

Predictors of Employee Trust of Their CEO: A Three-country Study

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The extent to which the words and actions of a firm's top management can be trusted is a major corporate governance issue in today's U.S. organizations. Concern over CEO and top-management trustworthiness is not unique to U.S. firms. It is now an international concern. In Russia, beleaguered Gazprom, the country's largest firm with 2001 sales of \$20 billion, has adopted measures to im-

prove its corporate governance (Rosant *et al.*, 2002). Gazprom plans to choose its next auditor by competitive bid and have a board-level audit committee. Another Russian firm, Aeroflot, which is 51% government owned, replaced its executives in 2000 because they abused their power (McCarthy and Puffer, 2002). Standard and Poor's 2001 corporate governance evaluation attributed a \$140

million increase in Aeroflot's 2000 revenues to the replacement of these corrupt executives with more credible, competent ones (McCarthy and Puffer, 2002). Crangle (1998) commented on the corrupt reputation of managers at the highest levels of Eastern European firms. Disenchantment with the firm's CEO and top management appears not only to be a problem in U.S. organizations but in Eastern European firms as well. Even though corporate governance is being scrutinized primarily to fix shareholder disillusionment, the ill effects of employee distrust of a firm's top management can be considerable.

The most important leadership quality is credibility, which means that, above all else, leaders must be believable, competent, and enthusiastic (Kouzes and Posner, 1995). One of the four competencies that Bennis (1999) identifies in his work on leadership is the leader's ability to generate and sustain trust among followers. According to Bennis, competence, caring, fairness, candor, and authenticity form the essential mix for leader trust. Kouzes and Posner's First Law of Leadership is: "If we don't believe in the messenger, we won't believe the message" (1995: 26).

As early as 1938, Chester Barnard stated that employees quickly sense the insincerity emanating from the firm's executives. He added that executive sincerity is the key to building "adherence" (i.e., cohesion and consensus) throughout the organization. Argyris (1964) commented on the connection between top-management trust and organizational productivity. Argyris (1973) pointed to a top-management credibility gap as having the consequence of neutralizing the outcomes of organizational development programs. Rodgers and Hunter's (1991)

findings demonstrated that the consistency between what top management says and does is a major determinant of the success of organization-wide change interventions such as management-by-objectives. In sum, distrust of a firm's CEO and top management may unravel investor confidence, weaken employee confidence and undermine organizational performance, while trust in a firm's CEO is a direct factor in organizational success.

Because employee trust in the firm's top management seems to be critical to the firm's performance, identifying its predictors should prove useful. Gaining an understanding of the antecedents of employee trust in the CEO allows the firm to take appropriate measures in managing trust levels of the CEO and top management. Therefore, the purpose of this study is to identify predictors of employee trust in the firm's CEO and top management. By including samples from the United States, Poland, and Russia, our study looks at various predictors of top-management trust from the international perspective. In this article, we survey the previous literature on trust of the firm's top management, propose and test the hypotheses based on this literature, and then present and discuss our findings. Lastly, managerial implications of our findings and limitations of the study are provided.

PRIOR RESEARCH

Past research in management trust has targeted predictors that relate to the employee's job context and interpersonal communication. McCauley and Kuhnert (1992) noted that management trust has been linked to empowerment, autonomy (e.g., Hart *et al.*, 1986), feedback (e.g., Ilgen *et al.*, 1979), supervisory supportiveness

(e.g., Roberts and O'Reilly, 1974a, 1974b), and communication (e.g., Roberts and O'Reilly, 1974a, 1974b). The focus of each of these studies has been on trust of one's immediate manager instead of top management. Organization-wide employee trust that is directed at the firm's top management, instead of a specific, close target (e.g., co-worker, supervisor), has received some attention by organizational researchers. Robinson (1996) studied trust of the employer, while Pearce (1993) looked at organizational trustworthiness, and both Scott (1983) and McCauley and Kuhnert (1992) focused on trust in the firm's management.

