Building organizational trust in a low-trust societal context

Raminta Pučėtaitė

Kaunas Faculty of Humanities, Vilnius University, Kaunas, Lithuania

Anna-Maija Lämsä

*School of Business and Economics, University of Jyväskylä,
Jyväskylä, Finland, and*

Aurelija Novelskaitė

Kaunas Faculty of Humanities, Vilnius University, Kaunas, Lithuania

Abstract

Purpose – The purpose of the paper is to explore the interrelations between organizational trust and ethics management tools as well as ethical organizational practices in a post-socialist context.

Design/methodology/approach – A conceptual framework of the interrelations among organizational trust, ethics management tools and ethical organizational practices is reasoned and the interrelations among the variables are explored using quantitative methods of data analysis. The method of data gathering is a questionnaire survey that was carried out in Lithuania which is taken as an example of a post-socialist society where trust is rather low. In total, answers from 519 respondents were collected.

Findings – The empirical findings confirm the interdependence of the variables. A significant dependence of organizational trust on ethical organizational practices has been established.

Research limitations/implications – The research findings imply that ethics management tools just weakly predict emergence of organizational trust in the organizations operating in a post-socialist context. Rather, organizational practices which integrate ethical principles are considerably more important to building organizational trust. This is a peculiarity of a post-socialist context where people were used to the relativity of the declared values and ideas, therefore, tend to search for evidence of value realization in practice. However, since post-socialist societies differ in their socio-historical past, this claim is not a generalization.

Practical implications – The paper provides managerial implications how to advance organizational trust in a post-socialist context.

Originality/value – The research paper provides empirical evidence on the interrelations among organizational trust, ethics management tools and ethical organizational practices, which is scarce in the existing literature on organizational trust. In particular, neither the interrelation between ethics management tools and organizational trust nor a combined effect of ethics management tools and ethical organizational practices on organizational trust has been empirically tested. Thus, the paper fills in this gap in the related literature.

Keywords Trust, Ethics, Organizational culture, Lithuania

Paper type Research paper

Introduction

Recent developments in literature highlight the importance of trust for individual well-being (Solomon and Flores, 2001; Dutton and Heaphy, 2003), organizational performance (Connell *et al.*, 2003; McAllister, 1995; Jones and George, 1998; Whitener *et al.*, 1998; Wicks and Berman, 2004; Wicks *et al.*, 1999) and socio-economic development of

the country (Fukuyama, 1995; Putnam, 1993; Uslaner, 2002). From an organizational perspective, trust is critical in effective communication and successful team-working among co-employees as well as between employees and managers, minimization of risk and operating costs, enhanced employees' commitment and productivity. Therefore, although in certain cases high trust may account for groupthink and eliminate competent "outsiders" from an organization (Fukuyama, 1995; Granovetter, 1973), it is generally desirable.

In this paper, we are interested in organizational trust which is defined as a positive attitude held by an organization's member towards another member that the other party will act by fair-play rules and will not take an advantage of one's vulnerability and dependence in a risky situation (Das and Teng, 1998; Lewis and Weigert, 1985). The certainty about the other party's benevolent behaviour develops from the experience and belief that the trustee has followed the same ethical norms, values and moral principles (Connell *et al.*, 2003; Fukuyama, 1995; Uslaner, 2002). These ethical norms and values are derived from the socio-cultural context of a given society as well as an organizational context.

Thus, organizational trust is a context-dependent phenomenon, and hence it should be understood and investigated as such (Doney *et al.*, 1998; Lämsä and Pučėtaitė, 2006; Wicks and Berman, 2004). However, the studies on organizational trust often overlook this aspect. They usually investigate organizational trust in a western context where people's behaviour at work tends to be more norm-compliant than in post-socialist societies. Meanwhile organizational trust in contexts, such as a post-socialist one, still remains under-researched. We draw particular attention to a post-socialist context because trust in such societies is often rather low (Ees and Bachmann, 2006; Ungvari-Zrinyi, 2001) due to certain social-historical processes which conditioned lower self-regulation, authoritarian and patriarchal organizational structures and lack of partnership-based interrelations between the manager and employees, a rather flexible attitude to the norms and standards, negligent behaviour at work, etc. (Ivanauskas, 2006; Pučėtaitė and Lämsä, 2008; Ryan, 2006; Vasiljevienė and Freitakienė, 2002; Žiliukaitė *et al.*, 2006). These issues have undermined a common normative background on which the decision to trust could be based. Thus, by drawing attention to the possibility to develop organizational trust in a low-trust societal context we fill in the gap in the existing literature on organizational trust.

Moreover, the level of organizational trust is dependent on organization's efforts and measures. Since trust occurs from continual compliance with the same ethical principles, it follows that organizational trust is dependent on the tools of ethics management (Kaptein, 1998; Lozano, 2002; Vasiljevienė, 2000). They set the regulatory background for employees' behaviour which can become a point of departure for emergence of organizational trust. Yet ethics management tools are not always integrated into other organizational practices such as supply, human resource management (HRM), risk management, etc. Therefore, they often fail to induce employees' reliable and integral behaviour (McMurrian and Rustogi, 2004; Satava *et al.*, 2006) and, consequently, build organizational trust. Thus, based on prior research (Brien, 1998; Lewicki and Bunker, 1996; Pučėtaitė and Lämsä, 2008; Whitener, 1997; Zeffane and Connell, 2003) we suggest that in order to build organizational trust, ethical principles should not only be promoted by ethics management tools but also integrated into organizational practices, especially HRM ones. HRM practices deserve particular attention because they are the primary

source through which employees experience organization's attitude towards them. For example, if these practices are perceived as just and fair, employees' attitudes toward the organization as a benevolent actor, their motivation to follow organization's values and norms and act positively may become stronger (Cropanzano and Stein, 2009; Ristig, 2009). Consequently, such behaviour builds the basis for a reciprocal attitude from the organization's side.

