust in the employer: the role of high-involvement work practices and procedural justice in European organizations

## Journal Item

For guidance on citations see FAQs.

Version: Accepted Manuscript

# oro.open.ac.uk

# Trust in the Employer: the Role of High Involvement Work

# Practices and Procedural Justice In European Organizations

Rosalind Searle
The Open University
Walton Hall
Milton Keynes
MK7 6AA
Tel: +44 1908 653 577
Fax no: +44 1908 654488
Mail:R.Searle@open.ac.uk

Deanne N Den Hartog
Universiteit van Amsterdam Business School
Plantage Muidergracht 12
1018 TV Amsterdam
The Netherlands
Mail: d.n.denhartog@uva.nl

Antoinette Weibel
German University of Administrative Science Speyer,
Seyer,
Germany
Email weibel@dhv-speyer.de

Nicole Gillespie
Melbourne Business School
200 Leicester St, Carlton
Victoria, 3053
Australia
Mail: n.gillespie@mbs.edu

Frederique Six
Research Group Integrity of Governance
VU University Amsterdam
Fe.six@fsw.vu.nl

Tally Hatzakis
Strategy Specialist
Transport for London, UK

Denise Skinner
Coventry University, UK,
d.skinner@coventry.ac.uk

# Trust in the Employer: the Role of High Involvement Work Practices and Procedural Justice

**Abstract**

Despite the central role of trust in the organizational sciences, we know little about what makes people trust the organizations they work for. This paper examines the antecedents of employees' trust in their organizations drawing on survey data from over 600 European professional workers and managers. The results revealed direct as well as indirect relationships of both HR practices and procedural justice with trust. The relationships of both HR practices and procedural justice with trust were partially mediated by perceptions of organizational trustworthiness (in terms of perceived ability and trustworthy intentions of the organization). Justice and HR practices were also found to interact such that justice forms a stronger predictor of trust in organizations when HR practices are less developed. In addition employees' dispositional propensity to trust explained significant variance in employee trust in their organization, even when it was controlled in our analysis. The implications of these findings for research and practice are discussed.

**Keywords:** HR practices, trust, trustworthiness, propensity to trust

**Introduction**

Trust in the employer is an increasingly important element for organizations to develop and maintain. A number of studies have shown employee trust to be a critical variable affecting the effectiveness, efficiency and performance of organizations (Whitney 1994, Kramer and Tyler 1996, Mayer and Davis 1999, 2002). Trust has also been identified as highly significant in the fostering of desirable work-related behaviours (Zand 1972, Konovsky and Pugh 1994, Kramer 1999). Employees who have high trust in the organizations they work for stay with the organization longer, put in more effort and work more cooperatively, whilst those who do not trust their organization may reduce the effectiveness of their work (Dirks and Ferrin 2001), produce counterproductive behaviour, such as obstruction or seeking revenge (Bies and Tripp 1996) or decide to leave (Robinson 1996). Barney and Hansen (1994) thus conclude that perceptions of organizational trustworthiness and trust in an organization can provide a competitive advantage for firms.

However, while the literature on interpersonal trust is burgeoning, this important concept of trust in the organization as a whole has attracted much less attention. We ask what makes people trust the organizations they work for. Evidence suggests that both dispositional trust and perceptions of organizational trustworthiness may enhance such trust (Kramer 1991), yet empirical work examining these relationships has been limited. Schoorman, Mayer and Davis (2007), have built on their seminal ability, benevolence and integrity model of interpersonal trust (see Mayer, Davis and Schoorman 1995) to suggest what drives employees' trust in their employer. Yet, we are not aware of any field tests of this model. We contend that perceptions of organizational trustworthiness are distinct from those focusing at a more interpersonal level, requiring consideration of both the organization's institutionalized processes and principles as well as the way representatives of the organization enact these abstract processes and principles (Barber 1983, Giddens 1990). We suggest that

organizational policies in terms of Human Resource (HR) practices as well as whether such practices are enacted fairly is important here. Although some studies start to address the influence of HR practices on trust in the employer (Whitener 1997, Gould-Williams 2003b), the combined impact of bundles of policies and their enacted practices on organizational trust has not been adequately explored.

In this paper we add to the literature on organizational trust by drawing together insights from three streams of work: trust research, work on strategic human resources management, and the procedural justice literature. More precisely we explore whether high involvement work practices and procedural justice are drivers of perceptions of organizational trustworthiness and of trust in the employer. Furthermore we also examine to what degree high involvement work practices and procedural justice have unique effects on trust at the organizational level and to what degree they act as functional equivalents. We test our model in a field study among over 600 managers and professional employees from several European countries. We start by reviewing the three streams of literature we draw on to develop our model. Then, we detail our empirical study. We next discuss the findings and their implications and limitations, before identifying a potential future research agenda.

**Trust in Organizations**

Trust is understood as the decision to rely on another party (i.e., person, group, or firm) under a condition of relational risk with the expectation of at least neutral, if not positive outcome (Nooteboom, Berger and Noorderhaven 1997, Rousseau, Sitkin, Burt and Camerer 1998). This reliance results in a willingness to be vulnerable (Mayer, et al. 1995). Relational risk is the potential that the trusting party will experience negative outcomes or will not attain justified and expected positive outcomes if the other party proves untrustworthy (March and Shapira 1987, Sitkin and Pablo 1992). Expectations of the intentions and behaviour of the

trustee, i.e. the perceived trustworthiness of the trustee, are thus pivotal to enable the trustor to take the necessary cognitive 'leap of faith' for the decision to trust (Simmel 1908, Lewis and Weigert 1985, Möllering 2006).

Trust in the organization differs from interpersonal trust by its referent, as well as level: it is not clear what individuals are referring to when they decide to trust their employer. Some studies on organizational trust have in fact focused on interpersonal aspects related to trust in the employer through either immediate working relationships (Cook and Wall 1980a, Butler 1991), or relationships between employees and management at various levels in the organization (e.g. Child and Rodrigues 2004). Others, such as Giddens (1990: 34), relate trust in organizations to 'reliability and faith in the correctness of abstract principles', while Carnevale (1995: xi) defines it as the 'faith that an institution will be fair, reliable, competent, and non-threatening'. Thus, organizational trust hinges on the "collective characteristics of an administrative organization and top management group which are not reducible to features of individual actors and which ensure some continuity of activities and direction when those actors change" (Whitley 1987: 133). However, Giddens (1990) also emphasizes the significance of people in the development of trust in abstract systems, particularly those who occupy roles representing the interfaces at which trust is built and maintained. Therefore, it can be argued that trust in the employer is based on the assessment, evaluation and aggregation of multiple sources of evidence operating at a variety of levels relating to the organization (Rousseau, et al. 1998, Zaheer, McEvily and Perrone 1998).

**Antecedents to Trust in the Employer**

We draw on three different areas of research to inform our understanding of employees' trust in their organization: trust, strategic human resources management, and organizational justice.

*Trust research*

In trust research, two different categories of antecedents to trust in a given entity, including one's organization can be identified: dispositional trust of the trustor and perceived trustworthiness of the trustee. For example, Kramer (1999) in his overview distinguishes several bases of trust which can be roughly categorized into trust based on disposition on the one hand and trust based on perceptions of individualized trustworthiness (e.g. history-based trust) as well as impersonalized trustworthiness (e.g. category-based trust) on the other.

First, focusing on dispositional trust, an individual's propensity to trust is an individual trait reflecting expectations of trustworthiness about others in general (Rotter 1980).  It is hypothesized to be an important factor influencing trust in institutions (Johnson and Swap 1982, McKnight, Choudhury and Kacmar 2002). Dispositional trust is thought to drive trusting beliefs, especially in ambiguous situations (Gill, Boies, Finegan and McNally 2005). However, Kee and Knox (1970) argue that trusting beliefs are shaped by dispositional trust even in situations where previous experience is available, such that a disposition to trust creates a filter altering interpretations of others' actions (Govier 1994). A recent meta analysis suggested that propensity to trust may drive and shape the "cognitive leap" of trust, beyond what previous experience alone would warrant, and identified trust predisposition as having a significant and independent impact on trust even in the presence of trustworthiness information (Colquitt, Scott and LePine 2007b). Thus, we hypothesize:

Hypothesis 1: Employees' disposition to trust is positively related to employees' trust in their employer.

Second, trust in the employer is also suggested to be strongly driven by the perceived organizational trustworthiness of the employing organization (Barber 1983, Kramer 1999, Schoorman, et al. 2007). Cognitive definitions of trust build heavily on the concept of

trustworthiness, as trust is seen to be "based on a cognitive process which discriminates among persons and institutions that are trustworthy, distrusted, and unknown" (Lewis, et al. 1985).

Perceived organizational trustworthiness is seen as multi–dimensional. In the literature on interpersonal trustworthiness, at least two aspects are differentiated: the extent to which trustees are perceived to have trustworthy intentions and ability (Cook and Wall 1980b). Trustworthy intentions are often broken down further into benevolence and integrity (Mayer, et al. 1995, Schoorman, et al. 2007). Drawing on Schoorman et al. (2007), Gillespie and Dietz (2009) elaborate on how these three dimensions of interpersonal trustworthiness (i.e. ability, benevolence and integrity) can be applied to the organizational level of analysis. They define 'organizational ability' as involving the organization's collective competencies and characteristics that enable it to function effectively to achieve its goals and meet its responsibilities. 'Organizational benevolence' is understood as an organization's genuine care and concern for the well-being of its stakeholders. Finally, 'organizational integrity' is translated as an organization's consistent adherence to a set of moral principles and codes of conduct acceptable to stakeholders. Here, we define perceived organizational trustworthiness as a global belief about the ability of the organization to achieve its goals (i.e. the organization's ability) and the positive intentions of the organization (i.e. the organization's benevolence and integrity). We propose that:

Hypothesis 2: Perceived organizational trustworthiness is related positively to employees' trust in their employer.

