

# A New Perspective: The Framework of Trust Violation and Labor Disputes

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**Abstract**—This study objected to determine a conceptual framework and to create a correlation model of trust violation and labor disputes, which moderated by cooperative and competitive orientation. Based on the theories of labor relation and trust, we posited that harmonious labor relation is built upon the trust between employer and employees, once the trust is violated, labor disputes occur. To verify such a framework, this study reported the responses of 200 non-managers and 200 managers selected from the enterprises in which labor disputes occurred frequently in south of China. Results reveal that trust violation between employer and employees will generate labor disputes. However, non-manager and managers got distinguishing perception to trust violation and labor disputes. Therefore, companies should understand this dynamic, and apply it in the HR practice and construct harmonious labor relations.

**Keywords**—Trust; Trust violation; Labor disputes; Labor relation

## I. INTRODUCTION

In recent years, labor disputes in China have presented high-risk state. “China Labor Statistics Yearbook” reveals that from 1996 to 2011, labor dispute number in China has increased obviously by 12.3 times, the scale expanded unceasingly and the disputes are becoming implicit.

As a basic social relations, labor relations play an important role in country's economic growth, social development and market economic system. Resolving labor disputes and building harmonious labor relationship has important theoretical significance and practical value. Essentially, labor dispute is the social economic conflict for interest among labor, capital and the parties involved[1]. Which is manifested as dispute, friction, and psychological war for discrepancy about interest and expectation. Labor dispute is intense opposition relations, and the inconsistent in emotional reactions and behavior. Labor dispute is rooted in power imbalance between capital and labor[1]. Adams believed that labor dispute is rooted in internal mismanagement and injustice. Social inequality also contributed to labor disputes .However, Crouch proposed that labor dispute resulted from employees' perception on relation and inequity[2]. The latest study on labor disputes focused on fairness perceptions and other psychological factors rooted in power imbalance which is the very reflection of psychological contract violation, while trust violation and psychological contract violation are inseparable. But few are studied about

the sources of labor dispute in the perspective of trust violation which made it difficult to understand the fundamental problem of labor disputes. This is very adverse to settle labor disputes effectively.

How to settle the labor disputes? The extant research focused on external governance and internal governance and both has got some achievements. Some posited collective bargaining through dialogue and social audit[3]. Taking striving for more security rights for non-standard hired laborers and employees in multinational company as negotiation topics[4,5]. By increasing the flexibility in collective labor agreement to better keep their jobs for employees[6]. But because of the reducing of union members and strike, the collective bargaining power of union is weakened in some countries, Especially in China. Because of the power imbalance, there is no premise of collective bargaining, which doesn't adapt to become a common way of adjustment .So; we should find a new perspective to settle labor disputes. The view of internal governance is that improving management can reduce conflict. They focused on enterprise internal system such as establishing organizational trust, organizational commitment and OCB[7]. The latest research revealed that fair atmosphere worthy of trust, is beneficial to solve the labor disputes, and to form a long-term cooperative labor relations[8]. They realized the harmonious labor relations based on mutual trust [9].

From the previously mentioned, we can see little has been done to get a deeper attribution of labor disputes. And few attention has been taken to trust violation or the psychological factors related to trust, which is the deeper source of labor disputes.

This study excavated the dynamic of trust violation and labor disputes. Then, because the trust is an important psychological variable related to the perception of different employees, this study introduced the employees' perception on labor disputes as the basis of quantitative research. In organization, because of the dual role and decision-making power of managers, their perception to trust violation and labor disputes are different from non-managers'. Employees with cooperative or competitive orientation have significant different cognition of labor disputes and trust violation, so this study introduced employees' cooperative and competitive orientation as moderating variables.

This research can benefit from the way and mechanism that trust violation and labor disputes, especially the various stages of labor disputes and different degrees of labor disputes, which will make a greater contribution to theories and practice of trust and labor disputes.

## II. MODEL AND HYPOTHESIS

### A. *Trust Violation and Labor Disputes*

In recent years, sociologists have begun to treat trust as a sociological topic. Rotter defines trust as the generalized expectancy that the statements of others can be relied on or promises will be fulfilled. Trust is the essential assumption that makes it possible to enact fiduciary relationships in pursuit of shared goals. Researchers have undertaken a number of studies concerning two close aligned issues of trust, justice and the psychological contracts.

