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Country Report LITHUANIA

Lithuania

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Introduction

The report is part of the TRUE EUROPE research project, which investigates the determinants and outcomes of trust in social partner relations. Project interviews were conducted in eight countries, focusing on the metal, transport, and banking and finance sectors. Trust levels across different social dialogue topics—from core issues like wages to less contentious areas such as digitalisation, skills and training, and health and safety were examined during the Project.

This report examines the processes of building and maintaining trust, as well as the sources of trust and distrust between social partners across different levels in Lithuania. It explores the role of trust in industrial relations, focusing on how social partners perceive its impact on social dialogue and collective bargaining. We analyse various dimensions of trust, including its perception by the representatives of social partners, key obstacles to its development, and the broader implications for industrial relations. The findings are based on (a) desk research of relevant literature, institutional reports and national database of collective agreements, and (b) 15 interviews conducted in 2024 with representatives of TUs and employers, and one expert in three sectors (Table 1). The interviews were conducted face-to-face (8) and by telephone (7).

Table 1. Interviewees: levels and sectors

Level	Banking & finance	Metal	Transport	Cross-sectional	Total
Local Level					
Employee rep.	2	2	3		7
Employer rep.	1		2		3
Sectoral Level					
TU official		1			1
EO official					
National level					
TU official			1	1	2
EO official				1	1
Other (Gov./Civ.)				1	1
TOTAL	3	3	6	3	15

Interviewee selection was conducted using the nearest-agent approach and the snowball sampling method. Most of the interviewees represented the local-level social partners. A higher proportion of local-level representatives were partially related to the specificity of the industrial relations/CB in selected sectors (for more details see Table 2). On the employer side, we recruited local HR professionals. The interviewees from the transport sector represented the subsector of public transport.

1. Industrial relations at national and sectoral level

Industrial relations in Lithuania are attributed to the *fragmented/state-centred* regime with a low union density and collective bargaining coverage, predominant company-level bargaining, and the dominant role of the state. In recent years, the situation has changed significantly in the public sector, while the private sector has remained largely the status quo.

In Lithuania, a traditionally important role is attributed to the Tripartite Council of the Republic of Lithuania (TCRL) – the main social dialogue institution acting at the national level. All the most important labour market-related regulations and other decisions important for employees are discussed there. Three national trade unions and six employer organisations are represented at the TCRL. The trade unions are the Lithuanian Trade Union Confederation, the Lithuanian Trade Union “Solidarumas”, and the Joint Republican Trade Union. The employer organisations are the Lithuanian Confederation of Industrialists, Confederation of Lithuanian Employers, the Association of Lithuanian Chambers of Commerce, Industry and Crafts, the Chamber of Agriculture of the Republic of Lithuania, the Investors’ Forum, and the Lithuanian Business Confederation. These unions and employer organisations participate regularly in national-level social dialogue at the TCRL.

The National (Public Sector) Collective Agreement (NCA) signed in 2022 (valid for three years until the end of 2025), caused the attraction of public-sector employees to trade unions. The NCA provides some benefits (e.g. additional rest and/or holiday days) for union members only. Moreover, provisions of the agreement are reviewed and updated annually by the national trade union organisations and the Ministry of Social Security and Labour (MSSL), representing the employer in the public sector. In 2025, the NCA applies to 72,000 employees, while in 2024 it covered around 66,000 and in 2023 – around 58,000 public-sector employees (15min.lt, 2024; MSSL, 2024). This increase is caused by several factors: it applies to those union members who became members after the date of signing the agreement; and the scope of the application of the agreement is also extending. It also applies to municipal companies from 1 January 2024.

Collective bargaining coverage in the private sector in Lithuania remains below 10%. There is only one sectoral collective agreement in the private sector, signed in 2019, in the furniture production subsector. The almost absent sectoral collective (wage) bargaining in the private sector is caused by several factors. One of them is an incongruity between the respective structures of sectoral trade unions and sectoral employers’ organisations (e.g. there are rather strong trade unions in public transportation, however, employers’ organisations mainly organise freight transport companies). That has prevented the social partners from engaging in collective bargaining. Another important reason is that employers’ organisations have been reluctant to take the role of sectoral social partners and/or sign collective agreements, claiming the absence of a mandate from their members to do so. In companies with active trade unions, bargaining takes place and agreements favourable for employees are signed, though collective bargaining activity is particularly weak or non-existent in sectors and industries such as agriculture, construction, and HORECA.