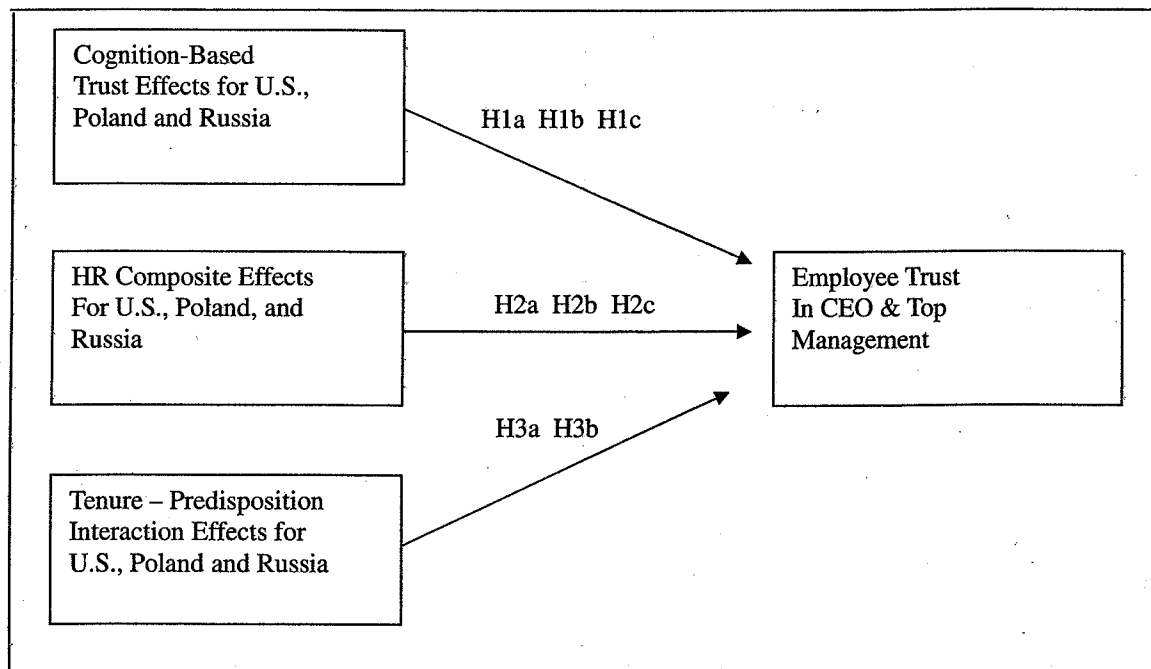
Robinson's (1996) findings indicated that an employee's initial trust or distrust in his or her employer was negatively associated with a perceived breach in the psychological employment contract eighteen months later. Pearce (1993) reported that an employee's trust in the organization was higher when all of this employee's co-workers were permanently hired employees instead of mixed with contract workers. Scott's (1983) findings revealed that male and female employees' level of trust for a state agency's top management did not differ by gender. McCauley and Kuhnert (1992) reported that both leadership style and human resource (HR) practices affected the employee's trust in the division's head.

The present study of trust differs from previously mentioned studies in that predisposition (i.e., propensity to trust or distrust others generally), cognition-based trust in the supervisor and system-wide HR practices are proposed as predictors of top-management trust. Furthermore, our study contains employee responses from firms located in a long-established free

market economy (i.e., the U.S.) and two countries in economic transition (i.e., Poland and Russia). Since the end of communism, Poland and Russia have spent more than a decade transitioning to a market economy. The organizational trust literature in these two former communistic countries, although limited, will be summarized next.

Even though top management was not singled out in their study, May, Young, and Ledgerwood (1998) commented on the pervasive mistrust between managers and employees in Russian organizations. According to these researchers, distrust seems to originate in Russian managers' perceived indifference to meeting employee training and development needs while satisfying their own needs. Obloj and Thomas (1996) spoke of the "cultural gap" between top managers and other employees in Polish organizations. Both the May *et al.* (1998) and Obloj and Thomas' (1996) research efforts suggest that there may be differences in the level of CEO trust in the firms domiciled in the U.S. versus those in two transitioning economies. That is, employee trust in the CEO and top management may be higher in U.S. organizations than it would be in Polish and Russian firms. The present investigation is not interested in testing for level differences (as suggested by May *et al.* and Obloj and Thomas), but in examining the strength of the relationship between various trust predictors (i.e., predisposition, cognition-based trust of the supervisor, and system-wide HR practices) and the employee's trust in top management. We now turn to literature that more directly supports the development of this study's hypotheses. Figure I shows the general framework for these hypotheses.

Figure I
General Framework for Hypotheses



HYPOTHESES

Cognition-Based Trust in the Supervisor

McCauley and Kuhnert's (1992) study in a federal government training division showed that participative decision making, autonomy, feedback, supervisory supportiveness, and communication accounted for significant trust variance (i.e., trust in the division's management). McCauley and Kuhnert's (1992) predictors of management trust reflect the employee's perception of the supervisor's leadership style and behavior.

Whitener (1997) suggested that when managers communicate effectively with their employees and when they are competent in their decision making, employee trust increases. In her view, the increased trust is not contained to the dyadic supervisor-employee relationship, but it generalizes into a deeper trust of and respect for the organization as a whole. This or-

ganization-level trust, according to Whitener (1997), is synonymous with trust-in-the employer or trust-in-management. The lower-level employee's trust in the firm's upper management should increase when his or her supervisor meets the promises and obligations made by the organization. Thus, the effects of trustworthy, competent decisions made by one's immediate supervisor may project upwards, producing increased trust of the firm's upper-level management, perceived to be responsible for exemplary supervisory practices at lower-levels of the firm. McAllister's (1995) cognition-based trust seems to capture the essence of a competent supervisory presence. Lower-to-middle level supervisors who approach their roles in dedicated and professional ways (i.e., high levels of cognition-based trust) should make the firm's top management look good.