Thus, the aim of this paper is to investigate the interrelations and the causality of the relationships among organizational trust, tools of ethics management and ethical organizational practices. Although the relations among the mentioned variables have been reasoned in some theoretical studies (Brien, 1998; Pučėtaitė and Lämsä, 2008; Vasiljevienė, 2000, 2006; Whitener *et al.*, 1998), empirical data on their interrelations are scarce. Our claim that interrelations among the three variables exist is tested with a questionnaire survey in Lithuania which is taken as a case of a post-socialist context. Based on the results we discuss how organizational trust can be developed by management in a post-socialist context. In this respect, we also make a contribution to the existing body of literature on the development of organizational trust.

The paper is structured into three parts. The first one introduces the key concepts and provides a conceptual background for the interrelations among organizational trust, ethics management tools and ethical organizational practices. It is followed by the description of the research methodology, the main findings and their interpretation. In part 3, beside the conclusions, managerial implications are discussed in the light of the research findings and the socio-cultural context in Lithuania.

Conceptual background for building organizational trust

In literature on organizational trust a distinction between cognition-based and affect-based organizational trust is typically made (Jones and George, 1998; Lewis and Weigert, 1985; McAllister, 1995; Whitener *et al.*, 1998; Wicks *et al.*, 1999; Young and Daniel, 2003). The cognitive component of organizational trust refers to an evaluative belief and usually a certain extent of experience and knowledge about the other actor. Cognition-based trust is founded on evaluative predictions and calculations, such as the probability of the reciprocal behaviour of the other party (Tyler and Kramer, 1996). This perception of trust implies that one party trusts the other because both have followed the same ethical principles and acted in a trustworthy, competent way in the past and can be expected to do so in the future (Tyler and Degoey, 1996; Gulati and Sytch, 2008; Ristig, 2009). Consequently, cognition-based trust involves a rational appraisal which helps the parties not to trust unwisely. Yet, cognition-based organizational trust is said to work best only in short-term and casual affairs.

The affective component is related to the emotional or sentimental side of trust. For example, Flores and Solomon (1998) argue that trust is first of all an affect, which makes research of the topic more complex because reasoning a feeling involves a different logic compared with reasoning a belief. Belief can be justified by "rational" reasons while affect refers more to a sense of emotional as well as physical security. This form of trust is often self-evident and tacit and often results from an interaction over a long(er) period of time (Gulati and Sytch, 2008; Thomson *et al.*, 2009). Affect-based trust is proactive: it involves a mutual expectation of fair and honest behaviour. It is also characterized by congruence between the parties' values and interests (Gulati and Sytch, 2008; Lämsä and Pučėtaitė, 2006). Affect-based trust is needed to achieve sustainable organizational

development with a long-term orientation. Consequently, to ensure sustainable performance, an organizational environment which shapes an internal work culture, affects employees' moral behaviour and contributes to the development not only of cognition-based but also of affect-based trust among organization's members is needed.

Since compliance with the same ethical principles is a background for trust, we claim that organization's ethical norms and principles are particularly important to creating an organizational environment that fosters trust. In an organization, ethical principles may be codified and documented as standards, which are referred by a variety of names such as codes of conduct, ethics codes, business codes, corporate ethics or value statements, and corporate credo (Kaptein and Schwartz, 2008) and which we call ethics codes in this paper. Ethics codes constitute the core of ethics programmes in organizations which also involve ethics training, ethics audit, ethics consultant/officer/committee and ethics hotline (Lozano, 2002; Trevinõ and Weaver, 2003). Coherently combined, the elements form a system of ethics management which enables companies to realize their moral responsibilities, manage their values and the stakeholders' interests as well as resolve ethical issues and problems (Crane and Matten, 2004; Kaptein, 1998; Vasiljevienė, 2000, 2006; Wieland, 2003). These components often perform an instrumental function when organizing activities that help to manage people's ethical behaviour, therefore, we term them as ethics management tools. The tools, in particular ethics codes, provide organization's members with the primary information about the principles which guide (or at least should be expected to) its members' behaviour and are used as devices for self-regulation (Schwartz, 2001). Hence, they constitute the ground for employees' expectations about the organization and co-employees' reliability and give an impulse for trust to emerge. Hence, it follows that organizational trust and ethics management tools are positively correlated, and organizational trust depends on ethics management tools rather than vice versa.

However, empirical research on the impact of ethics management tools on employees' behaviour (Beu and Buckley, 2004; Kaptein and Schwartz, 2008; Satava et al., 2006; Weaver and Trevinõ, 1999) has yielded varied results. The studies found that the likelihood of ethics management tools to affect behaviour depends on other factors such as the orientation of the ethics programmes towards values and ethical climate (rather than rule-compliance), sanctions for unethical behaviour, the supervisor/manager's integrity, clarity and company-specific contents of the ethics code. Considering the post-socialist context, it can be assumed that ethics management tools may not be seriously taken by organization's members because of considerable lack of respect to the rule of law and integrity in the society. In this light, the first two interrelated research questions arise, i.e.:

RQ1. (a) Does an interrelation between ethics management tools and organizational trust in organizations operating in a post-socialist society exist and if so and (b) can tools predetermine organizational trust?