Industrial relations in banking & finance, metal, and transport

As part of the TRUE EUROPE-project in the banking & finance sector, we have selected to analyse banks, as there are several CAs signed at the company level. In the metal sector, there is only one sectoral trade union, therefore we selected to analyse/interview this sectoral union and its local affiliates. As the transport sector is rather wide and heterogeneous, we have chosen to analyse the public (passenger) transport subsector. The choice was based on the principle of the “closest actor” and on historical reasons: municipal companies have rather long social dialogue traditions.

The **metal sector** has one of the oldest TUs (over 30 years). However, TUs are steadily losing members at both company and sectoral levels, and CB coverage declines. There is neither sectoral-level collective agreement, nor sectoral-level collective bargaining. Trade unions have poor relations with employers both at company and sectoral levels, but there is a strong relation with national TUs, as well as close interrelations between sectoral and company-level trade unions.

The **banking sector** is also very atypical in terms of industrial relations and TUs. TUs in the banking sector are a rather new phenomenon, which emerged from previous works councils (approx. 5-6 years ago, when works councils lost their right to conclude collective agreements). Sectoral industrial relations are characterised by relatively good relations between TUs and employers at the company level. There is no sectoral TU, and company-level unions do not have relations with the national-level TUs.

In the **public (passenger) transport sector**, there are rather strong TUs in some companies, but no strong sectoral trade union. There is a rather high CB coverage, but only at company level. There are also a lot of specificities due to the regulation of the public sector: CB takes place at the company level, whereas remuneration is set at the municipal level. Moreover, the national public sector CA also applies, as the founders of the public (passenger) transport sector are municipalities.

In Table 2 below, we have summarised the aforementioned specificities to show how complicated an analysis of trust between different partners and different levels is due to the absence of some particular partners and/or levels (Table 3).

Table 2. Specificity of the CB in the selected sectors

Sector		Partners		CB/Dialogue		Trust	
		Company	Sectoral	Company	Sectoral	Company	Sectoral
Metal	TU	Yes	Yes	Yes	NO	NO	NO
	EO						
Banking	TU	Yes	NO	Yes		Yes	
	EO		Yes				
Transport	TU	Yes	Yes/NO	Yes	NO	Yes	
	EO						

Light blue – present, but very few/weak; blue – absent; dark blue – non-existent/not possible.

Table 3 reads as follows:

- In the **metal sector**, there are only few, rather weak trade unions at the company level; collective bargaining takes place rarely, and there are only few company-level CAs. Though there formally are social partners at the sectoral level, they are not engaged in collective bargaining. Given the minimal interaction between the social partners, there is little opportunity for building mutual trust.
- In the **banking sector**, there are unions and company-level CAs in some banks. However, there is no sectoral trade union and, therefore, sectoral-level CB is non-existent/not possible. Without sectoral bargaining, we can accordingly not speak about the trust between social partners at the sectoral level.
- In the **transport sector** there are company-level unions, company-level CB takes place, and CAs are signed. However, there is no trade union or employer organisation at the sectoral level and therefore collective bargaining does not take place at the sectoral level. Without sectoral bargaining, we cannot talk about the trust between social partners at the sectoral level.

2. National- and sectoral-level interactions and trust

Despite the presence of an institutionalised tripartite social dialogue at the national level, cooperation at the sectoral level remains weak in the private sector in Lithuania, with low bargaining coverage and limited engagement from employers.

Characterising national- and/or sectoral-level interactions

The main social dialogue institution acting at the national level – the Tripartite Council of the Republic of Lithuania – has relatively long traditions and long-lasting cooperation between national social partners. Relations, cooperation and trust among the social partners represented at the TCRL have developed from rather distant and conflicting to rather friendly and supportive during 30 years of functioning of the TCRL.

