

# Ethical Behavior and Regional Environments: The Effects of Culture, Values, and Trust

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**Abstract** This article offers a theoretical framework and empirical analysis for explaining regional differences in the United States between culture, trust, and ethical behaviors in workplaces. Drawing on a branch of behavioral economics that uses “cultural cognition” to describe social factors influencing values and ethical decision making, we argue that an orientation toward a hierarchical or individualistic view of society erodes levels of generalized trust. A lack of generalized trust among citizens and workers is associated with employers’ illegal activity to impede union organizing activity, which we define as a violation of ethical standards. We tested our model at the US state level of analysis and found that trust mediates the relationship between social values of hierarchy and unfair labor practices. To conclude, we suggest connections between the theory and its implications for the impact of culture on a firm’s responses to workers’ exercise of their rights of collective action.

**Keywords** Cultural cognition · Unfair labor practices · Trust · Unethical decision making

A body of research approaches ethics from the perspective of individual interests versus a concern for others. The perspective suggests that individuals engage in behaviors that can be described as ethical according to their sense of individual worth and their consideration for the welfare of other persons (e.g., Butterfield et al. 2000; De Cremer, 2009). While personality traits can describe the ways individuals think of themselves, social factors also may be important in creating a person’s views of others. As Hunt and Vitell (1986) suggested in their influential model, ethics can be analyzed in terms of an interaction between individual personality and the organizational environment. What a person brings to ethical action is filtered through a social context that guides and shapes ethical behaviors. For that reason, it is important to understand how environments may create conditions under which individuals respond to their fellow citizens in ways that are appropriate, considerate,

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and empathic. The present study extends that line of research by investigating the ways in which cultural environments promote or discourage ethical choices.

We begin with a discussion of what constitutes unethical decision making within a business environment. As generally understood, clear legal rules provide a standard for evaluating ethical behavior. Treviño and colleagues (1999, pp. 132–133) studied the relationship between legal compliance and ethics and concluded, “The bottom line for ethics/compliance management is the extent of unethical/illegal behavior in the organization. Effective ethics/compliance management should be associated with less unethical and illegal behavior.” In the United States, employees in a firm have the right to engage in collective workplace action, which includes the right to participate in unionizing drives without interference from an employer. If those rights are violated, the federal government provides a remedy through the auspices of the National Labor Relations Board (NLRB). This regulatory agency has authority to investigate and hold accountable employers who violate the legal rights of employees. Because unions engage in “monopoly bargaining” on behalf of a negotiating unit, they may divert a firm’s profits from owners and managers to employees in the form of higher wages and benefits (Freeman & Medoff, 1984). Managers who intentionally deprive employees of protected legal rights to promote the interests of other shareholders in a firm can be described as unethical in their actions.

### Unfair Labor Practices at the Regional Level

The National Labor Relations Act (NLRA) of 1935 prohibits private sector employers from engaging in unfair labor practices to encourage or discourage unionization. Unlawful activities include interfering with the formation or administration of labor organizations, retaliating against employees who participate in concerted or union activities, preventing employees from exercising their rights under the NLRA, and refusing to bargain in good faith with union representatives. Unfair labor practices may be used to intimidate, threaten, or punish individuals seeking union representation in an effort to thwart union organizing efforts. A large body of industrial relations research provides evidence that they are successful in achieving this goal. In a pathbreaking study, Weiler (1984) linked union membership data with statistics from the NLRB and found that as illegal opposition increased, union organizing success decreased. Weiler’s work is widely cited as a standard explanation for the decline in union density over the past three decades (e.g., Chaison & Rose, 1996).

The motivation for employer hostility toward unions is explained in part by economic factors. Through the exercise of monopolistic bargaining power, unions typically gain a union wage premium which increases total compensation compared to a nonunionized work force. According to the Bureau of Labor Statistics (2012), “In 2011, among full-time wage and salary workers, union members had median usual weekly earnings of \$938, while those who were not union members had median weekly earnings of \$729.” Some organizations may consequently engage in unfair labor practices as a means of protecting the firm’s profitability, and large, labor-intensive firms such as Wal-Mart have incentives to resist unionization. Because remedies under the NLRA are limited, the costs of taking illegal action against workers, such as firing and threatening union supporters, are relatively low compared to the possible benefits of doing so (Weiler, 1984). Such actions could be considered unethical because they involve a disregard for another person’s legal protections to promote one’s own self-interest. Unethical employer practices weaken labor unions and reinforce inequality of wealth by reducing the power of workers to redistribute the benefits

of economic production from owners to workers. For that reason, it is important to identify the social factors associated with illegal conduct.