It can be assumed that organizational trust may also depend on employees' experience of their co-workers' actual behaviour. In this light, actual organizational practices – not only formal tools of ethics management – become very important to building organizational trust, once at least one tool of ethics management (e.g. an ethics code) is present. Codified and declared ethical principles may be insufficient to incite moral behaviour if employees perceive that they are not integrated into daily organizational

processes and operations, in particular HRM practices. Previous research indicates that HRM practices such as fair and just selection and hiring, evaluation, rewarding, dismissal can contribute positively to organizational trust (Lämsä and Pučėtaitė, 2006; Whitener, 1997; Whitener *et al.*, 1998). Also Cropanzano and Stein (2009) note that organization's just rewarding can influence individual's decision to act ethically. Thus, it can be stated that fair and just HRM practices may enhance employees' self-regulation and motivate them to act in a predictable and trustworthy way at least for economic reasons, which constitutes the background for cognitive trust (Kramer and Tyler, 1996).

Consequently, employees' ethical behaviour may lead to reciprocity from an organization's side, which could be expressed by the organization's care about the employees' well-being. An example of organizational care is a set of practices which are responsive to employees' needs and interests, for example, flexible time arrangements, life insurance, provision of a credit for household purchases and self-development training. Such practices constitute a motivation package that exceeds the minimum of rewarding practices required by law in most developed countries. Prior research found that perceived good treatment by the organization can incite employees' obligation to reciprocate the organization (Eisenberger *et al.*, 2001) and provide the basis for trust to emerge (Doney *et al.*, 1998). At this stage, organizational trust may gain an affective character.

Moreover, the feeling of benevolence between the organization and its employees as well as certainty that the other party will not take an advantage in a risky situation could be strengthened if the organization is open to its employees. This means that the organization clearly communicates its direction of development and managers can be easily approached for advice and constructive discussions on the job-related matters. Regular and sincere communication puts organizational members in a constant contact, which supports exchanging information about interests, desires and approaches to problems. Thus, an organization learns the reality of its employees and the employees learn its preferences and the objectives. That helps to create a culture of inclusion and critical reflection (Pless and Maak, 2004; Ulrich, 2001) and provides a platform for not only cognition-based but also affect-based organizational trust to occur.

Reciprocally, if employees can be sincere with each other, openly express their interests to the manager, engage in decision making, such behaviour can lead to the increase of organizational trust. Inclusion of employees into the organization's decision-making process, discussion of the principles that should guide every employee's behaviour at work, the possibility to argue for proposed ideas and search for a consensus imply that employees' rights (e.g. dignity and freedom of speech) are acknowledged and their awareness of themselves as organizational citizens with certain duties is deepened. Although there are studies which propose that employees' involvement into decision making is a result of existing organizational trust (McCall, 2000), a number of studies indicating that openness and sincerity in communication, participation of the affected parties in decision making can induce trust also exist (Nikandrou *et al.*, 2000; Tschannen-Moran, 2001; Wang and Montgomery, 2007). An important aspect in this interrelation is that employees' involvement into decision-making embeds principles of human dignity, autonomy and fairness in organizational practices (Cludts, 1999; McCall, 2000).

Since all the above discussed organizational practices – fair and just HRM practices, organizational care for employees' well-being and open communication and employees' participation are based on ethical principles such as justice, fairness, care, dignity,

openness, we term them as ethical organizational practices in this paper. We suggest that in order to change attitudes and behaviour forms that determine low-level organizational trust, organizations in the post-socialist context should pay particular attention to the ethical character of their practices, especially the ones related to HRM. Consequently, the second dyad of research questions arises:

RQ2. (a) Does an interrelation between ethical organizational practices and organizational trust in organizations operating in a post-socialist society exist and if so and (b) can practices predetermine organizational trust?

Moreover, considering the socio-cultural context of post-socialist organizations, we assume that the combination of ethics management tools with ethical organizational practices should have a stronger effect on organizational trust compared to the one of ethics management tools or ethical organizational practices as separate variables. Hence, the third research question is raised in this study:

RQ3. Is the effect of the combination of ethics management tools with ethical organizational practices stronger than the ones of ethics management tools as well as ethical organizational practices as separate variables.

The interrelations among the discussed conceptual components are depicted in Figure 1. The figure shows the assumed positive interrelations between:

- organizational trust and ethics management tools;
- organizational trust and ethical organizational practices; and
- organizational trust and a complex of ethics management tools and ethical organizational practices.

The question marks at each pointer indicate the assumption of the causality between the three conceptual components. Besides, the boxes give information on their constituent parts which have been discussed above.

Empirical study in Lithuanian organizations: methodology
In order to reveal peculiarities of the above described phenomena, a questionnaire survey was carried out in Lithuania in 2007-2008. Lithuania was chosen as an example of
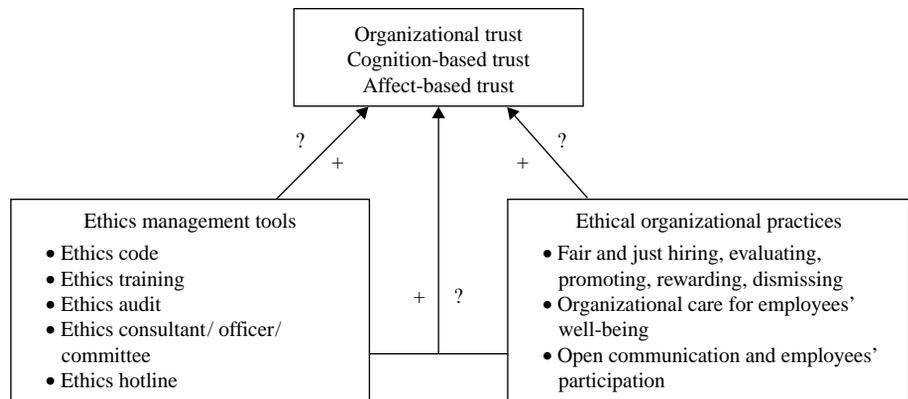
Figure 1.
Conceptual framework of the interrelations among organizational trust, ethical organizational practices and ethics management tools

a post-socialist society where particular social-historical processes have accounted for a number of ethical problems at workplaces and low trust in the society in general.