Based on the thinking in Whitener (1997), which provides the most testable proposition on the linkage be-

tween supervisory trust and upper-level management trust, we put forth the following hypotheses:

Hypothesis 1a: The employee's cognition-based trust in the supervisor will be positively associated with this employee's trust in the firm's CEO and top management.

Hypothesis 1b: The employee's cognition-based trust in the supervisor will account for significant incremental top-management trust variance, beyond that accounted for by demographic variables and predisposition.

Because the Russian and Polish trust literature has not focused attention on predictors of top-management trust, our first international hypothesis will be stated in the null form. That is, country status (i.e., U.S. vs. Poland and Russia) will not moderate the relationship of the employee's cognition-based trust of the supervisor to this employee's trust of the CEO and top management. Therefore, this hypothesis is stated as follows:

Hypothesis 1c: The strength of the relationship between the employee's cognition-based trust of the supervisor and this employee's trust in the firm's CEO and top management will not differ for the U.S., Polish, and Russian samples.

System-Wide HRM Practices

The employee's experiences with the organization's HR practices can generate positive or negative attitudes towards the organization generally (Whitener, 1997). Therefore, these experiences with firm's HR processes can, according to Whitener, "build or destroy" trust in the firm's upper management.

In a longitudinal study, Mayer and Davis (1999) discovered that a firm's adoption of a new "employee-friendly" performance-evaluation process yielded increased employee trust ratings for top management over a fourteen-month time frame. Top-management competence, benevolence,

and integrity were found to mediate this trust-appraisal relationship. The implication of these findings is that it is possible for a firm's top management to influence employee impressions of upper-level management over short time-periods.

Instead of determining the influence of only one HR practice (i.e., improved performance appraisals) on CEO trust, McCauley and Kuhnert (1992) proposed that the effectiveness of a wider-range of HR practices (i.e., professional development opportunities, job security, and fairness of the firm's performance appraisal system) should correlate with employee trust in the division's top management. In their view, management earns the confidence of their employees by making system-wide decisions that do not jeopardize the employee's job and career and, just as importantly, provide rich opportunities for professional growth. In short, one is likely to entrust his or her career to a firm's leadership when the firm's top management makes credible organization-wide HR decisions.

In a test of their hypothesis, McCauley and Kuhnert (1992) did in fact find that the effectiveness of the firm's HR practices explained significant incremental management trust variance. Systematically providing professional growth opportunities, job security, and fairness in the appraisal system demonstrates management's valuing of the firm's employees (McCauley and Kuhnert, 1992). Employees, in turn, reciprocate with increased trust in management, perceived as responsible for the firm's exemplary HR practices. Corporate-wide HR decisions that improve the firm's career-development programs and appraisal practices and that emphasize employee retention re-

flected positively on employee trust of top management.

Although the system-wide HR practices included in our study (i.e., perceived effectiveness of career-development programs within the firm, job security, and perceived accuracy of the performance-appraisal system) are similar to McCauley and Kuhnert's measures, we extend on their findings in a number of ways. First, McCauley and Kuhnert's operational definition of employee trust in the firm's management is broad to the point that it may include both trust in the firm's upper-level management as well as trust in one's immediate supervisor. To eliminate this confound, the operational definition in the present study focused solely on the employee's trust in the firm's CEO and top management. Further, McCauley and Kuhnert's (1992) sample was drawn from one organizational setting, limiting the external validity of their findings. Our study draws on employee responses from a wide-range of employers across multiple industries. With many firms in our sample, the generalizability of any significant findings should be enhanced because the extraneous influence of any particular firm's unique corporate culture on employee trust of the CEO is minimized. Accordingly, we propose that:

Hypothesis 2a: The effectiveness of the combined organization-wide HR practices will be positively associated with employee trust in the firm's CEO and top management.

Hypothesis 2b: The HR composite, made up of organization-wide HR practices, will account for significant incremental top-management trust variance, beyond that accounted for by employee trust in the supervisor (i.e., cognition-based trust), predisposition, and demographic variables.

We also propose that regardless of country status, effective system-wide HR practices will yield trust in the CEO

and top management, while ineffective HR practices will have the opposite effect. Therefore, this second international hypothesis is again stated in the null form as follows:

Hypothesis 2c: The strength of the relationship of the HR composite to the employee's trust in the firm's CEO and top management will not differ for the U.S., Polish, and Russian samples.

Predisposition

Predisposition or propensity to trust suggests that individuals possess varied, but fairly stable, beliefs in the trustworthiness of other persons generally (Rotter, 1967, 1971, 1980). Belief in the trustworthiness of others, an individual difference variable, is grounded in the early life experiences of the trustor. The individual's propensity to trust is thought to influence trust judgments when the trustor lacks information on the trustee's character. This lack of information causes the trustor to rely on his or her propensity to trust when forming initial trust judgments (Bigley and Pearce, 1998; McKnight *et al.*, 1998; Rotter, 1971, 1980). When the uncertainty about the trustee is reduced because of information gained through personal encounters, the trustor may rely more on this personal knowledge and experience to form a judgment on the trustworthiness of another and less on one's trusting predisposition (Bigley and Pearce, 1998; McKnight *et al.*, 1998; Rotter, 1971, 1980).