We argue that the concept of “cultural cognition” is a promising theoretical platform from which to assess ethical environments. The US increasingly is characterized by political fissures that reflect attitudes and values about civil rights, employment regulation, environmental protection, and many other important public policy issues (Edsall, 2012). A growing field of scholarship describes the nature and consequences of the cognitive predispositions that determine how we as individuals respond to difficult issues of public policy. Cultural environments are crucial to the development of values, and values in turn motivate choices and moral decisions involving ethical behavior. The state-level differences in social characteristics are attributable to differences in values associated with regional cultures, as recent scholarship shows (Rentfrow, 2010). To begin with, we argue that generalized trust mediates the relationship between culture and ethical behaviors (Neville, 2012). Below we summarize the research on cultural cognition, followed by an explanation of how it is affected by local influences. We then develop an empirical model to test our theory in which we propose that ethics can be examined at a social level instead of an individual one.

### An Overview of Cultural Cognition

The two dimensions of cultural cognition function as mental decision frames which individuals use to categorize information relevant to moral awareness (Tenbrunsel & Messick, 2004) and to the formation of policy choices. In an article explaining the theory of cultural cognition, Kahan and Braman (2006) argued that an individual’s reaction to difficult problems such as gun regulation, abortion, and climate change is determined by a deeply held commitment shaped by cultural forces. They pointed out that individual views on different subjects tend to cohere around a common reference point regardless of the factual basis for a given perspective. In their words (Kahan & Braman, 2006, p. 147), “Essentially cultural commitments are prior to factual beliefs on highly charged political issues.” They continue (2006, p. 147) that “culture is prior to facts in the cognitive sense that what citizens believe about the empirical consequences of those policies derives from their cultural worldviews.” We situate cultural cognition within a framework of behavioral ethics that focuses on the broader social context (Mayer et al. 2009) and more specifically refers to “individual behavior that is subject to or judged according to generally accepted moral norms of behavior and is primarily concerned with explaining individual behavior that occurs in the context of larger social prescriptions” (Treviño et al. 2006, p. 367).

Researchers have proposed a model composed of bisecting vertical and horizontal axes to represent cultural cognition (Kahan, 2012; Kahan & Braman, 2006; Kahan et al. 2011). The vertical axis features the opposing values of hierarchy versus egalitarianism. Individuals who favor a hierarchical worldview believe that resources, rights, and roles should be distributed based on traditional social differences like gender, race, and class. These individuals strictly adhere to stratified role differentiation and devote their efforts to maintaining it because it supports their own perceived values and interests. Civic well-being, in this view, is promoted by the identification of historical roles to which members of society should conform. As Kahan and Braman (2006, p. 152) summarize: “A ‘high grid’ worldview favors a hierarchical society, in which resources, opportunities, duties, rights, political offices and the like are distributed on the basis of conspicuous and largely fixed social characteristics—gender, race, class, lineage.” This group predominantly believes that institutions, traditional mores, and personal conformance to ordained standards are the touchstones of social behavior.

In contrast to the hierarchical, those with an egalitarian worldview believe that society functions better through collective action and that social impediments to participation, such as race, gender, sexual orientation, and distinctions of class or personal characteristics, should play a secondary role in civic and economic life. That is, no one should be excluded from a particular occupation or opportunity because of their innate characteristics, but rather these roles should be equally available to all individuals. They favor government intervention, including that of the federal government, to ensure that such social issues as race and gender discrimination, poverty, education, and inequality are adequately addressed. This group emphasizes ideals of collective effort, redistributive laws and regulation, and welfare programs to alleviate poverty and provide opportunity.

Hierarchical cultures accept high levels of inequality and attempt to perpetuate status differentials among individuals. In a social context, inequality exerts a negative influence on the development of public policies conducive to all citizens. For example, in their work on the subject, Wilkinson and Pickett (2009) argue that inequality increases violence, crime, assaults, and the erosion of generalized civic trust. Joseph Stiglitz (2012, p. 83), a Nobel Laureate in Economics, more recently argued, “Widely unequal societies do not function efficiently, and their economies are neither stable nor sustainable in the long term.” Meliorating trends in inequality, unions strive to equalize power between employers and employees and to reduce differences in income among employees; economic studies show that between 1950 and 1970, unions were instrumental in creating the development of an American middle class (Levy & Temin, 2010). Given that individuals with a hierarchical viewpoint support and strive to maintain inequality in society, they should be more likely to engage in unfair labor practices in an effort to prevent unionization and the advocacy of equality for employees that unions bring with them. Thus, we offer the following hypothesis.