*HR research*

A review of the HR literature suggests that employees' trust in their organization can be enhanced through the use of certain HR practices (Legge 2005). Trust inducing HR practices

are often referred to as 'high involvement' HR practices (Pfeffer and Veiga 1999, Batt 2002). They are designed to improve communication flow, foster empowerment and participation, and encourage employees' to invest both tangibly, as well as emotionally, in their employer (Vandenberg, Richardson and Eastman 1999). Such practices are argued to tap into the discretionary effort of workers by fostering psychological links between the organization and the individual employees' goals, thus shaping their behaviour and attitudes (Arthur 1994) and are of greater import to labour dependent industries (Pfeffer, et al. 1999).

Evidence suggests that well-designed combinations or systems of HR practices have more impact on performance than individual practices (Macduffie 1995, Delery and Doty 1996). The assumption is that synergistic effects take place, resulting in maximal performance, commitment and motivation. Batt (2002: 587) suggests that such high involvement work systems generally include 'relatively high skill requirements; work designed that enable employees to have both discretion and the opportunity to use their skills in collaboration with other workers; and an incentive structure that enhances motivation and commitment'.

Although there is still a lack of consensus as to which specific HR practices should be bundled together into such a system of high involvement practices, the following practices are frequently included: 1) information sharing and employee participation, 2) job security, 3) performance management, and 4) training (Huselid 1995, Ichniowski, Shaw and Prennushi 1997, Delery 1998, see for example Boselie, Dietz and Boon 2005). Empirical evidence suggests a significant impact of these aligned combinations of HR practices on systems trust, interpersonal trust and organizational performance (Gould-Williams 2003a). In addition there is more detailed evidence of the relationship between each of these individual HR practices and trust.

9

*Information sharing*, or open communication, has been found to play a pivotal role in building trust between employees and management (Korsgaard, Brodt and Whitener 2002, Tzafrir, Harel, Baruch and Dolan 2004). Sydow (1998) further proposes that the frequency and openness of communication enhances trust in systems. In line with this, the meta-analysis of Cohen-Carash and Spector (2001) shows that interactional fairness, which includes open communication between managers and employees, positively affects trust in the organization.

*Job security* is also argued to enhance trust in the employer. Carnevale and Wechsler (1992) propose a clear link between job security and employees' willingness to both take risks and the development of trusting attitudes toward an organizations' agents and in turn the organization. In other words, job security directly enhances trust as it makes people feel less vulnerable and also has an indirect impact via perceived organizational trustworthiness as offering security can be seen as a strong signal of the organization's benevolent intentions.

*Performance management* is understood as an integrated process in which managers work with their employees to set expectations, measure and review results, and reward performance, in order to improve employee performance (den Hartog, Boselie and Paauwe 2004). Performance management provides a mechanism of communicating to employees what is expected of them and what they can expect in return. The transparency generated by a structured performance management process should enhance employees' sense of control over their situation, and hence, lead to a reduced sense of vulnerability. Mayer and Davis (1999) found that a well conceived performance management system enhances employees' trust in senior management. They argued that having an accurate performance management system demonstrates that management is skilled in managing the workforce (ability). In addition, they suggest that using systems demonstrating that managers want to recognize and reward employees' contributions signals that management cares about their interests (i.e. benevolence).

*Training* has long been associated with the development of trust (Tannenbaum and Davies 1969). Investment in training and development can be seen by employees as a manifestation of an organizations' benevolence and competence as it is targeted to improve employees' skills and career opportunities and to increase their employability (Waterman, Waterman and Collard 1994). From an exchange perspective, training can be seen as an investment in the employee which employees may reciprocate by remaining with the firm (Tsui, Pearce, Porter and Tripoli 1997). Investing in training may signal to employees that the organization can be trusted to help their development and thus cares about them and their career. For example, in Israeli organizations Tzafrir (2005) identified that when more training and promotion opportunities existed, trust was higher. However, beyond this study, direct empirical support for the impact of training and development on trust in the organization is limited.

In addition to these four high involvement work practices, we add *family friendly work practices,* which have received considerable policy level attention within Europe. These are noticeably less often studied in relation to high involvement work practices, but were recently shown to contribute to both organizational performance and employee well-being (Perry-Smith and Blum 2000, Guest 2002). Grover and Crooker (1995) argue that family friendly work practices are likely to both symbolize that the organization cares about employee well-being and to represent an organization's integrity. Thus, we assume that implementing these types of HR practices will also promote trust in the employer.

We suggest that combined, these five HR practices impact trust in the employer in two ways. First, HR practices directly influence trust in the employer by helping employees' to manage their "investment" risks and predict what they need to do to be successful in the organization. High involvement work practices clearly delineate what the firm expects from the employee and what the employee is likely to gain in return. For example, opportunities

11

for training enable employees to meet their employers' expectations and are tangible evidence of the organization's commitment to the employee. Open communication and participation provide employees with a greater sense of control by reducing risk, and family friendly work practices support the employee by reducing vulnerability related to balancing work and home commitments (for example, by knowing they can take time off for family emergencies and make up that time later).

Second, these HR practices are also likely to indirectly affect employees' trust by enhancing perceived organizational trustworthiness. HR practices are "abstract principles" (Giddens 1990) signalling an organizations' commonly held assumptions, ability, and intentions. They convey the organizations' intentions towards its employees and are interpreted as trust-relevant signals by individual employees (Guzzo and Noonan 1994, Rousseau and Greller 1994, Bowen and Ostroff 2004). For example, the choice and composition of HR practices sends tangible clues to employees of the extent to which the organization is benevolent and cares about them (Iles, Mabey and Robertson 1990) and also its ability to meet objectives. In line with this, we expect that HR systems will affect employees' perceptions of the trustworthiness of their employer. Thus, we suggest:

Hypothesis 3: High Involvement Work Practices are positively related to employees' trust in the employer.

Hypothesis 4: The relationship between High Involvement Work Practices and employees' trust in the employer is partially mediated by perceived organizational trustworthiness.

*Organizational Justice*

Organizational justice has often been related to trust (for an overview (Cohen-Charash, et al. 2001, Lewicki, Wiethoff and Tomlinson 2005). The justice literature distinguishes at least three different types of justice: distributive, procedural and interactive justice (Colquitt,

Conlon, Wesson, Porter and Ng 2001). Distributive justice is concerned with perceptions of fairness about organizational outcomes (Adams 1963). It may have an antecedent role to play with history-based trust, with past perceptions of justice shaping current perceptions of trust. Similarly, procedural justice which is related to perceptions of fairness related to procedures used to make organizational decisions (Thibaut and Walker 1975), may also inform trust derived from past experiences. Interactive justice is based on perceptions of how organizational decisions are communicated and enacted by management (Bies and Moag 1986). Colquitt et al (2001) suggests a link between perceptions of integrity and justice, however the quality of the interaction may also be a factor shaping perceptions of benevolence. More controversially, perceptions about interpersonal fairness have been argued to be utilised as a proxy for measuring interpersonal trust (Lind 2001). While all of these types of justice have been related to trust very few studies have examined directly the effect of these different types of justice on trust in the employer (see however Saunders and Thornhill 2004).

When looking at trust at the organizational level procedural justice has been considered to be of particular importance (Brockner and Siegel 1996). Indeed some suggest that, because procedural justice has been linked so closely with generalized perceptions of consistency and reliability for organizational procedures, it may be the strongest predictor of trust at the organizational level (McFarlin and Sweeney 1992, Stinglhamber, Cremer and Mercken 2006). In contrast, interactional justice is seen to be more closely intertwined with an employee's specific relationship to her/his supervisor and is thus more clearly related to trust in the supervisor (Cohen-Charash, et al. 2001). The link of distributive justice to different trust foci, finally, is less clear. Conceptually distributive justice has been linked with attitudes towards specific outcomes such as pay satisfaction (Folger and Konovsky 1989).

However, more recent studies show that distributive justice influences both trust in the supervisors as well as trust in the organization positively (Cohen-Charash, et al. 2001).

In this study we will focus exclusively on the effect of procedural justice on trust in the employer because we are interested in two effects of justice on trust at the organizational level: the risk-reducing effect of justice (its direct relation to trust) as well as its signalling effect (its relation to perceptions of organizational trustworthiness). We believe that of all justice types procedural justice is most likely to impact trust via both avenues. First, procedural justice acts a risk reducing mechanism as formal procedural rules protect the individual from the arbitrariness of the system as indicated by Weber (1921). Procedural justice hedges a number of employee related risks. For example, if previous job decisions are perceived to be applied consistently across employees, this suggests that employees adhering to the rules of the game fare better than those who do not. Thus, risk is reduced by gathering information from earlier decisions and enabling employees to predict that behaving well will lead to the expected benefits. Also, procedural justice is likely to reduce individual perceptions of risk as it grants employees some control over the distribution of resources (Thibaut, et al. 1975).

Second, procedural justice also signals organizational trustworthiness. Justice can be seen as a signal of the organization's ability because it reveals something of the transparency and consistency in the resource allocation processes of the organization (Leventhal 1976). For example, Folger, Sheppard and Buttram (1995) argue that procedural justice evokes "images of accurate, effective, and efficient design processes for maximizing economic productivity at the institutional level" (Folger, et al. 1995: 272). Besides ability, procedural justice also signals the intentions of the organizations. Tyler and Blader (2001) argue that procedural justice signals an employer's care and respect for its employees because procedural justice involves a certain amount of equality in their treatment and conveys

14

information about employees' status as members of a group. Thus, procedural justice is likely to affect employees' perceptions of the organization's trustworthiness, which in turn, is likely to enhance employee trust in their employer. Thus, we hypothesize:

Hypothesis 5: Procedural justice is positively related to employees' trust in the employer.