The variables and questionnaire
Following the definitions and discussion of the conceptual components and their constituents presented in the previous section of this paper, we have distinguished three main variables in the empirical study. An originally created questionnaire encompasses three thematic measurement scales on organizational trust, ethics management tools and ethical organizational practices as well as an additional fourth block of the respondents' socio-demographic characteristics. Only close-ended questions are used in the questionnaire. Nominal level questions are used for collection of information whether an organization has an ethics code and the respondents' socio-demographic characteristics (i.e. gender, age, position in the organization and education). The questions measuring the thematic blocks are combined from evaluative statements and are to be answered according to a ten-score Likert scale, where one denotes "completely disagree" or, if frequency is measured, "almost never", and ten denotes "completely agree" or "almost always", respectively.

The questionnaires used in similar studies (McAllister, 1995; Schoorman *et al.*, 2007) have not been employed in this research since they have been created on a different methodological background, specifically, disregarding the socio-cultural context. Contrariwise, we aimed to create a questionnaire that is based on contextual considerations. Therefore, in this respect, our questionnaire does not add to validating the existing questionnaires but rather to progressing instruments meant to measure the phenomena in a particular socio-cultural context. For this reason, the tests of reliability (Cronbach's alpha) of the three thematic scales measuring organizational trust, ethical organizational practices and ethics management tools were accomplished. The analysis yielded Cronbach's alphas of 0.9 for the scales of all the three variables. Thus, based on the results of the tests, we can claim that the scales developed by us have sufficient internal consistency.

Sampling, sample and data collection
The process of data collection in Lithuania companies was organized in two stages. The primary intention was to collect data from companies that had an ethics code. However, the list of organizations with an ethics code is not available in Lithuania. Thus, the point of departure in sampling was 44 companies which had joined the UN Global Compact initiative by May 2007. Results of the previous studies suggest that usually only large companies have ethics codes (Kaptein, 1998) and tend to formalize HRM practices (Brewster and Hegewisch, 1994). Thus, we eliminated 11 companies from the initial list because the number of their employees was smaller than 50. The rest 33 companies were contacted either through the departments of HRM, public relations or administration, asking for a permission to select at least ten respondents from each company. The response rate was 20 per cent, resulting from two to 13 properly filled questionnaires from ten companies in total. A total of 30 per cent of the respondents were not reached due to another internal on-going survey, high workload, an on-going restructurization and the directors' disapproval. The 13 companies did not respond to the request to participate in the survey at all.

Since the response rate from the target companies was low, during the second stage of data collection the questionnaire was distributed in an electronic and paper format to

other organizations. These were organizations of two types. First, there were organizations which, according to the information at their web sites and annual reports, had an ethics code or a value statement. Second, some other companies with the number of employees larger than 50 as well as engaged in the public sector were conveniently selected. As a result, 454 properly filled questionnaires were returned at a response rate of 56 per cent. In total, from 810 distributed questionnaires during the both stages, 519 properly filled ones were collected, which amounts to a response rate of 64 per cent.

The respondents represented organizations engaged in finance, banking and insurance, real estate, education, sales, communication, health care, construction, telecommunication, textile, health care and pharmacy. According to the respondents' answers, 57 per cent of the represented companies were private, and 41 per cent belonged to the public sector. A total of 72 per cent of the respondents reported that their organizations were national-capital-based and 25 per cent foreign. Almost 51 per cent of the respondents positioned their companies as larger than 251 employees, the others reported that it is either medium (26 per cent) or small (23 per cent), considering the number of employees (respectively 51-250 and six to 50 employees). It should be noted that the latter data denote that some employees working for multinational companies in small subsidiaries marked not the total number of the company's employees but the one of the subsidiary.

Data analysis
The data were analysed employing the quantitative data analysis methods of statistical processing with SPSS 13.0 for windows software. The analysis was conducted in several steps. First, striving to identify the interrelations among the variables, we subdivided the respondents into four groups based on the logic interrelations among the variables. The first group, which we call "ethics-code group" here, consisted of the respondents who claimed that their organization had just an ethics code and did not observe ethical organizational practices. The second group or "ethical-practices group" was comprised from the respondents who claimed that their organization did not have an ethics code but had ethical organizational practices. The third group of the respondents that we named "code-and-practices group" claimed that their organization had both an ethics code and ethical organizational practices, and the last one, "no-code/practices group" had none of the two.

The groups were differentiated by a question whether an organization has an ethics code and the Likert-scale-based statement "All employees are treated with justice and fairness in our organization". As it has been mentioned above, in this research ethics code is taken as the minimum indicator that an organization has ethics management tools. Besides, considering Lithuanian organizations, where ethics management is still underdeveloped, it is likely that an ethics code can be the basic tool for ethics management. The other statement was taken as the basic criterion describing ethical organizational practices because it expresses three ethical principles which are important in enhancing employees' ethical behaviour, i.e. the ones of universalizability, justice and fairness and which can be considered as a moral minimum to secure human dignity. The grades below four were considered as an indicator of the absence of ethical organizational practices, and those equal to four and above as the one of presence. The characteristics of the distinguished four groups are presented in Table I.

As shown in Table I, a larger number of the respondents have experienced ethical organizational practices or their combination with an ethics code. A small percent

(10 per cent) of the respondents claimed that their organization had just an ethics code and a slightly bigger part (11 per cent) has noticed neither an ethics code nor ethical organization practices in the organization. It should also be noted that ethical organizational practices were more often noticed by the respondents from private organizations while the ones from public organizations more often reported about an ethics code in their organization. Foreign capital organizations show a stronger tendency to have both an ethics code and ethical organizational practices than just one of the components, which contrasts the results of public organizations.