There are two kinds of trust in organizations. One is interpersonal trust (Including trust between employees and leaders, between colleagues and leaders); the other is systematic trust, namely organization members' trust to all the organization. Trust has a positive impact on labor relations. The employees' trust to the organizations is conducive to organizations. Employees' trust to organization can quickly form their perception to organizational justice. Earlier research considered that trust has important impacts on some HR processes. Labor union management is one of the most important processes, which is the key factor influencing labor disputes. Trust has a positive impact on labor relations. The higher the employee's trust in the organization, the more sound attitude and behavior they are. Much research treated trust as mediating and moderating variables. Employees' trust to organization can quickly form their perception to organizational justice. Earlier research has paid attention to trust impact on of certain Human resources(HR)processes[10]. These processes included union-management partner[11], which is the key factor to influence labor disputes.

However, the core element of trust is fragile. Risk and interdependence are the two important premise of trust, when people perceived inconsistent expectations to trustees, Trust violation occurs[12]. First, the labor disputes process is closely connected with trust violation. when the employees' trust to organization is damaged, employees may appear dysfunctional behavior, negative performance, or even sabotage[13],second, Trust can reduce labor disputes effectively[14,15].Trust has significant inhibitory effect for labor disputes. We predict the following:

Hypothesis1. Trust violation positively related to labor disputes.

### B. *The Moderating Role of Cooperative and Competitive Orientation for Managers and Non-Managers*

Because of the heterogeneity of the need and contract term, managers and non-managers perceived labor disputes differently. Managers also have dual roles and stronger decision- making power. So we should recognize that the degree of their trust violation and the manifestation patterns of labor disputes are different. For managers, the violation of

trust can be influenced by individual interaction, it may also be influenced by organizational structure and other organizational factors. However, managers may be is the decision makers in some conditions, their perception of trust violation may be weaker than non-managers. For non-managers, the establishment of trust stems from the individual's motivation, intention and intention to positive expectations for future behavior of the managers and organizations, it is vulnerable. its vulnerability determines the destruction of trust. If the behaviors of organizations or the managers against their psychologic or economic interest, they will easily perceive trust violation. This study therefore constructed two different models to analyze the dynamic of trust violation and labor disputes.

Hypothesis2. The relationship between trust violation and labor disputes is distinguishing for top managers and ordinary employees, such that the relationship is stronger for ordinary employees.

Employees with different orientation have significant differences in cognition of labor disputes[16].The constructs of cooperation and competition have received much attention from researchers in social psychology and organizational behavior in the West[14]. Chen et al. (2011) have defined a cooperative orientation as "an individual's view of others asinterdependent partners and his/her willingness to work with others to achieve common goals". And a competitive orientation as "an individual's view of others as means for self-development and to demonstrate self-worth." Cooperative and competitive orientation are stable individual differences and have different effects on people's cognition and behaviors[14]. Employees with cooperative and competitive orientation to cognize the labor disputes significantly differently. Although cooperation orientation and competition orientation may coexist in simultaneously in one person[15], they don't weight the same one one person, such that for some persons, the cooperative orientation dominates the competitive orientation; and for other persons, the competitive orientation dominates the cooperative orientation. Just as Chen et al. (2011) had demonstrated, people scoring higher oncooperative orientation responded significantly faster toward words of a cooperativenature, whereas people scoring higher on competitive orientation responded significantly faster toward words of a competitive nature[14]. Trust violation is essentially the struggle for interests between employees and employer with a strong competitive nature. Therefore, employees with stronger competitive orientaion will perceive the trust violation more seriously than those with stronger cooperative orientations.

Hypothesis3. The relationship between trust violation and labor disputes is moderated by cooperative and competitive orientation, such that the relationship is stronger for employees with stronger competitive orientation than those with stronger cooperative orientation. Competitive strengths and cooperative orientation weakens the positive relationship between trust violation and labor disputes.

C. Model Structure

We propose that trust violation positively related to labor disputes, such that, the higher the level of trust violation, the more serious the labor disputes. However, this relationship is different for manager employees and ordinary employees, the latter have a stronger perception of trust violation, and trust violation to ordinary employees has a greater impact on the labor disputes. Furthermore, labor dispute is the social economic conflict for interest among employees and employer, employees with stronger competitive orientation may perceive trust violation stronger, and it is more likely for them to cause labor disputes than those with cooperative orientation.

Based on aforementioned analysis and hypothesis, a conceptual framework and a correlation model was created (see Fig. 1).