Hypothesis 6: The relationship between procedural justice and employees' trust in the employer is partially mediated by perceived organizational trustworthiness.

Figure 1 shows the hypothesised relationships of HIWP and procedural justice with perception of organizational trustworthiness and employees' trust in the organization.

--- Insert figure 1 somewhere here ---

*Interactive effects*

Research on High Involvement Work Practices (HIWP) and procedural justice has progressed quite independently. However, some HR scholars note the importance of fair implementation of HR practices in organizations and highlight the underestimation within the literature of fair implementation of HR practices (e.g. den Hartog, et al. 2004). The relationship between fairness and HR practices concerns employees' understanding of what the HR policies are and how they should be applied (Bowen, et al. 2004).

The basic line of thinking is that unless HIWP are implemented consistently and fairly, their positive effect on a number of outcomes at the individual level is not likely to take place. This suggests HIWP and justice complement each other. However, we believe that in the case of employees' trust in the employer, procedural justice can also act as a substitute for HIWP. As we have argued, both mechanisms signal organizational trustworthiness and both can act as a risk reducing mechanism. Thus, if for example a firm has not yet implemented high involvement or other innovative work practices, but does ensure high procedural justice, employees' trust in the employer may not suffer. In other words, if HIWP

15

are low, procedural justice can act as a substitute to ensure high levels of employees' trust. Or formulated differently, once a certain level of trust is reached based on procedural justice, there will be less added value of high involvement work practices in terms of enhancing employees' trust. We depict this relationship in figure 2. Thus:

Hypothesis 7:   High Involvement work practices will moderate the relationship between procedural justice and trust, such that if HIWP are less developed, the relationship between procedural justice and employees' trust in the employer will be stronger.

--Insert figure 2 somewhere here--

**Method**

*Participants*

We conducted a large scale web-based survey among managers and professional employees working at different organizations located mainly in Europe. All firms contacted are customers of our cooperation partner Krauthammer International, an international management and sales training firms which conducts short surveys several times a year on issues relevant to its clients. A total of 787 respondents returned the questionnaire (response rate 31%). The overall response rate seems satisfactorily when taken into account that response rates of international surveys tend to be lower than those of national surveys, because the response rate seems to be affected negatively by the distance between the sending and receiving country (Harzing 1997). In addition we checked for non-response bias by comparing the structure of our sample with those of the other surveys of Krauthammer. While our response rate was slightly below average (assumingly because our questionnaire was longer than most other surveys sent out by Krauthammer) the structure of our sample was comparably to their average sample. Missing variables were treated with a list-wise deletion and we thus retained only 604 respondents (24%) for further analysis.

16

Respondents were from 41 countries, with 82% from five European countries: 33% from The Netherlands, 30% from France, 6.5% from Belgium, 6% from Switzerland and 3.5% UK. Most respondents were employed by organizations of between 250 – 500 employees (full-time equivalents). There were a very wide spread of organizations included and no single firm comprised more than 4% of the total sample. Of the responding persons 6% held top management positions, 18% senior management, 33% middle management, 9% lower management and 9% non-management. 66% of the respondents worked in private organizations, of which 27% were manufacturing and 33% service based. 60% of the respondents were male.

*Measures*

All items and instructions were translated from English into Dutch, French, German, Swedish, Italian, Spanish and Portuguese. Back-translation into English by native speakers was done to ensure the translated versions corresponded with the original English version. Respondents could thus fill out the survey in their mother tongue or select their preferred language. Responses for all items were given on 7-point Likert-scales (1 strongly disagree – 7 strongly agree). Confidentiality was assured and responses were anonymous.

*Trust in the employer.* To measure respondents' overall trust in the organization, we formulated a single item "Overall, to what extent do you trust your organization?" Respondents rated this on a seven point scale (ranging from 1 'to a very low degree' to 7 'to a very high degree'). This approach of asking respondents to provide an overall judgement in a single item has also been used extensively in research on job satisfaction (e.g. Wanous, Reichers and Hudy 1997, Nagy 2002) and happiness (e.g. Abdel-Khalek 2006) and has been identified as a robust method for measuring overall global assessments (Cummins 1995, Bergkvist and Rossiter 2007).

*Dispositional Trust.* Individuals' disposition to trust others in general was measured using the eight item trust facet from the extensively validated NEO Personality Inventory Revised (NEO PI-R, Costa and McCrae 1992). High scorers have a disposition to believe that others are honest and well-intentioned. Low scorers tend to be cynical and sceptical and assume that others may be dishonest or dangerous. Sample items are: "I believe that most people are basically well-intentioned" and "I believe that most people will take advantage of you if you let them" (reverse coded). Cronbach's alpha of this scale was 0.82.

*Perceived Organizational Trustworthiness.* Drawing on Mayer and Davis' (1999) measure of trustworthiness (ability, benevolence and integrity) at the interpersonal level, we developed 10 trustworthiness items at the organizational level. Sample items are: "This organization is capable of meeting its responsibilities" (Ability), "This organization is concerned about the welfare of its employees" (Benevolence) and "This organization is guided by sound moral principles and codes of conduct" (Integrity).

Principal components analysis with varimax rotation was performed on these trustworthiness items to explore whether the three elements of ability, benevolence, and integrity were distinguishable at the organizational level, as suggested by Schoorman et al (2007). The results show the existence of two distinct and interpretable factors: two factors had eigenvalues above 1 and there was a clear break in the screeplot. The three ability items formed one factor and the seven benevolence and integrity items clustered together in the second. These findings do not support the three factor structure identified at the individual level by Mayer et al. (1995), although others have found a two factor structure similar to ours at the individual level as well (Jarvenpaa and Leidner 1999, Mayer and Gavin 2005). All items loaded above .60 on their own factor, and there were no cross-loadings above .40. The analyses below were therefore conducted with two perceived organizational trustworthiness scales: Ability (3 items) and Benevolence/Integrity (7 items). The latter factor captures the

dimension of "trustworthy intentions" as proposed by Cook and Wall (1980a) and we will use this term in the remainder of this paper. The scales are substantially correlated (.65). Both scales had good reliability (Cronbach's alpha of 0.83 for ability scale, and 0.90 for trustworthy intentions scale). The full set of items is presented in the appendix.

*High Involvement Work Practices.* Nine items were used to measure the set of High Involvement Work Practices (information sharing and employee participation, job security, performance management, training, and family friendly work practices). Sample items are "Adequate training is provided to ensure that employees are competent in their role" and "Employees are consulted about issues important to them". Cronbach's alpha was 0.85. The full set of items is presented in the appendix.

*Procedural Justice.* Procedural justice was measured with the five item procedural justice scale developed by Niehoff and Moorman (1993). A sample item is: "Job decisions are made in an unbiased manner". Cronbach's alpha was 0.89.

*Control variables.* As trust in the organization may be affected by organizational size and sector, as well as gender and respondent's management level, we controlled for these variables in our analyses. *Employee characteristics* gender (0 = male, 1 = female); organizational level (1= non managerial, 2 = lower management, 3= middle management, 4 = senior management, 5 = top management); *organizational characteristics:* size of organization (0= less than 50; 1 = 51 - 250, 3 = 251 – 500, 4 = 501 – 1000; 5 = more than 1000); sector (0 = private sector, 1 = NGO and public).

**Results**

Table 1 presents the means, standard deviations, Cronbach's alpha's and intercorrelations for the scales used in this study. We found that employees' trust in the organization is highly and significantly positively correlated with the two perceived

trustworthiness scales (ability and trustworthy intentions) and less strongly, but significantly positively correlated with individuals' propensity to trust. High Involvement Work Practices (HIWP) and procedural justice are also highly and significantly positively correlated with employees' trust in the organization, as well as with perceived ability and trustworthy intentions of the organization. A less strong but significantly positive correlation is found for propensity to trust with these two variables.

Organization size is correlated negatively with employee trust as well as perceived ability and trustworthy intentions of the organization, indicating that employees in larger organizations trust their organization less and also see their organization as less trustworthy. We also find positive correlations between respondents' organization level and these variables, indicate that those at higher levels in the organization (and hence with more control), perceive their organization as more having more trustworthy characteristics (ability and intentions) and also trust their organization more. Correlations for gender and sector were non-significant or very small.

--- Insert table 1 somewhere here ---

Regression analyses were performed to test the hypotheses. In the *first step*, we entered the control variables (gender, management level, sector and size) and employees' trust in their employer. In the *second step*, we entered dispositional trust. This allows us to test the first hypothesis that predicts employees higher on dispositional trust will tend to trust their organization more. In the *third step,* perceived organizational trustworthiness (ability and trustworthy intentions) were entered. This allows us to test whether perceived organizational trustworthiness explains unique variance in trust (as proposed in hypothesis 2) over and above controls and disposition to trust. In the *fourth step,* HIWP and procedural justice were entered to test hypotheses 3 and 5 proposing main effects for HIWP and justice respectively). Additional analyses are performed to test the meditational hypotheses that

suggest that the relationships of HIWP (hypothesis 4) and justice (hypothesis 6) with trust are mediated by perceived organizational trustworthiness. In the *final step* the interaction between HIWP and procedural justice was entered to test hypothesis 7 (suggesting that the relationship between justice and trust is stronger when HIWP are less well developed). If the interaction term explains significant additional variance in trust (i.e. $\Delta R^2$ is significant), then HIWP is identified as a moderator of the relationship between procedural justice and trust. All predictor variables were centered around their respective means (Aiken, West and Reno 1991). Table 2 shows the regression results, including the standardized Beta weights, the adjusted $R^2$, the $F$-value, and the change in $R^2$, $(\Delta R^2)$ for each step of the analysis.