Without formally testing their propositions, Bigley and Pearce (1998) and McKnight, Cummings, and Chervany (1998) hypothesized that the employee's predisposition to trust or distrust will more strongly influence initial trust judgments in relatively new dyadic relationships versus established relationships. We are interested in

knowing whether Bigley and Pearce's (1998) and McKnight *et al.*'s (1998) proposition extends beyond dyadic relationships (e.g., close interpersonal relationships with one's immediate supervisor or a specific co-worker) to an organization-level trust target such as the firm's CEO and top management. In a formal test of this line of thinking, we predict that:

Hypothesis 3a: A newer employee's predisposition to trust or distrust will more strongly influence his or her trust in the firm's CEO and top management when compared with the influence of the longer-tenured employee's predisposition on the trust of the firm's CEO and top management.

Additionally, we propose that the trusting (distrusting) predisposition of newer employees in U.S., Polish, and Russian firms alike will influence these employees' trust in the CEO and top management more than will the trusting (distrusting) predisposition of longer-tenured employees in these countries. Therefore, this third international hypothesis is again stated in the null form as follows:

Hypothesis 3b: The influence of both the new employee's and longer-tenured employee's predisposition on his or her trust of the firm's CEO and top management will not differ for the U.S., Polish, and Russian samples.

METHOD

Sample

The 267 employee participants in this study came from more than 200 different firms. These participants were given an instrument that measured their trust of their firm's CEO and top management. The U.S. sample is made up of 71 full-time employees from different firms located in the northeastern region of the United States. These U.S. participants were recruited to participate in this study while enrolled as part-time stu-

dents in evening programs at a local university and while working full-time in their respective organizations. The Polish sample is made up of 113 employees from different firms located in the Warsaw metropolitan area. These Polish employees were enrolled as part-time students in a major Polish university while working in their respective organizations. The Russian sample is made up of 83 employees from various firms located in and around Krasnoyarsk in central Russia. The Russian participants were recruited from among current and former students of a local university, who were employed in their respective organizations. Although the participants in this study were recruited through their connection with a local university, they should not be considered inexperienced employees. The description of the U.S., Polish, and Russian samples in Table 1 indicates that the average tenure for the U.S., Polish, and Russian participants in their firms is 8.16, 3.65, and 9.20 years, respectively.

Measures

The Polish and Russian questionnaires used in this study were translated from English into their respective languages. Each questionnaire was then back-translated into English by another interpreter (for each country) to insure translation accuracy. A discussion of this method of translation and back-translation appears in Pavett and Morris (1995). The questionnaire administered to employees included, among other items, various demographic items (e.g., length of service in the firm, size of the organization, managerial status, gender) and items assessing the employee's trust in the firm's top

Table 1
Descriptive Statistics for the Sample in Each Country

	U.S.	Poland	Russia
Employees:			
Female	65%	70%	62%
Management position	40%	16%	35%
Tenure in firm	8.16 yrs. (SD = 6.59)	3.65 yrs. (SD = 4.49)	9.20 yrs. (SD = 9.02)
Average number of employees in firm	10,254 (SD = 25,387)	1,824 (SD = 12,074)	929 (SD = 1,894)

management, employee's cognition-based trust of the supervisor, employee's predisposition to trust others generally, and the employee's perception of the firm's HR practices. More specifically, an improvised four-item version of Cook and Wall's (1980) six-item scale was used to assess the employee's trust of his or her organization's CEO and top management (a copy of these questionnaire items is included in the Appendix). Cook and Wall's (1980) scale was chosen because it showed high internal consistency (Cronbach's alpha = .92) in Clegg and Wall's (1981) study. Our revision of Cook and Wall's scale entailed the substitution of the words "CEO and top management" for the word "management" to clarify this study's target of trust which is the CEO and top management and not all levels of management. A five-point Likert scale format (1 = "strongly

agree," 5 = "strongly disagree") was used to anchor the four items in this scale.

Five items from McAllister's (1995) scale measuring cognition-based trust (these items are included in the Appendix) was used to assess the employee's cognitive-based trust of his or her supervisor. The same five-point Likert scale format used to anchor the top-management trust items was utilized as the anchor for these scales. The questionnaire also included two items from Robinson, Rusk, and Head's (1968) work assessing the employee's predisposition to trust others (these items with their respective seven-point anchors are included in the Appendix). The questionnaire also included items that assessed the employee's perception of the firm's HR practices (these items are shown in the Appendix). These five HR items have the same

Likert format and the same anchors as the CEO trust items in this study.