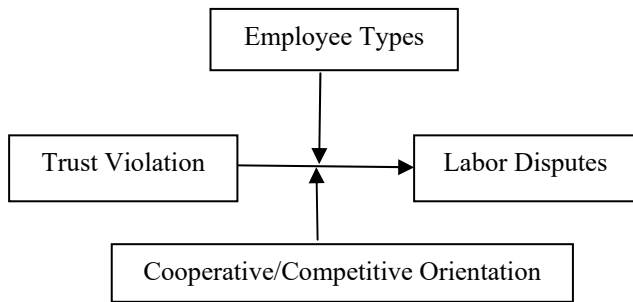


Fig. 1. Relationship between trust violation and labor disputes.

This study is only an exploratory research, because there are few studies that focused on the direct effect of trust violation on labor disputes. But nearly all previous studies about trust and trust violation pointed to dimensions of labor relations and labor disputes. Organization trust and trust repair after violation became the important means to settle labor disputes. This study tried to clarify the complex relationship among these variables, and to provide practical implication.

III. METHODS AND RESULTS

A. Methods

Data for this study were collected from 200 non-managers (male=62%,female=38%; bachelor degree or above=41%,

others=59%) and 200 managers (male=73%,female=27%; bachelor degree or above=62%, others=38%) selected from the enterprises in which labor disputes occurred frequently in south of China. All the constructs were measured by a five-point Likert scale .We analyzed with descriptive statistic and liner regression using SPSS(version16.0). Trust violation was measured on a 28-item scale developed by Han etal (2013)[16], We asked the subjects to rate the degree of interpersonal trust violation among various factors. All the questions were set with 5 rating levels, and the damage degree increased successively, and 0-4 were no violation, very little violation, general violation, relatively large violation and large violation.The Cronbach’s  $\alpha$  was 0.89, which yields a synthetic indicator of the construct (M=3.73; SD=0.94); Labor dispute in this study focused on the didden labor disputes which manifest as employees’ counterproductive behaviors. We used the scale developed by Yang and Diefendorff (2009)[17], which contains 23 items including organizational orientation (13 items ) and interpersonal orientation (10 items), the reliability of this scale is high( $\alpha= 0.74$ ). And we measured the cooperative orientation with a 7-item scale ( $\alpha= 0.73$ ) and measured competitive orientation with a 6-item scale ( $\alpha= 0.75$ ) developed by Chen etal[14].

B. Results

Zero-order corrections(please Table I) provide an initial examination of the hypotheses relating trust violation and labor disputes, trust violation was negatively related to labor disputes, hypothese 1 was initially proved. We used SPSS(Version 16.0) to compare the mean reported by managers (M=2.32)and non-managers (M=3.00), a t-test demonstrated a significant difference ( $p<.05$ ). Hypothesis 2 was supported.

From a regression analysiswe can find that the relationship between trust violation and labor disputes was negative( $\beta =0.438, p<.05$ ), hypothese 1 was further supported. The interaction between trust violation and cooperative orientation was significant ( $\beta= - 0.618, p<.01$ ), the moderating role of cooperative orientation were supported, however, we also got the unexpected result that the moderating role of competitive orientation was not significant. Competitive orientation may contribute to the performance which reduces the labor disputes. Further studies are needed to expound such a dynamic.

TABLE I. MEANS, STANDARD DEVIATIONS AND INTER-CORRELATIONS FOR MANAGEERS AND NON-MANAGERS

	Non-managers (Mean)	Non-managers (SD)	Managers (Mean)	Managers (SD)	1	2	3	4
1.TV	2.68	1.222	2.42	1.13	(.89)	.538**	-.213**	.325*
2.LD	3.00	1.420	2.32	1.13	.438**	(.74)	-.415**	.314*
3.CO1	2.88	1.317	3.00	1.25	-.389*	-.635**	(.73)	-.210*
4.CO2	3.95	1.340	3.22	0.98	.236**	.351**	-.415**	(.75)

a. Note: \* $p<0.05$  \*\* $p<0.01$  Non-managers statistics reported in lower left triangle N=200; Managers statistics reported in upper right triangle N=200; Values on the diagonal are reliability (Cronbach’s  $\alpha$ ) estimates.  
 b. Key: TV=Trust violation LD= Labor disputes M= manager CO1= Cooperative orientation  
 c. CO2= Competitive orientation  
 d.