--- Insert Table 2 somewhere here ---

Table 2 shows that each of the five steps added significant variance. In total, 62.3% of the variance in trust was explained when all variables were entered. The control variables, in the first step, accounted for almost 7% of the variance in trust. Organizational level has a significant beta weight: the higher employees' management level, the higher the level of trust in their employing organization. Dispositional trust was added in the second step, explaining an additional 11% of the variance. In line with hypothesis 1, it has a positive and significant beta weight. Thus, employees high on propensity to trust are more likely to trust their employer than employees low on propensity to trust.

Including perceived ability and trustworthy intentions in the regression equation in step 3 explains an additional 41% of the variance in trust in the organization. This supports Hypothesis 2 and suggests that employees tend to trust their employers more when they perceive the organization is competent and has trustworthy intentions. Even though ability and trustworthy intentions are correlated, they both have a unique role in explaining variance in trust. Also, as can be seen in Table 2, the beta-weight of dispositional trust is reduced (from $\beta = .33$ to $\beta = .13$) when perceived ability and trustworthy intentions are included in the

regression equation, but dispositional trust still plays a role for trust in the employer. This reduction may be due to shared variance, yet it also seems to reflect that individuals' disposition to trust remains important, even when trustworthiness information is present as suggested by the work of Colquitt and colleagues (2007a).

As shown in step 4, HIWP and procedural justice explain a small, yet significant amount of additional variance (2.2%) in employees' trust in the organization, above and beyond that predicted by the control variables, disposition to trust and the two elements of perceived organizational trustworthiness. In line with Hypothesis 3 and 5, both HIWP and procedural justice have significantly positive beta-weights, suggesting that employees trust their employers more when procedural justice is higher and HIWP are used.

The results of the last step of the regression indicate a significant interaction between HIWP and procedural justice, in line with hypothesis 7. The interaction term explains a further 1.2% of the variance in trust. Both HIWP and procedural justice have significant positive beta weights, whereas their interaction has a negative one. This indicates that the relationship between HIWP and trust is stronger for employees who perceive low procedural justice in their organization. The shape of the interaction for organizations with a high and low HIWP and procedural justice is depicted in Figure 3. Following the procedure recommended by Cohen and Cohen (1983), i.e. high and low regression lines (+1 and -1 standard deviation from the mean), were plotted.

--- Insert figure 3 somewhere here ---

To better understand the role of HIWP and procedural justice we removed the two perceived organizational trustworthiness variables from the model and reran the analyses assessing the role of HIWP and justice in trust (these additional analyses not reported in the table). In total, 52.9% of the variance is explained. The first two steps were identical to the

results reported above. However, here we entered HIWP and procedural justice into the equation in step 3. These two variables explain 32.8% additional variance in trust in the organization, beyond the control variables and dispositional trust. In line with Hypothesis 3 and 5, both HIWP and procedural justice have significantly positive beta-weights ($\beta = .23$ for procedural justice and $\beta = .44$ for HIWP), suggesting that employees tend to trust their employing organizations more when procedural justice is higher and HIWP are used to a greater extent. The last step of the regression in which we entered the interaction term again shows positive beta weights for HIWP (.40) and justice (.24) as well as a significant interaction between HIWP and procedural justice, in line with hypothesis 7. The interaction term had a negative weight ($\beta = -.14$) and adds significantly to the explained variance (1.7%). The shape of the interaction is depicted in Figure 4.

--- Insert figure 4 somewhere here ---

*Mediation Analyses*

Finally, we assessed whether perceived organizational ability and trustworthy intentions (as characteristics of trustworthiness of organizations) mediate the relationship between HIWP and employee trust and procedural justice and employee trust as hypothesized (in hypothesis 4 and hypothesis 6). To do this, we followed the recommendations by Baron and Kenny (1986). They suggest first demonstrating independent main effects of both the independent variables (HIWP and procedural justice) and mediators (ability and trustworthy intentions) on employee trust. These relationships were all reported above: HIWP and procedural justice both explain significant amounts of variance in employee trust when not taking the mediators into account ($\beta = .23$ for justice and $\beta = .44$ for HIWP). Also, as can be seen in step 3 from table 2, ability and trustworthy intentions also have an independent main effect on employee trust ($\beta = .30$ for ability and $\beta = .48$ for intentions).

Next, the independent variables should also have a main effect on the mediators. To assess this, we ran two additional regression analyses, one with perceived ability and the other with perceived trustworthy intentions as dependent variable and in both cases with HIWP and justice as independent variables (not reported in the table). As in the analyses presented above, we controlled for size and sector of the organization, organizational level and gender of respondents as well as their dispositional trust in the first two steps. In the next step, HIWP and procedural justice were entered into the regression equation. Both HIWP and justice were significantly positively related to ability ($\beta = .39$ and $\beta = .21$ respectively, $p = .00$, adj. $R^2 = .37$, $F = 65.37$, $\Delta R^2$ of last step $= .26$). Similarly, HIWP and procedural justice were significantly positively related to perceived trustworthy intentions ($\beta = .51$ and $\beta = .30$ respectively, $p = .00$, adj. $R^2 = .64$, $F = 47.67$, $\Delta R^2$ of last step $= .49$). These analyses show there are significant positive relationships of HIWP and procedural justice with ability and trustworthy intentions. The relationship of HIWP and procedural justice with trustworthy intentions is somewhat stronger than that with ability.

After demonstrating the relationships of independent variables with mediators and dependent variable and of mediators with the dependent variable, we proceeded with the mediation analyses. In line with the procedures suggested by Baron and Kenny (1986), mediation can be inferred if both the independent variables and the mediators have a significant relationship with trust, and if the relationship between independent variables and trust is significantly lower but still significant (partial mediation) or no longer significant (full mediation) when the mediators are entered into the equation. We tested for significance by conducting Sobel tests.

As seen above, when employees' trust in the employer is the dependent variable, both HIWP and procedural justice have significantly positive beta-weights ($\beta = .23$ for procedural justice and $\beta = .44$ for HIWP) when the mediators are not in the regression equation. The

main effect of HIWP on employees' trust in the employer decreases to $\beta = .17$ when ability and trustworthy intentions are added into the equation (see step 4, Table 2). Sobel tests show that this mediation is significant ($z = 5.10$, $p < .00$ for Ability and $z = 5.77$, $p < .00$ for trustworthy intentions, (see Sobel 1982)). Although reduced, the effect of HIWP on trust in the employer remains significant. Thus, an independent main effect remains and partial (rather than full) mediation can be inferred (in line with Hypothesis 4). Similarly, partial mediation is found for procedural justice (in line with Hypothesis 6). When ability and trustworthy intentions are added into the equation, the effect size of procedural justice reduces to $\beta = 0.10$ (see step 4, Table 2). Sobel tests show that this mediation is significant, $z = 3.57$, $p < .00$ for ability and $z = 4.56$, $p < .00$ for trustworthy intentions (see Sobel 1982). Similar to HIWP, an independent main effect remains, showing that ability and trustworthy intentions partially mediate the relationship between justice and trust (in line with Hypothesis 6).

**Discussion**

This study aimed to further our understanding of what makes individual employees trust the organizations they work for and tested the relationships of dispositional trust, perceived organizational trustworthiness, perceived high performance work practices and procedural justice with employees' trust in their employing organization. Each of these aspects was measured and in the analyses we controlled for gender, management level, organization sector and size. Overall, our findings support our hypotheses. In summary, we find a number of important antecedents of employees' trust in the employer. First, employees who are more trusting in nature tend to trust their employer more. Employees who are higher in rank also tend to trust their organization more. Also, those who perceive their employer to be more able and to have more trustworthy intentions are more likely to trust their employer. In contrast to interpersonal trustworthiness, however, we found impersonal trustworthiness to be composed

of two dimensions only. Employees do not seem to make a distinction between benevolence and integrity in judging the trustworthiness of their employer. More research is needed to further clarify whether organizational trustworthiness has factors as its interpersonal counterpart.

Also, HIWP and procedural justice both have a direct impact on trust in the employer, that is, they seem to create an environment where "taking the leap of faith" involved in trust becomes a more viable option. Their function in risk reduction may play an important role there. HIWP and procedural justice also have an indirect effect on employees' trust in the employer as both enhance perceptions of organizational trustworthiness. Organizations high on HIWP and procedural justice are seen as having higher ability and better intentions. The significant interaction effect between HIWP and procedural justice, however, seems to indicate that both "drivers" of organizational trust may to some extent act as substitutes as the relationship between procedural justice and employees' trust in the employer is higher when HIWP are less developed. Our findings contribute to the literature in several ways and suggest several areas for further research.

A first finding, which merits further investigation, is the influence of individual characteristics on trust in the employer. Extending earlier work on individual characteristics and interpersonal trust (e.g. Govier 1994, Payne and Clark 2003) to an organizational level, our study shows that an individual's disposition to trust significantly predict employees' trust in the organization, even when the influence of perceived organizational trustworthiness and organizational characteristics are taken into consideration. Through this we confirm that both disposition and experience are important for employees' trust in the organization. The small but enduring impact of this factor for employer trust may hold important insights as to whether disposition is important in shaping the leap of trust (Colquitt, et al. 2007b). In other words, although the role of disposition is less strong when the context is taken into account, it

does remain: employees who are more trusting in nature will trust their organization to a larger extent. More research is required to better understand how such individual differences influences risk and trust assessments. For example, Payne and Clark (2003) highlight the modest influence of dispositional trust in direct trust in supervision, but its more significant influence on generic trust in management. In a similar way, our study addresses a more dispersed trust in the organization, which may be why dispositional factors remain important.