While there is national-level dialogue in Lithuania, it does not translate into meaningful sectoral agreements (Blažienė, Gruževskis, 2017). According to the interviewed representatives of the national unions and employers (#13 LT, #15 LT), trust between partners at the national level has increased significantly, however, when it comes to sectoral or company level, employers try to avoid commitments. Sectoral-level EOs argue that they do not have mandate from their members to negotiate sectoral-level CAs, whereas employers at the company level often try to avoid signing collective agreements, arguing that the labour legislation is strict enough and/or that all important aspects of working conditions are agreed in the individual (employment) contracts. To some extent, this situation is determined by other factors as well, such as rather strict strikes regulation, or often insufficient capacities of trade unions. Nevertheless, CB takes place and collective agreements are signed in the majority of private companies with active trade unions.

As collective bargaining coverage in the private sector in Lithuania is less than 10% and sectoral collective bargaining (in the private sector) is absent, **there are practically no fora for interaction between sectoral-level social partners, and in some sectors there are no sectoral social partners at all.** There are several sectoral committees and commissions under the Tripartite Council, but they mainly cover the public sector (e.g. education, culture, civil service) and actually do not play any significant role in the area of interactions between the social partners at the sectoral level.

The low bargaining coverage as well as the generally weak role of industrial relations and the dominant role of the state in setting standards for employment and working conditions indicate a deficit of trust between all levels of social partnership. On the one hand, strict state regulation means that the state does not trust social partners' abilities to agree and, on the other hand, low collective bargaining coverage generally shows low trust between national, sectoral and company-level unions and employers (#14 LT). Previous surveys have noted the generally low level of trust in public authorities in Lithuania as well (Gaižauskaitė, 2019).

None of the three sectors analysed have sectoral/branch-level collective agreements, and no attempts are taken to engage in sectoral/branch-level collective bargaining.

The **metal sector** is represented at the sectoral level by the Lithuanian Association of Metal Workers Trade Union, affiliated to the main national TU confederation – Lithuanian Trade Union Confederation (LPSK). At the time of the implementation of the True Europe Project, the Association had about 750 individual union members. There is no collective agreement in the sector and, according to the representative of the union, there are few prerequisites for such agreement. The main obstacle is the “extremely low level of representation” (#3 LT). Another obstacle to closer cooperation at the sectoral level is the “power position” of the employer representatives as well as the lack of trust in the competence (negotiation capabilities) of the TU representatives. The union representative also admitted that conflicting (unconstructive, demanding) behaviour of the representatives of the unions (“shouting from the rooftops” #3 LT) could have also suppressed the willingness of the employers to cooperate.

There is no sectoral organisation representing employees in the **banking** sector. According to the respondents, there is currently no need for an organisation of employee representatives of banks and other financial institutions at the sectoral level. One of the reasons for this is the lack of representation; as one employee representative put it “we are too small” (#6 LT). In the absence of a partner in the sector, the Lithuanian Banking Association, uniting all main banks operating in Lithuania, is not engaged in collective bargaining.

In the **public (passenger) transport** subsector, both trade unions and employers are “scattered” in several different sectoral unions and EOs, and none of them takes on the role of the sectoral social partner. Therefore, as in the other sectors under consideration, sectoral collective bargaining does not take place. There are no fora for sectoral social dialogue. However, one very specific feature of the sector was highlighted by the interviewees (#7 LT, #8 LT, #12 LT): passenger transport companies, representing workers from the public companies are covered by the National (Public Sector) Collective Agreement.

It is interesting to note that the application of the NCA to public transport companies had some positive impact on the conditions set at company-level CAs. As the NCA provides for some additional benefits for union members only, parties to the company-level CAs agreed on the similar favourable conditions for all employees so that to avoid discrimination among employees. It should be also noted that, despite the desire to increase TU density in the public sector, the national collective agreement has not led to an increase in the number of TU members in passenger transport companies. This is explained by the fact that public transport companies have already had existing TUs and employee-friendly CAs in place (#8 LT).