Hypothesis 1: States with a hierarchical culture will be more conducive to unfair labor practices.

The second factor making up cultural cognition deals with orientation toward a group. The poles of the horizontal axis are individualists versus communitarians. Individualists believe that personal merit should be highly prized and rewarded. A person is responsible for his or her well-being and success or failure (Kahan, 2012; Kahan & Braman, 2006; Kahan et al., 2011). Those espousing an individualistic worldview maintain that individuals must be accountable for meeting their own needs without help from society at large. This represents a competitive worldview as people are expected to provide for themselves without outside assistance or interference, especially from governmental authority. Our assumption is that persons whose values favor an individualist perspective will have less regard for the interests of others. A study by Albert and Horowitz (2009), for instance, developed a four-factor approach to ethical action based on high or low sense of self-worth and high or low concern for others. The authors found that the most ethical behaviors were associated with high regard for self and a high regard for others; conversely, the least ethical behaviors were associated with a high regard for self and a low regard for others. It follows that an individualistic orientation will be associated with a lack of ethical standards.

Conversely, communitarians emphasize solidarity over competitiveness and self-interest. They believe that collective needs take precedence over individual ones, that individuals depend on each other and must interact on a regular basis to achieve their goals, and that society has an obligation to secure collective welfare and the power to override competing individual interests. Individuals falling into this category are willing to engage in collective action and to share the benefits of that action and to support regulatory measures which assure some degree of group well-being. Unions, by definition, are a form of collective

action which contributes to this orientation. Unions are designed to provide collective assistance and solidarity to employees in an effort to enhance the collective rewards and advantages for employees. Businesses located in US states with individualistic cultures will not approve of unions' efforts to regulate the employment relationship because it will constrain self-interests that are contrary to the greater good of the labor force. Based on the foregoing analysis, we propose the following hypothesis.

Hypothesis 2: States with an individualistic culture will be more conducive to unfair labor practices.

### **Trust as an Explanation for the Relationship Between Culture and Unfair Labor Practices**

Trust makes up the connecting tissue between culture and unethical behavior. A state's level of trust predicts whether the environment is favorable to collective action by workers or whether the environment encourages unlawful and unethical activity by employers to resist workers' organization. According to Eric Uslaner, trust involves a moral foundation. In a summary of his theory, Uslaner (2002) argues that trust can be based on knowledge of another person and his or her trustworthiness, but the more important form of trust depends on our willingness to trust others unknown to us. Such trust is not strategic in nature because it is not used to obtain any foreseeable goal. Rather, generalized trust is a *moral* action. In Uslaner's words (2002, p. 3): "The central idea behind moralistic trust is the belief that most people share your fundamental moral values. To put it another way, a wide range of people belong to your moral community." We behave in a trusting and moral fashion because we rely on others to accept our values and deal with us as we deal with them. Moral trust is superior to strategic trust because it leads to successful collective action among strangers. That is, an individual's trust in others facilitates group efforts toward some desirable goal, even when there is no explicit agreement to cooperate.

One study examined the economic underpinnings of trust at both the individual and social levels. Alesina and Ferrara (2000) found that the correlates of lower generalized trust included belonging to a group that was historically discriminated against and had relatively less income and education. In addition, living in a community with a high degree of income inequality correlated with low trust. According to economic theory, trust lowers the transaction costs of economic exchange, facilitates more efficient operations both in private firms and governmental entities, and ensures effective financial dealings. Consequently, trust has economic dimensions embedded in the social context. In addition, research suggests that individuals who are more positive toward affirmative action, are more tolerant toward gays and lesbians, and are less authoritarian in their attitudes, tend to believe others can be trusted (Uslaner, 2002). In addition, recent research by Brescia (2012), Folbre (2011), and Neville (2012) have made the link between low levels of trust and economic inequality. In short, people who are culturally oriented toward the communitarian or egalitarian position are more trusting than those with a hierarchical or individualistic perspective.