A further individual difference is revealed by the small but significant influence of management level on employees' trust in the employer. The higher the level of the respondents, the more they trusted the organization. This may be due to an increasing amount of influence over decision-making as employees rise through the ranks. This increased decision latitude can be seen as a risk reducer. It may be interesting to further explore the reasons for this level effect in future research. These findings indicate the importance of having respondents from a variety of levels in research exploring organizational level trust in order to gain a more relative assessment.

Another finding which deserves closer attention is the combined effect of HIWP and procedural justice on employees' trust in the employer. We find that both variables independently of each other explain unique variance in trust in the employer, as suggested but so far rarely tested in the HRM literature (Robinson and Rousseau 1994, Gould-Williams 2003a, Skinner, Saunders and Duckett 2004, Legge 2005) as well as the justice literature (Brockner, et al. 1996, Cohen-Charash, et al. 2001, Tyler and Huo 2002, Tyler 2003). Furthermore both variables, and especially HIWP, have a stronger relationship with perceptions of "good" organizational intentions than with perceptions of organizational ability. In the eyes of employees, HIWP may reflect the "caring" side of an organization.

In addition, our interaction analysis offers novel insights into how HIWP and procedural justice combine to affect trust. We found that in firms where HIWP were less

developed, procedural justice had a more prominent role in fostering employees' trust in the employer than in organizations where HIWP are highly developed. Thus, HIWP and procedural justice seem to act as functional equivalents or substitutes to a certain degree. Procedural justice matters more for employees' trust when there are fewer HIWP in place. This is practically relevant for smaller or newer firms who may not yet have fully developed HR systems. Our results clearly suggest that implementing a HIWP system directly and indirectly contributes to employees trust in the organization, yet not having such a system does not necessarily mean employees will not trust the organization, as long as high levels of procedural fairness are maintained.

Finally, we suggest that future studies could test the effect of different types of justice on trust in the employer. An intriguing puzzle is why distributive justice, which has been so clearly linked to specific outcomes, has been recently found to impact overall evaluation such as trust in the organization as well. A possible explanation is that procedural and distributive justice influence trust bases differently (Zucker 1986). More precisely we speculate that distributive justice is linked to process-based trust in the employer as it is based on a series of salient experiences with specific organizational events. Procedural justice, on the other hand, through its risk-reducing and signalling characteristics seems to have a higher impact on institution-based trust in the employer.

## Conclusions

This paper has outlined and tested a model of organisational trust based on several different streams of literature. Our research findings contribute to generating a better understanding employees' trust in their organisation and the antecedents of such trust. We provide empirical evidence of the role of HRM practices and procedural justice in employee trust in their organisation from a wide variety of respondents working at different levels of

organizations across Europe. The study indicated the direct impact of both High Involvement HR practices and procedural justice on employees' trust in the organization and also revealed the important role of high procedural justice on organisational trust where HR systems are less well developed. This has significant practical implications for new and smaller organizations suggesting that fairness of processes promotes the development and maintenance of trust in the organisation even if appropriate bundle of HR policies and procedures are yet to be implemented.

In addition we suggest that, besides contributing directly to employee trust in the employer, both HIWP and procedural justice act as signals of the trustworthiness of an organization. Our study identified a mediating role in this respect of two aspects of organisational trustworthiness, ability and trustworthy intentions, with employee trust in the organisation. These findings confirm the importance of perceived organizational trustworthiness for employees trust in the organization. Finally, we confirm the role of individual disposition to trust as important to such trust. Our findings add support for independent impact of predisposition to trust on trust, now also for trust in organizations.

These findings should be considered with the following limitations in mind. Our results are based on a large scale self-completed survey questionnaire and thus may suffer from common method or common source variance (Podsakoff and Organ 1986). Some researchers dispute the magnitude of over-estimation that is sometimes suggested (Crampton and Wagner 1994), but it remains an issue of concern and future research could, for example, try to measure some of the variables through other sources. Given the perceptual and subjective nature of disposition to trust, trust in the employer and perceived organisational trustworthiness, these are best measured by focal respondents, however, objective measures of the organisation's use of HIWP and procedural justice could perhaps be obtained from other sources, such as policy documents. Secondly, due to the cross-sectional nature of the

data the direction of causality can not be tested in this study. If we use causal or directional terms, we inferred the directionality from theory rather than from these data, further longitudinal data would be required to resolve this. Thus, although we assume justice and HIWP help build trust in the organization, we cannot preclude based on our data that it is the other way around: those who trust their organization more will also rate justice and HIWP higher.

Understanding how organizations can develop and maintain trust is important for both the firms themselves and their employees. Our study contributes to different literatures by identifying relationships between trust and key organisational HR policies and practices. It opens avenues for further research in order to understand more about the direction of causality and the distinct and complementary roles of disposition and contextual factors in employees' trust in their employing organization.

## References

Abdel-Khalek, A. M. (2006), "Measuring Happiness with a Single-Item Scale," *Social Behavior and Personality*, 34, 139-149.

Adams, J. S. (1963), "Toward an Understanding of Inequity," *Journal of Abnormal and Social Psychology*, 67, 422-463.

Aiken, L. S., West, S. G., and Reno, R. R. (1991), *Multiple Regression : Testing and Interpreting Interactions*, Newbury Park, Calif.: Sage Publications.

Arthur, J. B. (1994), "Effects of Human-Resource Systems on Manufacturing Performance and Turnover," *Academy of Management Journal*, 37, 670-687.

Barber, B. (1983), *The Logic and Limits of Trust*, New Brunswick, N.J.: Rutgers University Press.

Barney, J. B., and Hansen, M. H. (1994), "Trustworthiness as a Source of Competitve Advantage," *Strategic Management Journal*, 15, 175-190.

Baron, R. M., and Kenny, D. A. (1986), "The Moderator Mediator Variable Distinction in Social Psychological-Research - Conceptual, Strategic, and Statistical Considerations," *Journal of Personality and Social Psychology*, 51, 1173-1182.

Batt, R. (2002), "Managing Customer Services: Human Resource Practices, Quit Rates, and Sales Growth," *Academy of Management Journal*, 45, 587-597.

Bergkvist, L., and Rossiter, J. R. (2007), "The Predictive Validity of Multiple-Item Versus Single-Item Measures of the Same Constructs.," *Journal of Marketing Research (JMR)*, 44, 175-184.

Bies, R., and Tripp, T. (1996), "Beyond Distrust: "Getting Even" and the Need for Revenge.," in *Trust in Organizations: Frontiers of Theory and Research*, eds. R. Kramer and T. Tyler, Thousand Oaks, CA: Sage, pp. 246-260.

Bies, R. J., and Moag, J. S. (1986), "Interactional Justice: Communication Criteria of Fairness," in *Research on Neogiations in Organizations* (Vol. 1), eds. R. J. Lewicki, B. H. Sheppard and B. H. Bazerman, Greenwich CT, pp. 43-55.

Boselie, P., Dietz, G., and Boon, C. (2005), "Commonalities and Contradictions in Hrm and Performance Research.," *Human Resource Management Journal*, 15, 67-94.

Bowen, D. E., and Ostroff, C. (2004), "Understanding Hrm-Firm Performance Linkages: The Role of The "Strength" Of the Hrm System," *Academy of Management Review*, 29, 203-221.

Brockner, J., and Siegel, P. A. (1996), "Understanding the Interaction between Procedural and Distributive Justice: The Role of Trust," in *Trust in Organisations: Frontiers of Theory and Research*, eds. R. M. Kramer and T. Tyler, Thousand Oaks, CA,: Sage, pp. 390-413.

Butler, J. K. (1991), "Toward Understanding and Measuring Conditions of Trust: Evolution of a Conditions of Trust Inventory.," *Journal of Management*, 17, 643.

Carnevale, D. G. (1995), *Trustworthy Government : Leadership and Management Strategies for Building Trust and High Performance* (1st ed.), San Francisco: Jossey-Bass Publishers.

Carnevale, D. G., and Wechsler, B. (1992), "Trust in the Public-Sector - Individual and Organizational Determinants," *Administration & Society*, 23, 471-494.

Child, J., and Rodrigues, S. B. (2004), "Repairing the Breach of Trust in Corporate Governance," *Corporate Governance-an International Review*, 12, 143-152.

Cohen-Charash, Y., and Spector, P. E. (2001), "The Role of Justice in Organizations: A Meta-Analysis," *Organizational Behavior and Human Decision Processes*, 86, 278-321.

Cohen, J., and Cohen, P. (1983), *Applied Multiple Regression/Correlation Analysis for the Behavioral Sciences* (2nd ed.), Hillsdale, N.J.: L. Erlbaum Associates.

Colquitt, J., Scott, B., and LePine, J. (2007a), "Trust, Trustworthiness, and Trust Propensity: A Meta-Analytic Test of Their Unique Relationships with Risk Taking and Job Performance," *Journal of Applied Psychology*, 92, 909-927.

Colquitt, J. A., Conlon, D. E., Wesson, M. J., Porter, C., and Ng, K. Y. (2001), "Justice at the Millennium: A Meta-Analytic Review of 25 Years of Organizational Justice Research," *Journal of Applied Psychology*, 86, 425-445.

Colquitt, J. A., Scott, B. A., and LePine, J. A. (2007b), "Trust, Trustworthiness, and Trust Propensity: A Meta-Analytic Test of Their Unique Relationships with Risk Taking and Job Performance," *Journal of Applied Psychology*, 92, 909-927.