In recent decades, there have been some attempts to initiate sectoral collective bargaining and signing of a sectoral CA in the public passenger transport sector. However, the process was stalled due to several reasons (those reasons were highlighted by both TU and employer representatives):

- The absence of clear bargaining partners. As public transport services in municipalities are provided by both private and municipal service providers, it is not completely clear who might be the main bargaining partner at the sectoral level: the Lithuanian Association of Municipalities (which unites 60 municipalities in towns and regions) or Linava, the largest association representing the transport sector in Lithuania and abroad. Moreover, employees in the private sector are not organised;
- The sufficiency of the existing national and company-level collective agreements. Municipally owned companies usually have collective agreements at the company level, which are often more favourable to employees than the national collective agreement. Thus, TUs do not see clear advantages of the sectoral CA;
- Regional/territorial disparities. Municipalities are in very different situations both economically and financially: the budgets of public passenger transport companies vary considerably, as do the fares applied in various regions/territories, the guarantees offered to employees in the companies, etc.

Anchoring trust in institutions and trusting lower-level actors

Given the aforementioned shortcomings, the fragmentation of collective bargaining and the absence of sectoral-level institutions, both horizontal and vertical cooperation between workers' and employers' organisations is extremely difficult, if possible at all, in Lithuania. For example, local-level employer representatives participating in the study could not recall any prominent and/or more frequent cases of interaction with higher-level employer organisations. However, the trade unions' situation is varying, depending on the sector and social dialogue traditions.

Representatives of different levels of employees in the **metal sector** develop active cooperation at all levels. Cooperation is seen as a kind of a vertical/tangent, going from the lowest to the highest end and vice versa. As regards cooperation between national-level and sectoral-level TUs, respondents from the metal sector highlighted very strong trust. Trust stems from a deep tradition of communication, where a considerable amount of time is spent on strengthening informal contacts (trips, seminars, trainings, projects, etc.). According to one

of the respondents, the concern of the representatives of the unions, both at the national and sectoral levels, is to create a sense of togetherness, of belonging to the TU's community when speaking about the national level, and to the metal community when speaking about the sectoral/company level. Interpersonal communication between metalworkers, based on traditions and values of professional communion, can thus be described as an identification-based trust.

On the other hand, the strong long-standing links between higher and lower level TUs in the metal sector have not led to the strengthening and growth of the TUs themselves: union density in the sector is continuously declining. Thus, the strong trust between unions at different levels has not translated into trust in the unions (at the local or sectoral level) per se. In the opinion of the respondent representing the sectoral trade union, this is due to the generational change, where young people are more likely to choose to defend their rights through public institutions and/or their own power: an "individualist generation", with "no trust in the collective" (#3 LT). This statement to some extent confirms previous observations by Gaižauskaitė (2019) regarding the low level of trust in people in the Baltic States: according to World Values Survey conducted between 2010 and 2018, about one-third of the population trusted each other, and the degree of trust was average or below average on the scale.

The **transport sector** has collective agreements at both national and local levels. However, the initiation of the national CA seems to have undermined the trust in the government from both the TU and the employer sides. The NCA provides for additional benefits for public sector union members (e.g. additional days off for training, health care). However, the costs of implementing these guarantees are shifted to the employers' responsibility. As an employer representative who participated in the study stated, this situation not only undermines trust in the government. It may also lead to resistance between union and non-union members in companies where the NCA is applicable (#8 LT). As the guarantees for union members would not be paid for from the budget, as originally foreseen, but from the company's savings, a situation arises where union members with guarantees are compensated for their days off at the expense of non-union employees.

Still, the level of trust can be assessed as high as regards sector-level and national-level TU cooperation. In the transport sector, there are close links with national-level trade unions. However, trust in the transport sector is not as unconditional as in the metal sector. The cooperation between the sectoral unions and the national level unions of the transport sector is rather based on relational trust (Lewicki et al., 1998; Rousseau et al., 1998).

The specific situation of companies in the **banking sector**, most of which are foreign-owned companies, also determines the nature of cooperation between the social partners. It is noteworthy that employee representatives have a stronger orientation towards cooperation with foreign rather than domestic employee representatives. And representatives of both – local-level unions and local-level employers do not communicate with higher-level employees' or employers' organisations. The "other" side's activities of sectoral- or national-level actors are also not reflected at the company level.