Based on the four distinguished groups, we compared the means of the averaged conceptual components of the framework. Further, as we did not have a representative sample, we accomplished non-parametric Spearman's correlation analysis among the four compound variables (the fourth is the complex of ethics management tools and

Groups	Ethics-code	Ethical-practices	Code-and-practices	No-code/practices
Sample size (*n* valid = 398)	51	125	166	56
Sex (%)				
Male	30	28	31	11
Female	70	72	68	89
Age (%)				
18-25	16	12	20	16
26-35	31	34	36	32
36-45	27	21	25	20
46-55	24	25	12	25
Over 56	2	8	7	7
Position in the organization (%)				
CEO	–	1	1	–
Management	16	20	16	7
Administration	18	34	22	52
Employees	66	45	61	41
Education (%)				
Secondary, vocational and continued higher	23	14	16	21
College	12	8	13	11
Higher	65	78	71	68
Sector (%)				
Private	37	70	58	55
Public	63	30	40	40
Ownership (%)				
Lithuanian	82	83	51	89
Foreign	16	15	46	9
Number of employees (%)				
6-50	12	38	17	18
51-250	22	28	22	30
Over 251	66	34	61	50
Tenure (years) (%)				
<1	14	13	17	14
1-3	17	30	25	27
4-5	16	15	18	16
Over 6	53	42	39	43

Table I.
Characteristics of the groups

ethical organizational practices) to establish whether interrelations among them exist. Finally, to explore the peculiarities of the interrelations among the variables in depth, analysis of linear regression was conducted for each of the respondents group, testing whether ethics management tools, ethical organizational practices and their complex can predict organizational trust and its cognitive and affective components. The findings were depicted in a new framework and compared with the conceptual one.

Findings

Descriptive statistics (Table II) shows that, as it could have been expected, organizational trust scored highest in "code-and-practices group" (mean = 7.4, SD = 1.5), followed by "ethical-practices group" without an ethics code but with ethical organizational practices (mean = 7.0, SD = 1.6), "ethics-code group" (mean = 5.1, SD = 1.9) and "no-code/practices" one (mean = 4.3, SD = 1.9). The means reveal a tendency that existence of an ethics code in the organization does not considerably affect the level of organizational trust. Evaluation of organizational trust, once ethical organizational practices were present, was at least by two points higher compared to the "ethics-code group". Moreover, the means of evaluations of ethics management tools in the "ethics code" and the "code-and-practices" groups differ by more than one point. Meanwhile the means of the evaluations of ethical organizational practices compared in the "ethical-practices" and the "code-and-practices" groups do not differ at all (respectively means = 4.8 and 4.9, SD = 1.6 and 1.5). Thus, the perception of ethical principles becomes higher in tandem with practices, which are given priority over formalized ethics management tools by the respondents.

In general, the respondents' evaluations which express the presence of either cognitive or affective trust in their organization become higher once ethical principles are integrated into organizational practices. For example, the mean of the evaluations of cognitive trust in the "code-and-practices group" is by two points and the one of affective trust – by 2.6 points higher than the one in the "ethics-code group". Meanwhile the means of the cognitive and affective components of organizational trust in the "ethical-practices" and "code-and-practices" groups differ only in about 0.5 point. These results speak of that an ethics code may affect the rational side of organizational trust meanwhile organizational practices may strengthen its emotional side.

The results of ethics management tools by the respondents groups demonstrate that once existence of an ethics code in the organization is reported, the other tools to be found are ethics audit (mean = 3.8, SD = 3.1) and ethics training (mean = 3.0, SD = 2.7). These results show the respondents' uncertainty about the tools when answering the questions and imply that organizations may devote insufficient attention to the tools which may account for effectiveness of an ethics code and ethics management in general.

A non-parametric correlation analysis (Spearman's R) reveals (Table III) that statistically significant positive medium and large interrelations among organizational trust, ethical organizational practices and the complex of ethics management tools and ethical organizational practices exist. The interrelation between organizational trust and ethics management tools is small and case-dependent: it was identified in the "ethics-code" and "ethical-practices" groups.

Further analysis of linear regression among the variables demonstrates that not all the variables are interrelated. Ethics consultant/committee or ethics hotline taken as individual items make no impact on occurrence of organizational trust. Therefore, they

Groups Sample size (*n* valid = 398)	Ethics-code 51		Ethical-practices 125		Code-and-practices 166		No-code/ practices 56	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD
Organizational trust								
Total	5.1	1.9	7.0	1.6	7.4	1.5	4.3	1.9
Cognitive component	5.3	2.0	6.8	1.7	7.3	1.6	4.3	2.1
Affective component	4.8	2.2	7	1.7	7.4	1.8	4.3	2.1
Ethics management tools								
Total	3.0	2.0	2.0	1.3	4.6	2.3	1.5	1.3
Ethics code	3.8	3.1	1.8	1.9	6	3.3	1.3	1.3
Ethics training	3.0	2.7	2.4	2.1	4.7	3.1	1.5	1.5
Ethics audit	3.8	3.1	3.3	3.1	5.8	3.3	2.3	2.4
Ethics consultant/officer/committee	2.8	2.1	1.7	1.4	4.3	2.3	1.5	1.4
Ethics hotline	2.0	2.1	1.4	1.2	2.8	2.7	1.3	1.5
Ethical organizational practices								
Total	3.1	1.1	4.8	1.6	4.9	1.5	2.6	1.0
Fair and just HRM	3.8	1.6	7.2	1.9	7.5	1.7	3.5	1.6
Care for employees' well-being	2.5	1.3	3.9	1.7	3.8	1.8	2.4	1.2
Open communication and employees' participation	3.9	1.7	5.7	1.9	6.2	1.7	2.7	1.5