Cook, J., and Wall, T. (1980a), "New Work Attitude Measures of Trust, Organizational Commitment and Personal Need Non-Fulfillment.," *Journal of Occupational Psychology*, 53, 39-52.

Cook, J., and Wall, T. (1980b), "New Work Attitude Measures of Trust, Organizational Commitment and Personal Need Non-Fulfilment," *Journal of Occupational Psychology*, 53, 39-52.

Costa, P. T., and McCrae, R. R. (1992), "Neo Pi-R (Professional Manual)," Technical, Psychological Assessment Resources.

Crampton, S. M., and Wagner, J. A. (1994), "Percept Percept Inflation in Microorganizational Research - an Investigation of Prevalence and Effect," *Journal of Applied Psychology*, 79, 67-76.

Cummins, R. A. (1995), "On the Trail of the Gold Standard for Subjective Well-Being," *Social Indicators Research*, 35, 179-200.

Delery, J. E. (1998), "Issues of Fit in Strategic Human Resource Management: Implications for Research," *Human Resource Management Review*, 8, 289-309.

Delery, J. E., and Doty, D. H. (1996), "Modes of Theorizing in Strategic Human Resource Management: Tests of Universalistic, Contingency, and Configurational Performance Predictions," *Academy of Management Journal*, 39, 802-835.

den Hartog, D. N., Boselie, P., and Paauwe, J. (2004), "Performance Management: A Model and Research Agenda," *Applied Psychology-an International Review-Psychologie Appliquee-Revue Internationale*, 53, 556-569.

Dirks, K. T., and Ferrin, D. L. (2001), "The Role of Trust in Organizational Settings.," *Organization Science*, 12, 450-467.

Dirks, K. T., and Ferrin, D. L. (2002), "Trust in Leadership: Meta-Analytic Findings and Implications for Research and Practice," *Journal of Applied Psychology*, 87, 611-628.

Folger, R., and Konovsky, M. (1989), "Effects of Procedural and Distributive Justice on Reactions to Pay Raise Decisions," *Academy of Management Journal*, 32, 115-130.

Folger, R., Sheppard, B. H., and Buttram, R. T. (1995), "Equity, Equality, and Need: Three Faces of Social Justice," in *Conflict, Cooperation, and Justice*, eds. B. B. Bunker and J. Z. Rubin, San Francisco: Jossey Bass, pp. 261-290.

Giddens, A. (1990), *The Consequences of Modernity*, Oxford:

Gill, H., Boies, K., Finegan, J. E., and McNally, J. (2005), "Antecedents of Trust: Establishing a Boundary Condition for the Relation between Propensity to Trust and Intention to Trust," *Journal of Business and Psychology*, 19, 287-302.

Gillespie, N., and Deitz, G. (2009), "Trust Repair after an Organization-Level Failure.," *Academy of Management Review*.

Gould-Williams, J. (2003a), "The Importance of Hr Practices and Workplace Trust in Achieving Superior Performance: A Study of Public-Sector Organizations," *International Journal of Human Resource Management*, 14, 28-54.

Gould-Williams, J. (2003b), "The Importance of Hr Practices and Workplace Trust in Achieving Superior Performance: A Study of Public-Sector Organizations.," *International Journal of Human Resource Management*, 14, 28-54.

Govier, T. (1994), "Is It a Jungle out There - Trust, Distrust and the Construction of Social-Reality," *Dialogue-Canadian Philosophical Review*, 33, 237-253.

Grover, S. L., and Crooker, K. J. (1995), "Who Appreciates Family-Responsive Human-Resource Policies - the Impact of Family-Friendly Policies on the Organizational Attachment of Parents and Non-Parents," *Personnel Psychology*, 48, 271-288.

Guest, D. (2002), "Human Resource Management, Corporate Performance and Employee Wellbeing: Building the Worker into Hrm

Doi:10.1111/1472-9296.00053," *Journal of Industrial Relations*, 44, 335-358.

Guzzo, R. A., and Noonan, K. A. (1994), "Human-Resource Practices as Communications and the Psychological Contract," *Human Resource Management*, 33, 447-462.

Harzing, A. (1997), "Response Rates in International Mail Surveys: Results of a 22-Country Study," *International Business Review*, 6, 641-665.

Huselid, M. A. (1995), "The Impact of Human-Resource Management-Practices on Turnover, Productivity, and Corporate Financial Performance," *Academy of Management Journal*, 38, 635-672.

Ichniowski, C., Shaw, K., and Prennushi, G. (1997), "The Effects of Human Resource Management Practices on Productivity: A Study of Steel Finishing Lines," *American Economic Review*, 87, 291-313.

Iles, P., Mabey, C., and Robertson, I. (1990), "Hrm Practices and Employee Commitment: Possibilities, Pitfalls and Paradoxes

Doi:10.1111/J.1467-8551.1990.Tb00003.X," *British Journal of Management*, 1, 147-157.

Jarvenpaa, S. L., and Leidner, D. E. (1999), "Communication and Trust in Global Virtual Teams.," *Organization Science*, 10, 791-815.

Johnson, G. C., and Swap, W. C. (1982), "Measurement of Specific Interpersonal Trust: Construction and Validation of a Scale to Assess Trust in a Specific Other," *Journal of Personality and Social Psychology*, 43, 1306-1317.

Kee, H. W., and Knox, R. E. (1970), "Conceptual and Methodological Considerations in the Study of Trust and Suspicion," *Journal of Conflict Resolution*, 14, 357-366.

Konovsky, M. A., and Pugh, D. S. (1994), "Citizenship Behavior and Social Exchange," *Academy of Management Journal*, 37, 656-669.

Korsgaard, M. A., Brodt, S. E., and Whitener, E. M. (2002), "Trust in the Face of Conflict: The Role of Managerial Trustworthy Behavior and Organizational Context," *Journal of Applied Psychology*, 87, 312-319.

Kramer, R. M. (1991), "Intergroup Relations and Organizational Dilemmas: The Role of the Categorization Process," in *Research in Organizational Behavior* (Vol. 13), eds. L. L. Cummings and B. M. Staw, Greenwich, CT: JAI Press, pp. 191-228.

Kramer, R. M. (1999), "Trust and Distrust in Organizations: Emerging Perspectives, Enduring Questions," *Annual Review of Psychology*, 50, 569-598.

Kramer, R. M., and Tyler, T. R. (eds.) (1996), *Trust in Organizations. Frontiers of Theory and Research*, Thousand Oaks/London/New Dehli: Sage.

Legge, K. (2005), *Human Resource Management : Rhetorics and Realities*, Basingstoke: Palgrave Macmillan.

Leventhal, G. S. (1976), "The Distribution of Rewards and Resources in Groups and Organizations," in *Advances in Experimental Social Psychology*, eds. L. Berkowitz and E. Walster, New York,: Academic Press, pp. 91-131.

Lewicki, R., Wiethoff, C., and Tomlinson, E. C. (2005), "What Is the Role of Trust in Organisational Justice?," in *Handbook of Organizational Justice*, eds. J. Greenberg and J. A. Colquitt, Lawrence Erlbaum Associates, pp. 247 - 272.

Lewis, D. J., and Weigert, A. (1985), "Trust as a Social Reality," *Social Forces*, 63, 967-985.

Lind, E. A. (2001), "Fairness Heuristic Theory: Justice Judgements as Pivotal Cognitions in Organizational Relations. ," in *Advances in Organizational Justice*, eds. J. Greenberg and R. Cropanzano, Stanford, CA.: Stanford University Press, pp. 56 - 88.

Macduffie, J. P. (1995), "Human-Resource Bundles and Manufacturing Performance - Organizational Logic and Flexible Production Systems in the World Auto Industry," *Industrial & Labor Relations Review*, 48, 197-221.

March, J. G., and Shapira, Z. (1987), "Managerial Perspectives on Risk and Risk-Taking," *Management Science*, 33, 1404-1418.

35

Mayer, R., and Gavin, M. (2005), "Trust in Management and Performance: Who Minds the Shop While Employees Watch the Boss? ," *The Academy of Management Journal*, 48, 874-888.

Mayer, R. C., and Davis, J. H. (1999), "The Effect of the Performance Appraisal System on Trust for Management: A Field Quasi Experiment," *Journal of Applied Psychology*, 84, 123-136.

Mayer, R. C., Davis, J. H., and Schoorman, F. D. (1995), "An Integrative Model of Organizational Trust," *Academy of Management Review*, 20, 709-734.

McFarlin, D., and Sweeney, P. (1992), "Distributive and Procedural Justice as Predictors of Satisfaction with Personal and Organizational Outcomes," *Academy of Management Journal*, 35, 626-637.

McKnight, D. H., Choudhury, V., and Kacmar, C. (2002), "Developing and Validating Trust Measures for E-Commerce: An Integrative Typology," *Information Systems Research*, 13, 334-359.

Möllering, G. (2006), *Trust : Reason, Routine, Reflexivity* (1st ed.), Amsterdam ; Boston: Elsevier.

Nagy, M. S. (2002), "Using a Single-Item Approach to Measure Facet Job Satisfaction," *Journal of Occupational and Organizational Psychology*, 75, 77-86.

Niehoff, B. P., and Moorman, R. H. (1993), "Justice as a Mediator of the Relationship between Methods of Monitoring and Organizational Citizenship Behavior," *Academy of Management Journal*, 36, 527-556.

Nooteboom, B., Berger, H., and Noorderhaven, N. G. (1997), "Effects of Trust and Governance on Relational Risk," *Academy of Management Journal*, 40, 308-338.