A representative of the banking sector TU (#5, #6 LT) noted that consultations with national associations of TUs and some sectoral unions took place at the initial phase of local union activities, but that the specificities of the sector and the much greater progress made in the field of workers' guarantees did not give any further grounds for cooperation with higher-level "same-side" partners (unions). On the other hand, given the specific nature of the sector, where a large market share is taken up by Scandinavian companies, the TU maintains contacts with employee representatives of the parent company (Sweden) or with a European-level workers' association.

A representative of the national-level union (#13 LT) mentioned that national-sectoral cooperation and trust is often influenced by financial/material factors. The interviewee mentioned several cases when emerging sectoral unions, while small and weak, need (and receive) significant support from the national unions, but once they grow and become big and strong, they often try to be as independent as possible, and "they forget what the national union did for them" (#13 LT). There were cases when such unions refused to share their funds or cooperate in other ways with the "parent" TU, thus destroying a relationship of trust built up over many years.

Effects of trust according to national- and/or sectoral-level actors

During the interviews, respondents at both the national and sectoral levels recognised the importance of trust; however, mainly generalised outcomes were articulated: loyal members, better conditions, predictability, higher productivity, and "good for the economy" in general. We presume that the importance of macro-level trust is still not recognised or not reflected enough among the social partners. This might be explained by the actual absence of sectoral-level dialogue in the private sector and, therefore, by the lack of real experience and/or good practice examples. On the other hand, according to the expert opinion (#14 LT), private-sector unions might see some examples and learn experience of social dialogue in the public sector, where trustful relations and cooperation resulted in employee-favourable working conditions.

Long-term (vertical) relationships between unions in the metal sector are based on affective (relational)-based trust, relying on emotional investments and identification-based trust (Dietz and Den Hartog 2006). Long-term professional and personal relationships between trade union representatives at different levels allow lower-level unions for direct communication on issues that need to be addressed at a higher level. Usually, such issues are referred to the sector's trade union, trusting that they will be considered at the sectoral or (if necessary) national level.

According to a representative of the sectoral union in the metal sector, one of the most important areas of activities of sectoral unions is the maintenance of close personal relations between local-level TU's representatives. The organisation of joint events and outings of a business (e.g. training, seminars) and/or recreational nature plays an important role in creating personal, lasting relationships and a sense of belonging to the metal community. Despite the efforts made, the activities of the union do not always lead to tangible results

(e.g. trust does not translate into an increase in the number of members of the union or signing CAs).

Dimensions and bases of trust at national/sectoral levels

As mentioned, the Tripartite Council of the Republic of Lithuania plays a significant role in discussing labour market policies and legislation in Lithuania. It creates a real and effective institutional basis for social partners' interrelation and cooperation. Nevertheless, informal relationships, alongside with the institutionalised framework, also plays an important role: "National-level tripartite negotiations have also been strongly influenced by the informal relationships" (Blažienė, Gruževskis, 2017).

The TCRL, functioning in Lithuania for already 30 years, initiated cooperation-based relations between the national-level social partners, and created some networks and even "patterns" of cooperation. For many years, the Tripartite Council has been bringing together individuals who know each other well, are familiar with each other's positions, and are aware of each other's strengths and weaknesses. The social partners are therefore often able to predict which proposals will be accepted and which will be rejected, and which decisions will be taken by the Tripartite Council. The reliance on the formal structure and processes of the institution, developed over time, builds institutional trust. This solid institutional framework provides a foundation for interaction, while informal relationships and personal knowledge enhance and influence the processes within that framework. This creates a "mixture" of cooperation and trust based on institutional and personal relations.

As regards the sectoral level, we can refer to the statements made by the representative of the metal sector's TU (#3 LT). The metalworking community traditionally tries to foster cooperative relations between its members through relational-based trust. Much of the union's attention and efforts are directed towards the strengthening of personal ties between the different levels of workers' organisations (training, trips, informal events). Similar approaches have been taken by TU's representatives to build closer relations with sectoral employers' representatives. However, the methods of building personal relationships targeting employers' representatives do not seem to have worked. In the absence of a response from the employers' organisations, communication has broken down.