Trust is useful to society because it leads to those activities which build communities, such as volunteering and giving to charitable organizations. As citizens engage in such activities, they develop a sense of common ideals and believe that others share those ideals. In turn, the beliefs lead to a cultural commitment to equality and community. People who subscribe to the proposition that "most people can be trusted" likewise subscribe to the idea that others should be encouraged and supported as a social imperative. Uslaner (2002, p. 21) sums up the point as follows: "Saying that there is a common culture goes hand-in-hand with a belief that society needs to take steps to include those groups that have historically faced

discrimination.” Thus, businesses within states with a high level of generalized trust should be more willing to support union organizing efforts because labor organizations serve the purpose of enhancing the collective well-being of the societies in which they operate while those in states with low levels of trust should be more likely to oppose collective action designed to remedy past discrimination. In summary, hierarchical or individualistic cultures will be less trusting of others, which will subsequently encourage illegal opposition towards unions. We therefore propose two further hypotheses.

Hypothesis 3a: Trust will mediate the positive relationship between hierarchical culture and unfair labor practices.

Hypothesis 3b: Trust will mediate the positive relationship between individualistic culture and unfair labor practices.

## Methods

### Procedure

In order to determine whether the relationship between cultural cognition and unfair labor practices is mediated by trust, we gathered measures from existing databases to represent these constructs at the US state level. We chose the state as the level of analysis because there are significant state variations in terms of unfair labor practices that we believe can be attributed to regional differences in values and attitudes.

### Measures

*Hierarchy/Egalitarianism* To determine whether a state has a worldview geared toward hierarchy or egalitarianism, we used a measure of the level of equality citizens’ experience in each US state. The Human Development Index assesses an individual’s capacity to flourish and thrive within the social setting. This index is used to measure state environments in terms of equal access to health, education, and income for its residents (American Human Development Project, 2011). Citizens who have the opportunity for long and healthy lives, who have access to knowledge, and who enjoy a decent standard of living reside in states that score higher on the index. The 2008 index ranges from an overall high of 6.30 in Connecticut to an overall low of 3.85 in West Virginia and is available online at <http://measureofamerica.org/maps/>. Higher scores are indicative of states with an egalitarian focus.

*Individualism/Communitarianism* In order to assess a state’s orientation toward individualism versus communitarianism, we used two measures. First, we evaluated whether or not a state has a right to work law. States with right to work laws ban union security agreements by forbidding mandatory union membership for employees or compulsory payment of union dues. The presence of these laws suggests that citizens of a particular state do not approve of collective action or interference with their individual rights from institutions like unions. Thus, states with right to work laws are representative of an individualistic outlook. To determine if a state has a right to work law we used the Table of State Right-to-Work Laws (2009) available on the United States Department of Labor’s website ([www.dol.gov/whd/state/righttowork.htm](http://www.dol.gov/whd/state/righttowork.htm)) and coded states without a right to work law as 0 and those with these laws as 1.

Second, we measured political ideology for each state by examining the state’s voting behavior in the 2008 presidential election, which is available online at <http://www.fec.gov/pubrec/fe2008/2008presgeresults.pdf> from the Official Presidential General Election Results

(2008). To calculate the state's political ideology, we divided the number of votes for the Republican candidate (John McCain) by the total number of votes per state. High scores indicate that the state has a Republican political ideology.

*Trust* Trust was measured using one item (“Generally speaking, would you say that most people can be trusted or that you can’t be too careful in life?”) from the GSS: General Social Survey (2011), which gathers information on demographics, behaviors, and attitudes across the US (<http://www3.norc.ox.ac.uk/GSS+Website/>). Putnam (2000) summarized the findings for this item by reporting the percent of individuals within each US state who believe most people can be trusted. Thus, higher scores on this measure reflect higher levels of trust. Measures of generalized trust remain stable over long periods of time. Uslander (2008, p. 290) comments on the point as follows: “Across a series of panel surveys over periods of time ranging from 2 years to 17 years, between 75 % and 86 % of respondents gave consistent responses.” He explains that generalized trust is anchored in a moral approach to our dealings with others and a sense of shared communal values; accordingly, we assume that state levels of trust do not appreciably vary from year to year.