Table II.
Descriptive statistics
of the groups

Groups	n	Components		Organizational trust	Ethics management tools	Ethical organizational practices	Complex of tools and practices
Ethics-code	51	1.	Correlation coefficient	1.000	0.328*	0.610**	0.597**
			Significance	–	0.019	0.000	0.000
		2.	Correlation coefficient	0.328*	1.000	0.093	0.621**
			Significance	0.019	–	0.516	0.000
		3.	Correlation coefficient	0.610**	0.093	1.000	0.783**
			Significance	0.000	0.516	–	0.000
		4.	Correlation coefficient	0.597**	0.621**	0.783**	1.000
			Significance	0.000	0.000	0.000	–
Ethical-practices	125	1.	Correlation coefficient	1.000	0.195*	0.558**	0.548**
			Significance	–	0.029	0.000	0.000
		2.	Correlation coefficient	0.195*	1.000	0.351**	0.505**
			Significance	0.029	–	0.000	0.000
		3.	Correlation coefficient	0.558**	0.351**	1.000	0.978**
			Significance	0.000	0.000	–	0.000
		4.	Correlation coefficient	0.548**	0.505**	0.978**	1.000
			Significance	0.000	0.000	0.000	–
Code-and-practices	166	1.	Correlation coefficient	1.000	0.079	0.561**	0.477**
			Significance	–	0.312	0.000	0.000
		2.	Correlation coefficient	0.079	1.000	0.241**	0.634**
			Significance	0.312	–	0.002	0.000
		3.	Correlation coefficient	0.561**	0.241**	1.000	0.875**
			Significance	0.000	0.002	–	0.000
		4.	Correlation coefficient	0.477**	0.634**	0.875**	1.000
			Significance	0.000	0.000	0.000	–

(continued)

Table III.
Results of correlation analysis (R_s)

Groups	n	Components		Organizational trust	Ethics management tools	Ethical organizational practices	Complex of tools and practices
No-code/practices	56	1.	Correlation coefficient	1.000	0.236	0.535**	0.548**
			Significance	–	0.051	0.000	0.000
		2.	Correlation coefficient	0.236	1.000	0.465**	0.638**
			Significance	0.051	–	0.000	0.000
		3.	Correlation coefficient	0.535**	0.465**	1.000	0.952**
			Significance	0.000	0.000	–	0.000
		4.	Correlation coefficient	0.548**	0.638**	0.952**	1.000
			Significance	0.000	0.000	0.000	–

Note: Significance at: $^*p < 0.05$ and $^{**}p < 0.01$

Table III.

are not presented among the results of regression analysis in Table IV. Moreover, in some cases when the analysis yielded results that ethics management tools, an ethics code, ethics training or ethics audit can predetermine organizational trust or one of its components, the impact (as expressed by the standardized coefficient β), although not strong, was negative. It may be indicative of the socialization in a context where value-related statements were sources of scepticism in the past (Ivanauskas, 2006; Vasiljevienė, 2000), which still makes a negative impact on the attitudes to ethics management. From the viewpoint of ethical organizational practices, fair and just HRM and employees' participation were distinguished as the strongest determinants of organizational trust. The components which most strongly predict occurrence of organizational trust are presented in Table IV.

As presented in Table IV, in the "ethics-code group", employees' participation ($\beta = 0.704$, $p < 0.001$) and ethics audit ($\beta = 0.224$, $p < 0.05$) predict almost 60 per cent of the variance of organizational trust. The difference between the standardized coefficients indicates that ethics audit does not considerably add to the effect of employees' participation when building trust. It may imply that once an ethics code in the organization is created, the need of assurance that it is used in organizational life becomes more outspoken and can determine organizational trust. Besides, open communication and employees' participation in decision making, in tandem with cognitive trust, can initiate affective trust (respectively $\beta = 0.491$ and 0.352, $p < 0.01$). Once employees' participation is present, ethics audit and ethics training explain 45 per cent of the variance of cognition-based organizational trust. However, although employees' participation and ethics audit strengthen cognitive trust (respectively $\beta = 0.553$ and 0.424, $p < 0.01$), ethics training reduces it ($\beta = -0.271$, $p < 0.05$).

The results in the "ethical-practices" and "code-and-practices" groups are similar in that fairness and justice in HRM practices as well as open communication and employees' participation are strong determinants of organizational trust. The role of fair and just HRM practices is important when building organizational trust ($\beta = 0.427$, $p < 0.001$), and open communication and employees' participation slightly add to its growth ($\beta = 0.333$, $p < 0.001$). Among the excluded variables there are organizational practices

Predictors	Adjusted R^2	Organizational trust Standardized coefficient β
Ethics-code, n = *51*		
Open communication and employees' participation	0.561	0.704***
Ethics audit		0.224*
Ethical-practices, n = *125*		
Fair and just HRM practices	0.479	0.427***
Open communication and employees' participation		0.333***
Code-and-practices, n = *166*		
Fair and just HRM practices	0.477	0.448***
Open communication and employees' participation		1.317***
No-code/practices, n = *56*		
Complex of ethics management tools and ethical organizational practices	0.395	0.422***
Fair and just HRM practices		0.371**
Note: Significance at: *$p < 0.05$, **$p < 0.01$ and ***$p < 0.001$		

Table IV.
Results of regression analysis

demonstrating care for employees' well-being which can also explain occurrence of organizational trust, however, with lower statistical significance ($p < 0.05$). It should be pointed out that fair and just HRM practices and employees' participation play a different role when determining cognitive and affective trust. Their combination explain 35 per cent of the variance of cognitive trust and 49 per cent of affective one. This means that the mentioned practices make a strong impact on the employees' feelings rather than on rational estimates. Thus, organizational trust in such organizations is characterized more by a positive emotional attitude rather than calculations.