Procedures

This study's researchers, who were located in their respective countries, briefly visited with the prospective respondents at their classroom sites. After providing a brief overview of the study (i.e., no hypotheses were discussed), researchers distributed a packet that contained a cover letter, the questionnaire, and a stamped return envelope to willing participants. The cover letter described the general theme of the study with no mention of the hypotheses. Participants completed questionnaires on their own time and then returned their responses in person or by mail. All questionnaire responses were anonymous. To insure anonymity, the questionnaire did not ask the participant's name or the name of the organization. The estimated response rate is above 50% for the three samples.

RESULTS

After finding acceptable levels of internal consistency for all of the scales utilized in this study across the three-countries' samples (for country alphas, please see Table 2), a composite mean was then computed for each scale. The cognition-based trust, HR, and predisposition composites then served as predictor variables in this study while the CEO trust composite served as the dependent measure. Besides internal consistency data, Table 2 also presents descriptive statistics and intercorrelations between variables for each country.

Similar to McCauley and Kuhnert's (1992) study, a hierarchical regression procedure was employed to as-

sess the additional, unique variance accounted for by each predictor composite variable. Because the country variable is categorical, it was first formed into two dummy variables. The coding for the first of these variables is: U.S. = 0, Poland = 1, and Russia = 0. The coding for the second dummy variable is: U.S. = 0, Poland = 0, and Russia = 1. Thus, the dummy coding for the U.S. sample designates it as a comparison group against which the samples drawn from Poland and Russia are contrasted. The first dummy variable contrasts Poland with the U.S. and Russia, and the second dummy variable contrasts Russia with the U.S. and Poland (Aiken and West, 1991). Dummy variables were also formed for the managerial-status variable (non-managers = 0 and managers = 1) and the employee's gender variable (males = 0 and females = 1).

All main effects in this study were entered into the hierarchical regression model first, followed by the various two-way country dummy variables X predictor variable interactions and then by the three-way interaction (Oldham and Cummings, 1996; Peters *et al.*, 1984). Because the demographic makeup of the three-country samples suggest differences, we attempted to statistically control for these extraneous effects by entering the four demographic variables (i.e., firm size, number of years employed by the firm, gender status, and managerial status) in the first step of the hierarchical regression. The two-country dummy variables and the predisposition composite (i.e., the employee's propensity to trust or distrust others generally) were also entered into the regression model in step 1.

Table 2
Means, Standard Deviation, and Intercorrelations by Country ^a

Variable	M	SD	1	2	3	4
United States ^b						
1. Trust of CEO	2.69	.86	(.85)			
2. Cognitive Trust of Supervisor	2.25	.88	.37**	(.83)		
3. HR Composite	3.22	.90	.60**	.50**	(.88)	
4. Predisposition	3.45	1.37	.25*	.13	.20	(.76)
Poland ^c						
1. Trust of CEO	2.88	.88	(.86)			
2. Cognitive Trust of Supervisor	2.20	1.02	.41**	(.88)		
3. HR Composite	3.33	.78	.63**	.43**	(.79)	
4. Predisposition	3.95	1.28	.06	.21*	.05	(.70)
Russian ^d						
1. Trust of CEO	2.55	.69	(.84)			
2. Cognitive Trust of Supervisor	1.91	.63	.30**	(.72)		
3. HR Composite	2.99	.73	.63**	.30**	(.79)	
4. Predisposition	3.74	1.53	.36**	.24*	.34**	(.71)

^a Cronbach's alphas appear on the diagonal for multiple-item measures.

^b $n = 71$

^c $n = 113$

^d $n = 83$

* $p < .05$ (Two-tailed Test)

** $p < .01$ (Two-tailed Test)

To directly compare our results with McCauley and Kuhnert's (1992) findings, the ordering of our next predictor variables followed the same sequencing in McCauley and Kuhnert's (1992) regression model.

McCauley and Kuhnert (1992) chose to enter job and relational variables into the regression ahead of organization-wide HR variables because the proposed effects of job and relational predictors on management trust were

well established in the literature, whereas the proposed effects of HR variables were more speculative. Therefore, our study's cognition-based trust composite for the supervisor, which is a relational variable, was entered in step 2. The HR composite, which is based on the effectiveness of system-wide HR practices instituted by the firm's top-management decisions, was entered in step 3 of the equation. The two-way interaction involving predisposition X employee tenure was entered in step 4.

To determine whether country status (i.e., U.S. vs. Poland or U.S. vs. Russia) moderated the predictor-dependent variable relationships, we included interactions involving the two-country dummy variables X the different predictor variables in the hierarchical regression. Thus, the two-way interactions involving the country dummy variables X cognition-based trust of the supervisor were entered in step 5. The two-way interactions involving the two-country dummy variables X the HR composite were entered in step 6 of the regression model. The two-country dummy variables X predisposition interactions and the two-country dummy variables X employee tenure were entered in step 7, followed by three-way interactions in step 8 (i.e., two-country dummy variables X employee tenure X predisposition).