Payne, R. L., and Clark, M. C. (2003), "Dispositional and Situational Determinants of Trust in Two Types of Managers," *International Journal of Human Resource Management*, 14, 128-138.

Perry-Smith, J. E., and Blum, T. C. (2000), "Work-Family Human Resource Bundles and Perceived Organizational Performance," *Academy of Management Journal*, 43, 1107-1117.

Pfeffer, J., and Veiga, J. F. (1999), "Putting People First for Organizational Success.," *Academy of Management Executive*, 13, 37-48.

Podsakoff, P. M., and Organ, D. W. (1986), "Self-Reports in Organizational Research - Problems and Prospects," *Journal of Management*, 12, 531-544.

Robinson, S. L. (1996), "Trust and Breach of the Psychological Contract," *Administrative Science Quarterly*, 41, 574-599.

Robinson, S. L., and Rousseau, D. M. (1994), "Violating the Psychological Contract - Not the Exception but the Norm," *Journal of Organizational Behavior*, 15, 245-259.

Rotter, J. B. (1980), "Interpersonal Trust, Trustworthiness, and Gullibilty," *American Psychologist*, 35, 1-7.

Rousseau, D. M., and Greller, M. M. (1994), "Psychological Contracts and Human-Resource Practices," *Human Resource Management*, 33, 383-384.

Rousseau, D. M., Sitkin, S. B., Burt, R. S., and Camerer, C. F. (1998), "Introduction to Special Topic Forum: Not So Different after All: A Cross-Discipline View of Trust," *Academy of Management Review*, 23, 393-404.

Saunders, M., and Thornhill, A. (2004), "Trust and Mistrust in Organizations: An Exploration Using an Organizational Justice Framework," *European Journal of Work and Organizational Psychology*, 13, 493-515.

Schoorman, F. D., Mayer, R. C., and Davis, J. H. (2007), "An Integrative Model of Organizational Trust: Past, Present, and Future," *Academy of Management Review*, 32, 344-354.

Simmel, G. (1908), *Soziologie Untersuchungen Über Die Formen Der Vergesellschaftung*, Leipzig: Duncker & Humbolt.

Sitkin, S. B., and Pablo, A. L. (1992), "Reconceptualizing the Determinants of Risk Behavior," *Academv of Management Review*, 17, 9-38.

Skinner, D., Saunders, M. N. K., and Duckett, H. (2004), "Policies, Promises and Trust: Improving Working Lives in the National Health Service.," *International Journal of Public Sector Management*, 17, 558-570.

Sobel, M. E. (1982), "Asymptotic Confidence Intervals for Indirect Effects in Structural Equation Models," in *Sociological Methodology*, ed. S. Leinhart, San Francisco: Jossey-Bass, pp. 290-312.

Stinglhamber, F., Cremer, D., and Mercken, L. (2006), "Perceived Support as a Mediator of the Relationship between Justice and Trust: A Multiple Foci Approach," *Group & Organization Management*, 31, 442.

Sydow, J. (1998), "Understanding the Constitution of Interorganizational Trust in Trust within and between Organizations," in *Conceptual Issues and Empirical Applications, ,* eds. C. Lane and R. Bachmann, Oxford: Oxford University Press.

Tannenbaum, R., and Davies, S. M. (1969), "Values, Man and Organization," *Industrial Management Review*, 10, 67-86.

Thibaut, J., and Walker, L. (1975), *Procedural Justice*, Hillsdale, NJ: Erlbaum.

Tsui, A., Pearce, J., Porter, L., and Tripoli, A. (1997), "Alternative Approaches to the Employee-Organization Relationship: Does Investment in Employees Pay Off?," *Academy of Management Journal*, 40, 1089-1121.

Tyler, T., and Blader, S. (2001), "Identity and Cooperative Behavior in Groups," *Group Processes and Intergroup Relations*, 4, 207-226.

Tyler, T. R. (2003), "Trust within Organisations," *Personnel Review*, 32, 556-568.

Tyler, T. R., and Huo, Y. J. (2002), *Trust in the Law: Encouraging Public Cooperation with the Police and Courts*, New York: Russell Sage Foundation.

Tzafrir, S. S. (2005), "The Relationship between Trust, Hrm Practices and Firm Performance.," *The International Journal of Human Resource Management*, 16, 1600-1622.

Tzafrir, S. S., Harel, G. H., Baruch, Y., and Dolan, S. L. (2004), "The Consequences of Emerging Hrm Practices for Employees' Trust in Their Managers," *Personnel Review*, 33, 628-647.

Vandenberg, R. J., Richardson, H. A., and Eastman, L. J. (1999), "The Impact of High Involvement Work Processes on Organizational Effectiveness - a Second-Order Latent Variable Approach," *Group & Organization Management*, 24, 300-339.

Wanous, J. P., Reichers, A. E., and Hudy, M. J. (1997), "Overall Job Satisfaction: How Good Are Single-Item Measures?," *Journal of Applied Psychology*, 82, 247-252.

Waterman, R. H. J., Waterman, J. A., and Collard, B. A. (1994), "Toward a Career-Resilient Workforce," *Harvard Business Review*, 72, 87-95.

Weber, M. (1921), *Wirtschaft Und Gesellschaft*, Köln:

Whitener, E. M. (1997), "The Impact of Human Resources Activities on Employees Trust," *Human Resource Management Review*, 7, 389-404.

Whitley, R. (1987), "Taking Firms Seriously as Economic Actors: Towards a Sociology of Firm Behaviour.," *Organization Studies (Walter de Gruyter GmbH & Co. KG.)*, 8, 125-147.

Whitney, J. O. (1994), *The Trust Factor : Liberating Profits and Restoring Corporate Vitality*, New York: McGraw-Hill.

Zaheer, A., McEvily, B., and Perrone, V. (1998), "Does Trust Matter? Exploring the Effects of Interogranizational and Interpersonal Trust on Performance," *Organization Science*, 9, 141-159.

Zand, D. E. (1972), "Trust and Managerial Problem Solving," *Adminstrative Science Quarterly*, 17, 229-239.

Zucker, L. G. (1986), "Production of Trust: Institutional Sources of Economic Structure, 1840-1920," *Research in Organizational Behavior*, 8, 53-111.
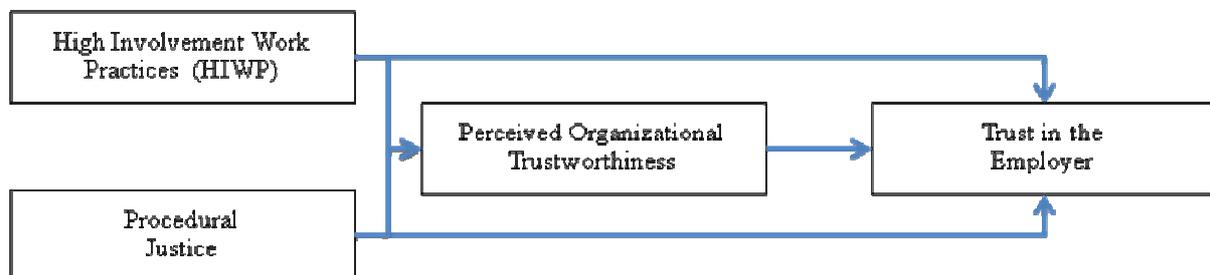
Figure 1: Proposed direct and indirect relationships of HIWP and procedural justice with perception of organizational trustworthiness and trust in the employer.
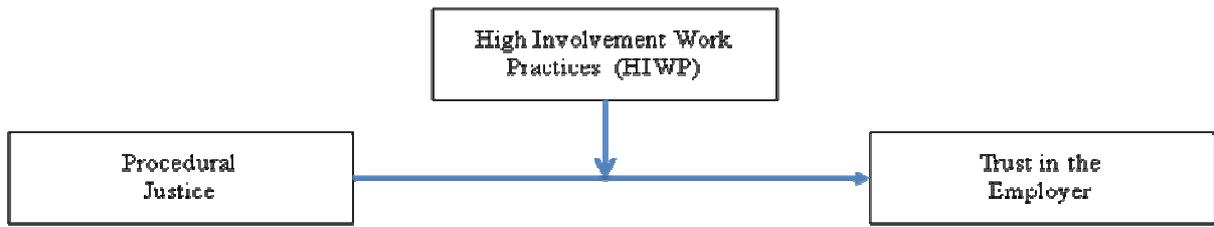
Figure 2: Proposed interactive effect of HIWP and procedural justice on trust in the employer.

Table 1 Descriptive statistics and intercorrelations

|  |  | Mean | Std.Dev | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | trust in the org | 5.34 | 1.16 |  |  |  |  |  |  |  |  |  |
| 2. | ability | 5.23 | 1.04 | 0.65** | (0.83) |  |  |  |  |  |  |  |
| 3. | trustworthy intent | 4.88 | 1.12 | 0.72** | 0.64** | (0.90) |  |  |  |  |  |  |
| 4. | propensity to trust | 5.17 | 0.89 | 0.34** | 0.25** | 0.26** | (0.82) |  |  |  |  |  |
| 5. | HIWP | 4.92 | 0.94 | 0.68** | 0.56** | 0.76** | 0.29** | (0.83) |  |  |  |  |
| 6. | procedural justice | 4.37 | 1.23 | 0.62** | 0.52** | 0.69** | 0.28** | 0.72** | (0.89) |  |  |  |
| 7. | management level | 3.04 | 1.06 | 0.27** | 0.17** | 0.25** | 0.08* | 0.26** | 0.19** |  |  |  |
| 8. | org sector | 0.96 | 0.29 | -0.00 | -0.09* | -0.05 | 0.14* | -0.00 | 0.02 | 0.01 |  |  |
| 9. | gender | 0.18 | 0.39 | -0.08 | -0.00 | -0.08* | 0.05 | -0.07 | -0.05 | -0.17** | -0.03 |  |
| 10. | org. size | 2.30 | 1.50 | -0.95* | -0.13** | -0.14** | 0.02 | -0.08 | -0.12** | -0.05 | 0.12** | -0.06 |

()      cronbach's alphas

**      correlation is significant at the 0.01 level (2-tailed).

*      correlation is significant at the 0.05 level (2-tailed).