*Unfair Labor Practices* To measure unethical activities, we use an index of illegal employer behavior to undermine workers’ legal rights. The National Labor Relations Board compiles data on unfair labor practices filed in a state and on petitions filed by unions requesting a secret ballot election on representation from 1936 to 2009 (<http://nlrb.gov/annual-reports/>). To account for variations in population, demographics, economic conditions, and other variations among states, we used an index of illegal activity calculated as the ratio of unfair labor practices filed to the number of representation petitions filed in 2009 (Hogler & Shulman, 1999). If employers engage in unlawful acts to combat union organizing, the number of representation petitions will presumably reflect the extent of organizing. For 2009, the index shows a variation ranging from 32 unfair labor practices per representation petition filed in West Virginia to 0 in North Dakota.

## Results

Table 1 displays the descriptive statistics for and correlations among the study variables. The results indicate support for our hypotheses by showing that states with an hierarchical or individualistic culture have lower levels of trust. In particular, equality positively correlated with trust while right to work laws and a Republican political ideology were inversely related. However, only one dimension of cultural cognition, hierarchy/egalitarianism, was significantly related to unfair labor practices. Further, trust at the state level was negatively correlated with the number of unfair labor practices that occurred per state. Thus, states with an hierarchical or individualistic orientation are less likely to believe that other people can be trusted. In turn, states with low levels of trust were more likely to have a higher frequency of unfair labor practices by organizations. Contrary to our expectations, only states with a hierarchical outlook were more likely to engage in unfair labor practices. These findings offer initial and partial support for our theoretical model.

To more thoroughly test our hypotheses, we used an SPSS macro developed by Hayes and Preacher (2011) called *MEDIATE*. This macro computes omnibus tests for the total, direct, and indirect effects of culture cognition on unfair labor practices via trust. Traditionally, the causal steps method proposed by Baron and Kenny (1986) has been used to determine the presence of mediation, but this approach has limitations such as low power

for detecting mediation effects and little attention paid to quantifying the indirect effect (MacKinnon et al. 2002; Preacher & Hayes, 2008; Shrout & Bolger, 2002). The method by Hayes and Preacher (2011) overcomes these drawbacks by directly testing the indirect effect versus inferring its existence by rejecting a series of null hypotheses. This macro not only provides a more powerful test of mediation, but also accommodates multiple independent variables. Lastly, it calculates percentile bootstrap confidence intervals to determine the significance of the indirect effects. Many researchers prefer this method to Sobel or normal theory tests because it does not require that the sample be normally distributed and can be used when the sample size is not large (e.g., Preacher & Hayes, 2008; Preacher et al. 2007; Shrout & Bolger, 2002).

We predicted that the dimensions of culture cognition would be related to unfair labor practices. To evaluate this hypothesis, we examined the total effects model, which calculates the effects of the independent variables on the dependent variable. As shown in Table 2, the dimensions of individualism/communitarianism (right to work and political ideology) were not significantly related to unfair labor practices. However, equality was negatively related. This suggests that states with higher levels of hierarchy are more likely to have employers who commit unfair labor practices. The omnibus test of the total effects model indicates that the cultural cognition variables significantly predict unfair labor practices ( $R^2=.28$ ,  $F(3, 37) = 4.85$ ,  $p < .01$ ). Thus, our results suggest partial support for our hypotheses by demonstrating that a hierarchical worldview is associated with unfair labor practices.

We offered an explanation for the relationship between cultural cognition and unfair labor practices. That is, we believe that these two variables are related because certain cultural conditions make the belief less likely that other people can be trusted, which in turn is associated with more incidents of union resistance. Table 2 indicates that equality was positively related to trust while the other variables were not significant predictors. Thus, states with higher levels of hierarchy were less likely to believe that others can be trusted. Further, we examined the direct effects model, which looks at the effects of the independent variables and the mediator on the dependent variable. This model shows that trust was the only significant predictor of unfair labor practices when all the variables were included in the model. The omnibus tests of the direct effects model indicate that cultural cognition did not improve the prediction of unfair labor practices beyond that explained by trust ( $R^2=.12$ ,  $F(3, 36) = 2.56$ ,  $p = .07$ ). Taken together, these results suggest that a hierarchical worldview at the state level is related to unfair labor practices through trust.