TABLE II. RESULTS OF LINER REGRESSION ANALYSES: EFFECTS OF MODERATING

Variables	Labor Disputes			
	Model 1	Model 2	Model 3	Model 4
Gender	.27	.19	.14	.21
Education Background	-.31(2.02)	-.41	-.36	-.29
TV		.438**	.111*	0.141*
TV* CO <sub>1</sub>			-0.618**	
TV* CO <sub>2</sub>				0.603
ΔR <sup>2</sup>		0.192	0.111	0.001
ΔF		47.095**	40.291**	0.224

Note: \*p<0.05 \*\*p<0.01 N=400

We further delineate the moderating role of cooperative orientation and competitive orientation in affecting the relationships between trust violation and labor disputes by conduct simple slope test, respectively. Following prior studies such as Haynie et al. (2014), we used one standard deviation below and above the mean to denote the high and low levels of the moderating variable.

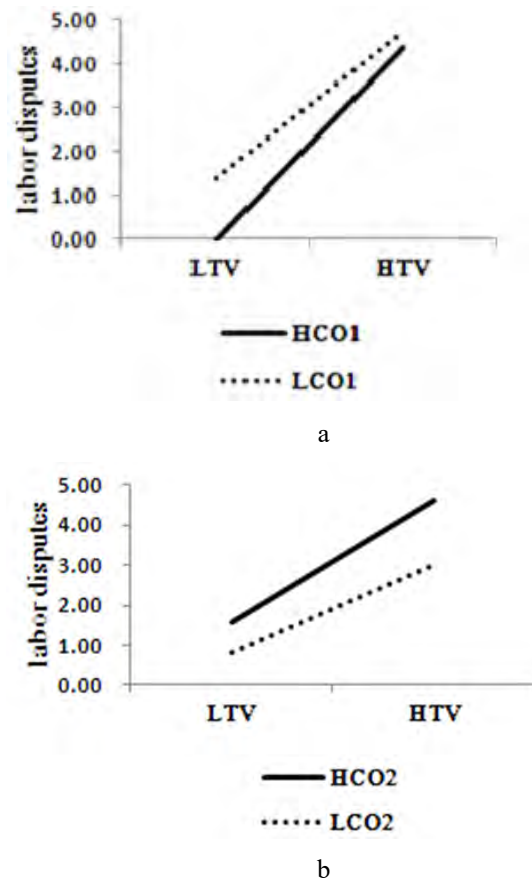
As the Table II shows, high level cooperative orientation (HCO1) had a weaker relationship between trust violation and labor disputes ( $\beta = -0.618, p < .01$ ), and competitive orientation did not moderate the relationship between trust violation and labor disputes ( $\beta = 0.603, p > .01$ ). Then we get Fig. 2(a) and Fig. 2(b) which helps illustrate the simple slope results. In Fig. 2(a), the slope of 'high cooperative orientation' (HCO1) (solid line) is flatter than the slope of 'low cooperative orientation' (dashed line), indicating that the higher level of cooperative orientation has the weaker positive effect of trust violation on labor disputes. Differently, in Fig. 2(b), the slope of 'high competitive orientation' (HCO2) (solid line) is as steep as the slope of 'low competitive orientation' (dashed line), suggesting that the positive role of trust violation will be influenced by competitive orientation.

IV. CONCLUSION AND DISCUSSION

The results of the current study imply that the trust between the employer and employees play an important role for the construction of a harmonious labor relation. In addition, the trust violation is the key factor for labor disputes generating.

We have proposed a framework and correlation model of labor disputes generations which overcome the shallow level analysis in previous studies. Our model contributed to understanding the dynamic of labor disputes in several ways. First, there is little comprehensive study on the relationship between trust and labor disputes. This study focused on perspective of mutual trust, which is supplement and improvement of the applications of trust theory and is of great significance of trust theories. Second, much of the extant research discussed it from macro perspectives not from psychological and relational angles. This study started with the sources of labor dispute and tried to find a fundamental

solution, which is a strategic forward-looking. Third, we chose employee type and cooperative and competitive orientation as moderating role which clarified the conditions.



Notes: HTV: High trust violation LTV: Low trust violation  
HCO1: High cooperative orientation LCO1: Low cooperative orientation  
HCO2: High competitive orientation LCO2: Low competitive orientation

Fig.2. Moderating effects of cooperative orientation and competitive orientation.

Future research should systemly analysed the process of trust restoration attribution for labor disputes. Only through this, can the employer solve labor disputes effectively. This study provide the employer with tools to solve labor disputes from a new perspective.

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