Table 2 Hierarchical regression analysis on trust in the organization for total sample (N = 604)

| Predictors | Step 1 | 2 | 3 | 4 | 5 | Adj. $R^2$ ($\Delta R^2$) | F | dfs |
|---|---|---|---|---|---|---|---|---|
| **Step 1:** Control variables | | | | | | 0.07 (.07) | 10.80 | (4, 540) |
| gender[a] | -0.05 | -0.06 | -0.03 | -0.03 | -0.02 | | | |
| management level[b] | 0.25** | 0.22** | 0.07 | 0.06* | 0.07* | | | |
| organizational sector[c] | 0.01 | -0.03 | -0.03 | 0.03 | 0.02 | | | |
| organizational size[d] | -0.08 | -0.09* | -0.00 | -0.01 | -0.01 | | | |
| **Step 2**: propensity to Trust | | 0.33** | 0.13** | 0.11** | 0.12** | 0.17 (0.11) | 23.88 | (5, 539) |
| **Step 3:** OT ability | | | 0.30** | 0.26** | 0.27** | 0.59 (0.41) | 113.08 | (7, 537) |
| trustworthy intentions | | | 0.48** | 0.30** | 0.28** | | | |
| **Step 4:** HIWP | | | | 0.17** | 0.15** | 0.61 (0.02) | 96.13 | (9, 535) |
| procedural justice | | | | 0.10* | 0.11** | | | |
| **Step 5:** HIWP*procedural justice | | | | | -0.12** | 0.62 (0.01) | 90.98 | (10, 534) |

Notes: *$p < 0.05$, **$p < 0.01$ a = male= 0, female = 1, b a higher values reflects higher organizational level, c private sector = 0, public and not for profit = 1 d higher values reflects higher organizational size
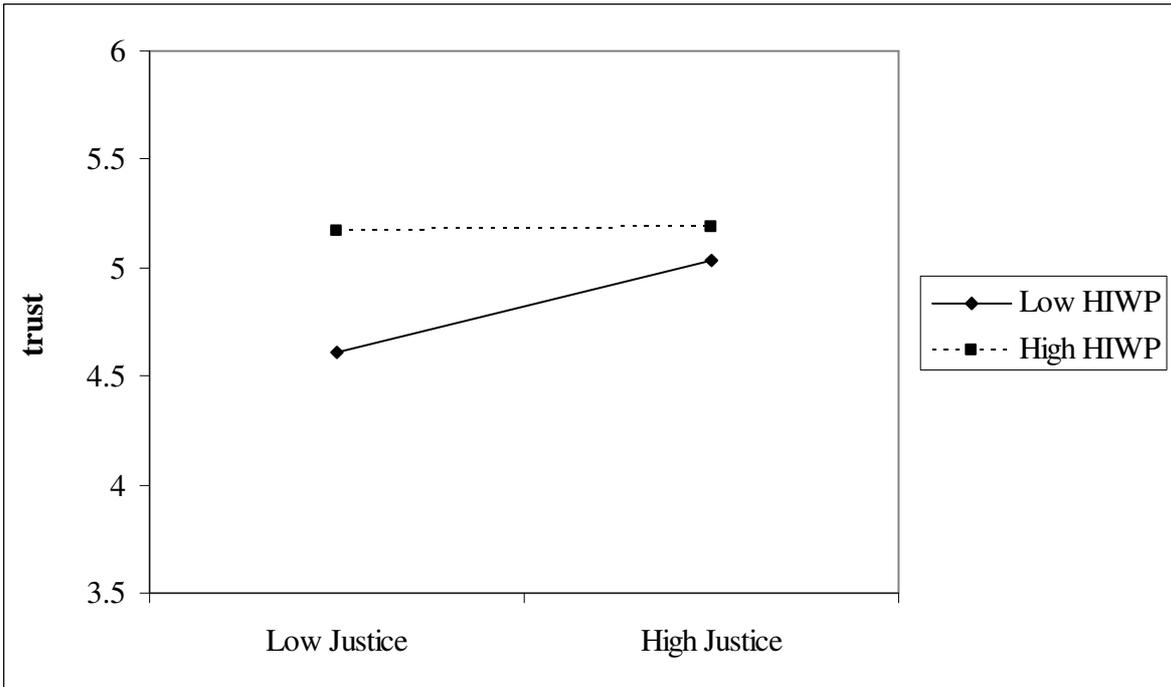
Figure 3: Plot of the interaction for HIWP and procedural justice controlling for perceived organizational trustworthiness
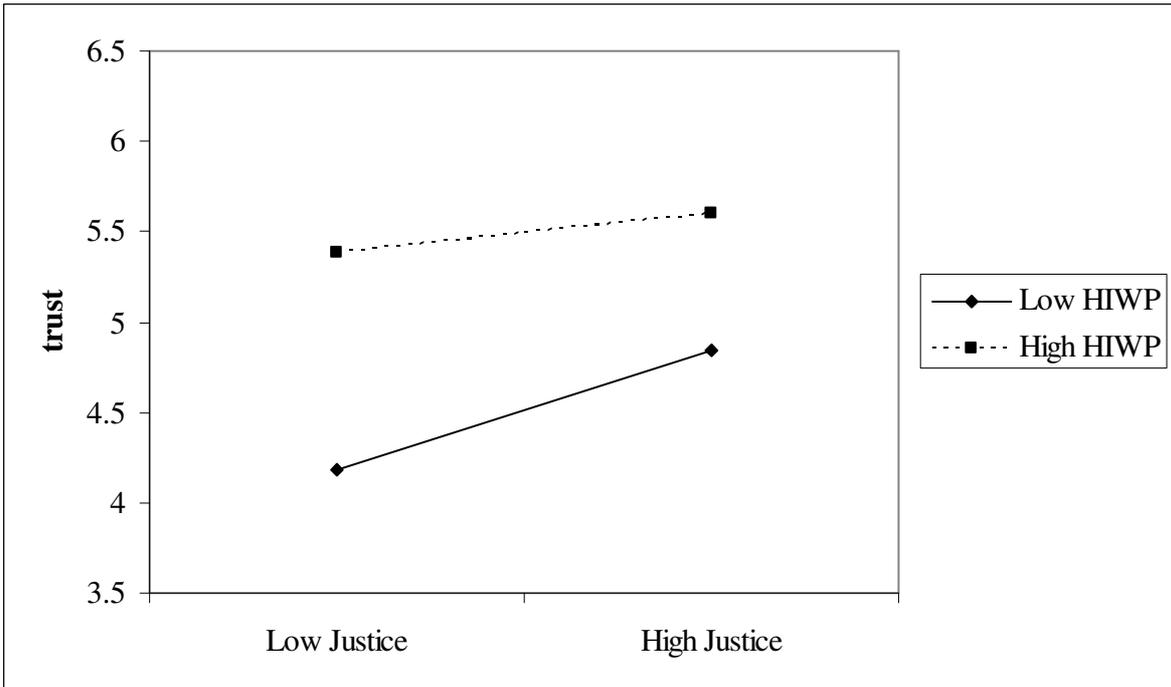
Figure 4 Plot of the interaction for HIWP and procedural justice not controlling for perceived

organizational trustworthiness

## Appendix of items

### Trustworthiness measure

*Ability scale*

This organization is capable of meeting its responsibilities.

This organization is known to be successful at what it tries to do.

This organization does things competently.

*Benevolence/integrity scale*

This organization is concerned about the welfare of its employees.

Employees' needs and desires are important to this organization.

This organization will go out of its way to help its employees.

This organization would never deliberately take advantage of its employees.

This organization is guided by sound moral principles and codes of conduct.

Power is not abused in this organization.

This organization does not exploit external stakeholders.

### Factor analysis component matrix for this scale

| Rotated Component Matrix[a] | | |
|---|---|---|
| | Component | |
| | 1 | 2 |
| This organisation is capable of meeting its responsibilities. | | .744 |
| This organisation is known to be successful at what it tries to do. | | .865 |
| This organisation does things competently. | | .804 |
| This organisation is concerned about the welfare of its employees. | .755 | |
| Employees' needs and desires are important to this organisation. | .810 | |
| This organisation will go out of its way to help its employees. | .831 | |
| This organisation would never deliberately take advantage of its employees. | .809 | . |
| This organisation is guided by sound moral principles and codes of conduct. | .633 | |
| Power is not abused in this organisation. | .684 | |
| This organisation does not exploit external stakeholders. | .620 | |
| Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. | | |
| a. Rotation converged in 3 iterations. | | |

### HIWP scale

Specific goals are established for my job.

My career progression is dependent on my performance relative to expected goals.

I am consulted before decisions related to my work situation are reached.

Employees are able to achieve a work/life balance.

Adequate training is provided to ensure that employees are competent in their role.

Appropriate levels of job security are offered to employees.

There is an effort to locate opportunities for employees to apply their expanding knowledge and abilities.

Employees are consulted about issues important to them.

Employees can openly voice their opinions and concerns without fear of retribution.

### Procedural Justice  scale

Job decisions are made in an unbiased manner.

Employees' concerns are heard before job decisions are made.

Job decisions are based on accurate and complete information.

Job decisions are applied consistently across all affected employees.

Employees can challenge or appeal job decisions made by management.