**Table 1** Means, standard deviations, and correlations among study variables

Variable	<i>M</i>	<i>SD</i>	1	2	3	4	5
1. Equality	5.02	.62	–				
2. Right to work <sup>a</sup>	.44	.50	–.49***	–			
3. Political ideology	47.86	9.47	–.69***	.68***	–		
4. Trust	44.20	11.64	.49**	–.31*	–.32*	–	
5. Unfair labor practices	9.67	5.57	–.41**	.01	.17	–.57***	–

<sup>a</sup> 0 = not a right to work state and 1 = right to work state

\*  $p < .05$

\*\*  $p < .01$

\*\*\*  $p < .001$



**Table 2** Mediation results

Predictor	<i>B</i>	<i>SE</i>	<i>t</i>	<i>p</i>
Total effects model (DV = Unfair labor practices)				
Constant	32.23	15.81	2.04	.0486
Equality	-4.78	1.89	-2.53	.0156
Right to work <sup>a</sup>	-2.77	2.31	-1.20	.2393
Political ideology	.07	.17	.38	.7057
Mediator model (DV = Trust)				
Constant	-24.56	33.08	-.77	.4487
Equality	10.62	3.83	2.77	.0086
Right to work	-4.86	4.69	-1.04	.3066
Political ideology	.37	.35	1.06	.2971
Direct effects model (DV = Unfair labor practices)				
Constant	26.58	14.28	1.86	.0709
Equality	-2.33	1.86	-1.26	.2170
Right to work	-3.89	2.10	-1.85	.0728
Political ideology	.15	.16	.96	.3427
Trust	-.23	.07	-3.17	.0031

*DV* dependent variable

<sup>a</sup>0 = not a right to work state and 1 = right to work state

To assess the significance of the indirect effect we used bootstrap confidence intervals. Bootstrapping consists of sampling with replacement from the original data set to estimate the magnitude of the indirect effect. The macro generates confidence intervals for the indirect effect and the indirect effect is significant when the confidence interval does not contain zero. As seen in Table 3, the confidence interval does not include zero for the mediated effect of equality on unfair labor practices. Given that zero is outside of the confidence interval, we can conclude that there is an indirect effect of hierarchy on unfair labor practices through trust. In summary, states with a hierarchical orientation are more likely to illegally resist union organization because of their lack of trust in others.

## Discussion and Research Implications

Our study identifies several theoretical areas that warrant further exploration. The state-level approach uses a set of factors that provides insights contributing to a unique framework focusing on culture and trust as determinants of ethics. Rather than viewing trust as individual attribute, we locate a source of trust in social world views. That is, individuals in a hierarchically oriented social setting may have less generalized trust in others and business organizations in that environment may be more inclined to engage in illegal and unethical activity to discourage workplace collective action. Such a finding adds to emerging lines of inquiry that are building toward a more comprehensive picture of social and economic conditions in our country.

First, our findings fit into the broad parameters of “social capital” research. Since the publication of Robert Putnam’s (2000) landmark book on the subject, social capital has become a staple of scholarship in sociology, economics, psychology, and other related fields. Social capital refers to “generalized reciprocity” through which individuals engage in

**Table 3** Results for tests of the indirect effects of trust

Indirect effect	Point estimate	SE	Bootstrapping (95 % CIs)	
			Lower	Higher
Equality	-2.44	1.37	-5.43	-.21
Right to work <sup>a</sup>	1.12	1.24	-1.05	3.84
Political ideology	-.08	.10	-.31	.09
Total	-.05	.04	-.14	-.01

Bootstrap sample size=5000

<sup>a</sup> 0 = not a right to work state and 1 = right to work state

collective behaviors for their mutual benefit. Social capital creates trust, which reduces the cost of both civic interactions and economic activity. As Putnam (2000, p. 135) explains, “This is no doubt why, as economists have recently discovered, trusting communities, other things being equal, have a measurable economic advantage.” Putnam (2000, p. 294) found that social capital varies dramatically from state to state and is much lower in former slave states of the Confederacy. His explanation is, “Slavery was, in fact, a social system *designed* to destroy social capital among slaves and between slaves and freeman.” Some research suggests that social capital is a necessary component of union organization (Jarley, 2005), and one econometric study finds that slave states presently have lower union density in both the private and public sectors (Breunig et al. 2012).

Second, and relatedly, unfair labor practices may be more effective in discouraging workers from unionizing where levels of trust are low. If employees are uncertain whether they can successfully undertake group action that depends on solidarity, they are more likely to be coerced by threats and intimidation against other employees or the group as a whole. Employers can effectively make illegal statements such as threats of discharge or retaliation against union sympathizers or illegal promises of benefits to selected individuals and thereby chill attempts at concerted action. An extensive body of industrial relations literature documents the rise of illegal opposition to unions and the corresponding decline in union membership density (Bronfenbrenner, 2009; Weiler, 1984). A popular strategy for attracting economic development is based on low levels of union membership and lower wages; the basic proposition is that a labor climate hostile to collective bargaining offers a more desirable venue for new business ventures (Barro, 2011). The recent enactment of a right to work law in Michigan, for example, was supported by Governor Rick Snyder as a competitive strategy for the state (Murray, 2012).