Due to the multicollinearity that is present when both a main effect and interaction are included in the same regression model (which results in unstable and not meaningful regression coefficients), we interpreted the strength of the hypothesized predictor variable and its interactions by the increase in variance accounted for (i.e., increase in R^2), once the variable was added to the regression

model (see Oldham and Cummings, 1996; Pedhazet, 1982). Thus, R^2 values were considered in this regression procedure while the regression coefficients were not.

Hypothesis 1a proposed that an employee's cognition-based trust in his or her supervisor will be positively associated with this employee's trust of the firm's CEO and top management. The correlations shown in Table 2 indicate that the hypothesized relationship between cognition-based trust and CEO trust are significant for the three samples. The correlations for the U.S., Poland, and Russia samples are .37, .41, and .30, respectively. Thus, Hypothesis 1a is supported. Hypothesis 1b predicted that the cognition-based trust composite will account for significant incremental top-management trust variance beyond that accounted for by demographic variables, including the two-country dummy variables and the predisposition composite. Table 3 shows that a significant R^2 increase (.12, $p < .001$) was produced by the cognition-based trust composite in step 2. These regression results provide support for Hypothesis 1b. Hypothesis 1c stated that the relationship between the employee's cognition-based trust composite and his or her trust in top management will not differ for the U.S., Polish, and Russian samples. Table 3 shows that the two-way interactions in step 5 of the regression involving the two-country dummy variables X cognition-based trust did not reach significance. This result suggests that employee trust in the supervisor (i.e., cognition-based trust) influenced CEO trust uniformly across the three-country samples. Accordingly, Hypothesis 1c is not rejected.

Table 3
Summary of Results of Hierarchical Regression Analysis on CEO Trust Ratings

Predictors	Employee Trust of CEO	
	R ²	Δ R ²
Step 1. Demographic variables: gender, tenure, manager status, predisposition, firm size, and country dummy variables	.07	.07**
Step 2. Cognitive trust of supervisor	.19	.12***
Step 3. HR composite	.42	.23***
Step 4. Predisposition X Tenure	.42	.00
Step 5. U.S./Poland dummy X Cognitive trust U.S./Russia dummy X Cognitive trust	.43	.00
Step 6. U.S./Poland dummy X HR composite U.S./Russia dummy X HR composite	.43	.00
Step 7. U.S./Poland dummy X Predisposition U.S./Russia dummy X Predisposition U.S./Poland dummy X Tenure U.S./Russia dummy X Tenure	.43	.01
Step 8. U.S./Poland dummy X Predisposition X Tenure U.S./Russia dummy X Predisposition X Tenure	.45	.02*

n = 267

* *p* < .05

** *p* < .01

*** *p* < .001

Hypothesis 2a proposed that the effectiveness of system-wide HR practices will positively correlate with employee trust in the firm's CEO and

top management. The significant correlations shown in Table 2 indicate support for this hypothesis. The correlations for the U.S., Poland, and

Russia are .60, .63, and .63, respectively. Hypothesis 2b stated that the perceived effectiveness of the firm's system-wide HR practices will account for significant incremental top-management trust variance, beyond that accounted for by cognition-based trust, predisposition, and the demographic variables. After controlling for the effects of demographic measures, predisposition, and cognition-based trust of the supervisor, a significant R^2 increase (.23, $p < .001$) was produced by the HR composite (see step 3 in Table 3), yielding strong support for Hypothesis 2b. Hypothesis 2c proposed that the relationship between the HR composite and the CEO trust composite will not differ for the U.S., Polish, and Russian samples. The two-way interactions (two-country dummy variables X HR composite) in step 6 of Table 3 were not significant, suggesting that the strong influence of the HR composite on CEO and top-management trust was consistent across the three-countries' samples. Therefore, Hypothesis 2c is not rejected.

Hypothesis 3a proposed that a newer employee's predisposition will influence this employee's trust in the firm's CEO and top management more than will a longer-tenured employee's predisposition. This two-way interaction in step 4 of Table 3 (predisposition X tenure in firm) did not yield a significant increase in the overall R^2 value (.00, $p = .40$). Thus, Hypothesis 3a is not confirmed. Hypothesis 3b stated that the proposed predisposition-tenure interaction (i.e., newer employee's predisposition to trust will influence his or her CEO trust more than will longer-tenured employee's predisposition) will not differ for the U.S., Polish, and Russian samples. To test this hypoth-

esis, two three-way interactions (predisposition X tenure X two-country dummy variables) were introduced in step 8 of the regression. These three-way interactions (see step 8 in Table 3) were significant (R^2 increase = .02, $p < .05$), suggesting a country difference.