Once only ethical organizational practices are present in the organization, an ethics code gains statistical significance ($p < 0.01$) in the interrelation with cognitive trust. However, its coefficient β equals to -0.14, which speaks of a diminishing effect on organizational trust. Yet, its effect on affection-based trust is positive, although the impact is weak ($\beta = 0.147$, $p < 0.05$). These findings contradict to the conceptual framework which is based on a statement that an ethics code is supposed to provide a point of departure for the growth of organizational trust.

In the case of the "code-and-practice" group, the complex of ethics management tools and ethical organizational practices gains importance to affective trust, however, it tends to diminish it ($\beta = -0.188$, $p < 0.01$). This means that employees may become suspicious once ethics management tools are introduced in the presence of ethical organizational practices. Introduction of ethics management tools usually involves discussion and codification of values, which, possibly, used to be the tacit knowledge in the company, and making them codified may be understood as a sign of distrust in the society where a dominating attitude to values is rather metaphysical (Pučėtaitė and Lämsä, 2008). Thus, the emotional side of trust may decrease in organizations operating in such a socio-cultural context.

In "No-code-or-practices" group the framework does not provide much explanation on the interrelation among the variables: its analysis has yielded adjusted $R^2 = 0.395$ ($p < 0.001$) in the interrelation in which a complex of ethics management tools and ethical organizational practices ($\beta = 0.422$, $p < 0.001$) as well as fair and just HRM practices ($\beta = 0.371$, $p < 0.01$) determine organizational trust. The latter practices also account for occurrence of cognitive organizational trust. Affect-based trust in such organizations is dependent on cognitive trust ($\beta = 0.613$, $p < 0.001$) only. The latter result deserves specific attention.

In all the other cases, cognitive organizational trust appeared as a result of affective trust. This implies that emotion goes prior to the rationalization in the attitude that the other party will not take advantage over the trustor's vulnerability once ethics in any form (i.e. tools or practices) is detected. This is a very optimistic result that strengthens a belief that ethical principles and values make an important contribution to trust-based relationships in organizations operating in a post-socialist context. Yet when existence of only an ethics code without ethical organizational practices is reported, the causality may be viewed as a source of threat since an unreasonable emotion may become a source of manipulation and the respondents may fall victims to their naivety, in particular if economic and social security is decreasing and incentives for opportunisitic behaviour are becoming high.

To summarize, the framework of the interrelations among the variables of organizational trust, ethics management tools, ethical organizational practices and their complex takes a different form from the conceptual framework (Figure 2). The figure is

based on the frameworks in which the predictors explain at least 45 per cent of the variance of organizational trust and have a similar logic in explaining the interrelations between the cognitive and affective components.

The vector indicating stronger and statistically more significant impact of the factors is marked by a thicker line, meanwhile the ones with less stronger impact have a thinner line. The dotted line which joins an ethics code with the combination of ethics audit and open communication as well as employees' participation is drawn based on the fact that the most explanative framework has been derived from the group of the respondents who claimed that their organization had an ethics code. We also distinguished cognitive and affective trust as separate factors to show the peculiarities of this research, namely, that affective trust predetermines cognitive trust rather than vice versa. Moreover, although the results of the "no-code/practices group" are not included in this framework, we would like to point out that the findings from this group most fit the conceptual framework. In the case when an organization has neither an ethics code nor ethical organizational practices, the effect of the complex of ethics management tools and ethical organizational practices can strongly account for organizational trust, in particular, its development from cognition- to affect-based. Yet, as shown by statistical analysis, such cases are rarely found in practice.

Discussion and conclusions

In this paper, we have investigated the interrelations among organizational trust, ethics management tools and ethical organizational practices. First, we were interested in whether an interrelation between ethics management tools and organizational trust exists and whether tools can predetermine organizational trust. The analysis showed that the most common ethics management tool used by organizations in Lithuanian organizations is an ethics code and, to some extent, ethics audit and ethics training are applied. However, the interrelation between ethics management tools and organizational trust is rather weak. The effect of ethics management tools may even sometimes diminish the level of organizational trust, particularly if the idea and application of the tools are not reasoned and explained thoroughly to employees. The finding implies that implementing just the tools alone may not be very successful in developing organizational trust in a post-socialist context. This could be explained by the specifics of a post-socialist context where the functions of ethics management tools need reasoning, explanation and change of attitudes. It is likely that due to the historical reasons of the socialist reign (Pučėtaitė and Lämsä, 2008) they are viewed as
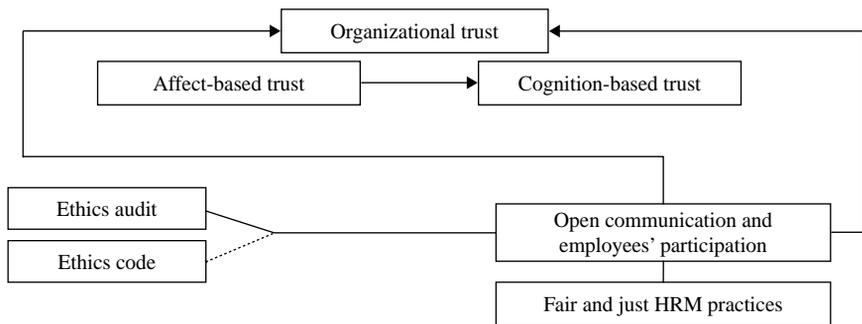
Figure 2.
Interrelations among organizational trust, ethical organizational practices and ethics management tools

meaningless declarations, instruments to incite hostility among co-employees and fashionable export from the western organizations (Vasiljevienė, 2006).