Labor unions, by definition, are a form of collective action which is inconsistent with hierarchical employment relationships. Our finding that trust mediates the relation between culture and union hostility helps to explain why illegal activity may be more prevalent in some social environments. It also suggests that ethical orientation is influenced by the civic context in which moral choices are presented, such as the belief that inequality is produced by individual characteristics such as lack of effort and motivation. A state’s hierarchical predisposition is related to policy choices that affect equality and availability of opportunity; the more a state is oriented toward hierarchy, the less equality and opportunity.

Third, our findings add to a better understanding of the dynamic underlying equality and trust. If a lack of equality is associated with less trust, then attacks on workplace collective action will help to sustain imbalances of bargaining power in economic organizations. A redistribution of corporate income to the advantage of wealthier groups and the disadvantage

of low wage workers may have detrimental economic consequences (Stiglitz, 2012). Our analysis shows that inequality lowers trust, which increases the likelihood of unfair labor practices. Consequently, those states with cultural conditions favorable to unethical behaviors will be more likely to maintain levels of inequality by promoting conditions unsuited to unions.

Fourth, a large body of scholarly literature addresses the concept of trust in the workplace. It is usually viewed as a valued asset because members of the firm are more likely to engage in cooperative behaviors toward the attainment of the firm's goals. Our research suggests a new mode of inquiry, namely the effect of the external culture where a firm is located. The idea of "culture" in an organization is now pervasive and accepted, but the notion that social culture outside the firm can dramatically alter the perceptions of individuals in a firm is less well understood. We show that the orientation of a state along cultural lines is an important determinant of how the firm will treat its employees. To alter an internal and external culture, managers should understand what attitudes and values an individual brings to the enterprise as a matter of civic environments.

### Study Limitations and Future Research

The relationships between culture, trust, and ethics involve complex subject matters of various social sciences disciplines. We focus on a unique dimension of ethics drawn from the labor relations literature as related to state-level cultural values. Even recognizing that there are distinctive regional characteristics in this country, those characteristics may not be widely generalizable to individual behaviors. Putnam (2000) called attention to differences in social capital across geographical areas; his explanation had to do with patterns of immigration and the practice of slavery. The developing field of cultural cognition addresses the typology of cultural differences in the U.S., but whether individual values emanate from dimensions of social life associated with identifiable regions is not clearly established. While some studies support our approach (e.g., Neville, 2012), additional research on regional social conditions and values is needed.

A second limitation is linked to the framework of the cultural cognition perspective. While researchers in this area identify four focal points of analysis—hierarchy versus egalitarianism and individualism versus collectivism—our study uses measures that may not sharply enough define those factors. The Human Development Index, used as a unitary measure of equality, may incorporate dimensions of hierarchy related to social status. Right to work laws are rooted in social and political conditions that may transcend a single conception of individualism. We anticipate that as scholarly inquiry continues to explore the personal attributes associated with cultural cognition, other ways of measuring cultural environments will emerge.

Third, and relatedly, aggregating data from individuals to a state level of analysis requires assumptions about the nature of social influence. Political ideologies may consist of constellations of attitudes, beliefs, and values. Kahan (2012) studied the effects of cultural cognition on risk perception and found that the group-grid matrix accurately predicted determinations of risk. White males, for example, were much more likely to minimize the risks of shooting deaths and oppose gun regulations than females who identified as collectivists. At the same time, a vote for a Republican candidate for office is a different choice than supporting or opposing gun laws. We would suggest that social forces of assimilation and polarization work to shape the cultural bias of populations subject to those forces, such that demographic units, including groups of states, will demonstrate cultural features suitable for study.

## Conclusion

This article offers insights into various dimensions of organizational behavior. By using a unique set of measures that assess regional conditions, we show how culture affects trust and in turn a firm's ethical behavior. The approach has implications for a range of other topics, such as opposition to unions, the effect of unethical activity, and the basis of trust on a social rather than an individual level. Each topic has linkages with important areas of research in organizations. Our contribution particularly applies to the interaction of businesses and their social setting.

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