To determine the precise nature of these three-way interactions, we used the procedure recommended by both Oldham and Cummings (1996) and Peters *et al.* (1984). Two hierarchical regressions were conducted. In the first of these regressions, the country dummy variable and related interaction terms contrasted the U.S. with Poland. In the second regression, the country dummy variable and related interaction terms contrasted the U.S. with Russia. Except for the country dummy variables and interactions involving the country dummy variables, the same predictors and demographic variables were entered in each regression in the same order as before. The results of the U.S. versus Poland regression revealed a significant three-way interaction (U.S./Poland dummy X tenure X predisposition) in step 8 ($R^2 = .02$, $p < .05$), whereas the results of the U.S. versus Russia regression did not produce a significant three-way interaction involving the U.S./Russian dummy variable ($R^2 = .01$, $p = .08$).

To further interpret the significant three-way interaction involving the U.S./Poland dummy variable, we again used Oldham and Cummings' (1996) suggested procedure and conducted a series of regression analyses for the relevant subgroups. The Polish and U.S. tenure variable (i.e., length of service with the firm) was split at one year. Therefore, a high-tenure subgroup (i.e., more than one year) and a low-tenure subgroup (i.e.,

one year or less) were formed for the U.S. sample and the Polish sample. We assumed that during the first year of an employee's tenure in the firm, everything is so new that the employee's perception of the CEO's trustworthiness may be based in part on this employee's predisposition. Following Oldham and Cummings' (1996) procedures, we then regressed employee trust of the CEO and top management on predisposition for each country's (U.S. vs. Poland) tenure subgroup (i.e., high vs. low employee tenure). The results (i.e., standardized regression coefficient for each within-group regression) indicated that only one beta weight for the predisposition variable reached the conventional level of significance. Specifically, the standardized regression coefficients were: $\beta = .16$, $p = .63$ for the U.S. low-tenure subgroup, $\beta = .28$, $p < .05$ for the U.S. high-tenure subgroup, $\beta = .16$, $p = .35$ for the Polish low-tenure subgroup, and $\beta = .01$, $p = .93$ for the Polish high-tenure subgroup. In sum, these results suggest that, when compared with the other three subgroups, the U.S. employees in the high-tenure subgroup tended to rely more on their trusting or distrusting predisposition to form their CEO trust judgments. This finding runs contrary to Hypothesis 3b.

To make sure that the arbitrariness of the one-year cut score (i.e., to form the employee-tenure categorical variable) did not bias these results, we again conducted a series of regressions with a different employee-tenure variable. More specifically, the employee-tenure variable was formed with a different cutoff (i.e., 1.5, 2, 2.5, 3, 3.5, 4, 4.5, 5 years). Even with a different cutoff (i.e., eight cutoffs in all), the regression results were the same

as the results above. In sum, longer-tenured U.S. employees in our sample tended to rely on their predisposition to form CEO trust judgments, whereas shorter-tenured U.S. employees and both long- and short-tenured Polish employees did not. Again, it appears that Hypothesis 3b is not supported by these findings.

DISCUSSION

This study examined the prediction that cognition-based trust in the supervisor, perceived effectiveness of the firm's HR practices, and a predisposition-tenure interaction would account for significant trust variance (i.e., employee trust of the CEO and top management). It was found that the employee's cognition-based trust of the supervisor (i.e., perception of the supervisor's competence) was a strong predictor of this employee's trust in the CEO and top management. We also found that the strength of the relationship of the HR composite to the CEO trust measure was especially impressive, even after controlling for the effects of dyadic cognition-based trust and the employee's predisposition to trust generally.

This study's U.S. findings may not be surprising because they mirror McCauley and Kuhnert's (1992) results. The consistency of the predictor effects on employee trust of the CEO and top management across the three-country samples is, on the other hand, noteworthy. The finding that competence on the part of one's immediate supervisor (i.e., cognition-based trust) and well-designed organization-wide HR systems also translate into higher levels of top-management trust in Polish and Russian organiza-

tions adds to the international trust literature.

This study's third hypothesis (i.e., newer employees' predisposition was expected to influence trust ratings for the CEO more than the longer-tenured employees' predisposition) was not confirmed. In fact, the opposite occurred in our U.S. sample (i.e., longer-tenured employees tended to rely on predisposition whereas shorter-tenured employees did not).

Managerial Implications

Transparency is the key word for organizations in the post-Enron era (Byrne, 2002). Not only is more straightforward accounting called for, but also greater visibility into the inner workings of the firm's top management is expected (Byrne, 2002). Top managers will be dually responsible for performance as well as promulgating ethical values that stick. Both shareholder trust and employee trust in the firm's top management matter more now.

This study suggests a "return to the basics" to engender employee trust in the firm's CEO and top management. There seems to be evidence in our results that top-management trust grows when basic *Management 101* principles are at work in the organization. Sound decision making on the part of the employee's immediate supervisor (i.e., increased levels of cognition-based trust) and sound organization-wide HR systems that promote learning, opportunity, stability, and fairness were found to be nurturers of employee trust in the firm's top management. Similar to the conclusion drawn from Mayer and Davis' (1999) findings, our results suggest that employee trust of the CEO can be carefully managed

with appropriate changes in employee-centered supervisory and HR practices.