Second, we investigated whether and to what extent ethical organizational practices can predetermine organizational trust. As shown, the practices quite significantly and strongly predetermine organizational trust. In particular, fair and just HRM practices as well as open communication and employees' participation are important in building organizational trust. Incentives which demonstrate an organization's care for employees' well-being do not make an effect. The ethical organizational practices which are significant in building organizational trust first of all incite affection-based trust rather than help to create cognition-based trust.

It can be concluded that ethics management tools, although not so powerful elements in trust building in a post-socialist context, affect the rational side of organizational trust meanwhile ethical organizational practices strengthen its emotional side. In general, the conclusion is in line with arguments that a cognition-based rational model of trust is inadequate to create trust, and affect-based trust is necessary to achieve trust with the long-term orientation (Lewis and Weigert, 1985; Flores and Solomon, 1998; Young and Daniel, 2003; Lämsä and Pučėtaitė, 2006).

Third, this study analysed whether the combination of ethics management tools with ethical organizational practices have a stronger effect on organizational trust than ethics management tools and ethical organizational practices as separate variables. It was shown that the complex of the variables has an interrelation with organizational trust, however, it becomes important only in the cases when an organization has neither an ethics code nor ethical organizational practices. Besides, its impact is strengthened by fair and just HRM practices, which, again, emphasizes the predominance of practices in trust building in a post-socialist context. Therefore, we conclude that building organizational trust centres on adequate, ethical-principles-based practices rather than formalized ethics management tools.

From the perspective of practice, the results provide some managerial implications. First, when considering which of the elements – ethics management tools or ethical organizational practices – should be implemented first in the post-socialist context, we conclude that ethical organizational practices should be given priority. In particular, fairness and justice in HRM practices should be made visible. Since the post-socialist society has been socializing in the context where acquaintances and friendships often determined the possibility to get a job, be promoted or get a higher bonus, the ethical criteria on which HRM decisions are made should be made clear and visible and applied to all the employees.

Since ethical organizational practices have potential to shape employees' behaviour at work, they can re-socialize individuals to behave differently than they used to. When practices stimulate creation of a community whose members are capable of self-regulation and motivated by the respect of their colleagues for professional behaviour and achievements, their attitudes and behaviour may change to foster trust-based relations. This is important considering ethical problems which are faced by organizations in a post-socialist context. For example, the congruence of employees and organization's interests and expectations which is achieved through information sharing and employees' participation can diminish disrespect to the rule of law and increase costs of opportunistic behaviour compared to the benefits of a trusting relationship. Giving an employee a possibility to become a leader in his/her own

professional sphere can be a strong motivator to behave responsibly. Promise-keeping and meeting rational expectations of others characterize employees as actors of integrity who can be trusted. Also, if an ethics code has been created in the organization, it is very important that organization's members see that it is applied to evaluating their behaviour and other organizational practices.

The findings of this study must be viewed bearing in mind the limitations of the study. The study was conducted in Lithuania which was taken as an example of a post-socialist context. However, the post-socialist societies are not similar and have also unique historical and socio-cultural backgrounds. So, generalization to other post-societal contexts should be made with some caution. This is one reason why it might be advantageous for future research to explore the subject in different post-socialist contexts. Other cross-cultural comparisons might be also fruitful and enrich the framework. Furthermore, this study presents a general overview of the interrelations among organizational trust, ethics management tools and ethical organizational practices, based on the distinction whether the respondent's organization has an ethics code and/or fair and just HRM practices. We are aware that the weakness of the impact of ethics management tools on organizational trust may be influenced by the fact that the tools are not widespread in the country and, even if an ethics code exists in the organization, it may devote insufficient time to make the code effective by other tools. That might have determined low evaluations of the presence of the tools, which, in turn, yielded low scores of their impact on organizational trust. Besides, the studied relationships need further research considering other characteristics of the represented organizations, e.g. the reported size, the sector (public/private) in which they operate and the origin of capital.

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About the authors
Raminta Pučėtaitė is a Lecturer of Business Ethics at the University of Vilnius in Lithuania. Her academic career started at the Centre for Business Ethics of Vilnius University Kaunas Faculty of Humanities in 1999 and since then she has been researching ethical issues in HRM in Lithuanian organizations. She is also interested in socially responsible organizational practices, value management and peculiarities of their implementation in post-socialist societies. She also worked as a project manager in the HRM department in a Lithuanian corporation and at present is responsible for management of the Faculty's projects. Raminta Pučėtaitė is the corresponding author and can be contacted at: raminta.pucetaite@vukhf.lt

Anna-Maija Lämsä is a Professor of HRM at the University of Jyväskylä, School of Business and Economics in Finland. Her main interests are ethical issues in people management and leadership, women's leadership and managerial careers as well as the socialization effect of business education. She is also interested in these phenomena in different socio-cultural contexts. She has published widely both internationally and in Finland. She is a founder of the Finnish chapter of the European Business Ethics Network and currently a member of its board of directors. She is also the editor-in-chief for the journal *Yritysetiikka* (*Business Ethics*) in Finland.

Aurelija Novelskaitė is a Researcher at the Institute for Social Research (Vilnius, Lithuania) and a lecturer of sociology and social research (both qualitative and quantitative) methods at Vilnius University Kaunas Faculty for Humanities. In addition to a strong interest in social research methods, A. Novelskaitė is interested in gender-related issues in professional activities such as science and medicine. In active collaboration with the Ministry of Education and Science she wrote Lithuanian Strategy for Security of Women's and Men's Equal Opportunities in Science (accepted on 2 June 2008). Individually and in collaboration with other researchers, she has published about 30 papers in national and international volumes.