The fact that good, basic management translates into high employee trust of the CEO in U.S. firms may not be surprising. However, this study's results suggest that basic, sound management practices culminate in employee trust of the CEO regardless of the economic tradition in the firm's external environment. At times, firms operating in transition economies such as Poland and Russia have a reputation of being "wild-west" ventures, void of orderly management conduct. Our findings suggest that appropriate management practices, regardless of venue, make a difference in promoting employee trust in top management.

Limitations and Future Research

This look at employee trust in the CEO and top management in different national settings should be viewed as only the beginning of a new stream of trust research in the area of corporate governance. A strength of this study is the heterogeneity of the samples. Employee responses were gathered from more than 200 organizations in three countries. Therefore, no one organization's internal culture unduly influenced our findings, thereby enhancing the external validity of this study. One drawback of our sample is that participants were recruited directly or indirectly from the university setting. Because many of the participants were attending school on a part-time basis, this group may not be representative of each country's workforce from both age and educational perspectives. However, the average tenure for our U.S., Polish, and Russian participants in

their firms is 8.16, 3.65, and 9.20 years, respectively, suggesting that many of these employees were not newcomers to the workforce.

Avoiding methodological weaknesses (i.e., threats to internal validity) in future studies should be a priority. Common method variance is always a concern for studies such as ours that rely on self-report measures. Note, however, that Crampton and Wagner's (1994) meta-analysis results showed that excessive inflation in R^2 values due to common method variance may be less problematic in organizational research than previously thought. Our approach of statistically controlling for the effects of predisposition (i.e., general propensity to trust or distrust) on this study's dependent measure and then assessing the effects of our hypothesized predictors should be viewed as a constructive approach for dealing with common method variance. That is, individual differences in trusting and distrusting predisposition were measured and statistically controlled for. Considering such a built-in statistical control in this study's research design and analyses, the robust effects of cognition-based trust of the supervisor and perceived effectiveness of the firm's HR practices on employee trust of the CEO seem impressive. Because of the inherent weakness of self-report research, using questionnaires to assess employee trust perceptions of the firm's CEO and top manage-

ment, while employing objective measures for gauging the effectiveness of the firm's HR practices, should be considered in future research.

Our unexpected finding that longer-tenured U.S. employees tended to rely on predisposition to form CEO trust judgments whereas shorter-tenured U.S. employees did not, should be explored further in future research. Is this finding a fluke or do longer-term U.S. employees actually tend to rely on their predisposition to form CEO trust judgments? Future research should consider tracking changes in, and the relationship between, employee predisposition and CEO trust over time. Instead of considering only the employee's tenure and country status (e.g., U.S. vs. Poland and Russia) as moderating variables, the effects of other moderators, such as whether the CEO position experienced turnover, should be examined.

Other possible predictors of CEO trust, such as the best HR practices identified in Huselid (1995) and Dery and Doty (1996), should be considered in future studies. Including other kinds of moderating variables is also encouraged. For example, comparing the linkage between top-management trust and HR practices in formerly communist organizations with new start-ups and multinational subsidiaries located in Russia and Poland should also prove interesting.

APPENDIX

CEO and Top-Management Trust Scale:

The CEO and the top management of my organization:

1. are sincere in their attempts to meet the workers' point of view.
2. are highly likely to treat me fairly.
3. can be trusted to make sensible decisions for the firm's future.
4. seem to do an efficient job.

1	2	3	4	5
Strongly agree				Strongly disagree

Cognition-Based Trust Scale:

1. Given this person's (my supervisor) track record, I see no reason to doubt his/her competence and preparation for the job.
2. This person (my supervisor) approaches his/her job with professionalism and dedication.
3. I can rely on this person (my supervisor) not to make my job more difficult by careless work.
4. Most people, even those who are not close friends of this individual (my supervisor), trust and respect him/her as a co-worker/supervisor.
5. Other work associates of mine who must interact with this individual (my supervisor) consider him/her to be trustworthy.

Predisposition to Trust Scale:

1. Generally speaking, would you say that most people can be trusted, or that you cannot be too careful in dealing with people?

1	2	3	4	5	6	7
Most people can be trusted					Cannot be too careful	

2. Would you say that most of the time, people try to be helpful, or that they are mostly just looking out for themselves?

1	2	3	4	5	6	7
Try to be helpful					Look out for themselves	

Perceived Effectiveness of the Firm's HR Practices Scale:

1. My firm has a systematic career development program that is available to all employees.
2. The people in the firm have a high degree of comfort with the way the career development programs are handled.
3. I strongly believe that there will always be a position for me in this company.
4. The appraisal system is accurate in its evaluation of my performance.
5. I feel that our appraisal system recognizes the unique contributions I make.

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