3. Local-level interactions and trust

Collective bargaining coverage in Lithuania remains low and collective bargaining is highly decentralised, with most agreements concluded at local level, particularly in the private sector. Trust and cooperation levels vary across sectors. Interactions between employers and unions range from cooperation to conflict, largely influenced by employer attitudes rather than specific issues. Regular communication is universally recognised as essential for fostering trust, with periodic meetings and direct employer-employee dialogue playing key roles. Union's engagement in consistent dialogue and its professionalism help overcome employers' biased views and build trust.

Characterising local-level interactions

Despite the low levels of union density and collective bargaining coverage, bargaining takes place and employee-favourable collective agreements are concluded in companies with strong TUs. According to the analysis of collective agreements in Lithuania, conducted by the Ministry of Social Security and Labour in 2023 (MSSL, 2023), parties in collective agreements manage to agree on various provisions beneficial to employees (e.g. flexible and individualised working hours, payment for study leaves, additional vacation days, days to improve health, transportation of employees to work, measures to support social partnership) as well as on various provisions beneficial to employers (e.g. different or greater overtime hours than those established in the national legislation); they also establish the obligation of trade unions to conduct various surveys of their members regarding measures to reduce stress at work, to publish the number of their members, etc.

When it comes to the analysed sectors, more pronounced differences are noticeable, resulting from the specifics of the activity. In the **metal sector**, TU's representatives play the role of a "controller", supervising whether the employer consistently complies with the provisions established in the national labour legislation. The metal sector is associated with a high risk to the health of employees. Despite the relevance of the issue, the interviewed TUs have difficulty in achieving progress in resolving it. The prevailing employer position on the above issue is the lack of funds (#2 LT). Another issue which has been stalled or not developed at all is the issue of remuneration. This is especially relevant in companies operating in more remote areas where there is a lack of vacancies. Issues that are not related to or have little to do with larger employer investments, such as workplace improvement or H&S equipment, are resolved between employees and employer representatives in the metal sector quite quickly. The easiest issues to agree in companies between the TU and the management in the metal sector are various "social guarantees/benefits" aimed at supporting individual employees under specific personal life/family circumstances (anniversaries, funeral benefits, etc.).

Remuneration is also a sensitive issue in **public passenger transport** companies. First of all, the issue of remuneration is not resolved at the company level, but in the municipalities, which are the owners of public transport companies. However, during the interviews, not a single case was mentioned where representatives of the unions would start negotiations on remuneration with the municipalities. Paradoxically, both the unions and the company managers qualify the remuneration issue as a relatively easy-to-solve one, as "employees know that they cannot ask for more" (#8 LT). We can make two assumptions in this regard: (a) employees trust company managers and municipalities about maximum possible salaries, (b) by not demanding higher salaries, trade unions and company managers do not trust municipalities, fearing that the municipalities will decide to use only the services of private sector carriers. It is important to recall that the NCA does not apply to the private sector, and company-level collective agreements are not signed in private companies. Private companies are inferior to municipal public transport companies in terms of working conditions, but can offer cheaper prices for services. In this way, the issue of raising wages is avoided in the public transport sector: employees are told that if wages increase, the

municipality will start purchasing passenger transport services from private companies and they will lose their jobs. Discussions on issues that can be resolved locally, such as work organisation and improvement of working conditions, are carried out more smoothly.

Respondents from the **banking sector** noted that it was difficult to resolve overtime issues, whereas wages were settled quite quickly. Discussions on skills and training, as well as digitalisation/new technology issues, are not very important for banking sector employees, since the valid collective agreement or established company practices ensure sufficient conditions for employees to learn and master new technologies (“do not use as many hours for training as planned” #4 LT). Occupational health and safety issues are also considerably less relevant in the banking sector.

In general, relations in the surveyed companies range from partnership to conflict. However, the nature of the relations depends less on the content of the issues under discussion, but more on the attitude of the employer and employee representatives to cooperation and their value propositions. It is also worth noting a certain level of TU vigilance towards the employer regarding final decisions and final versions of collective agreements (in the words of the unions, local-level survey participants: “employer representatives “accidentally” forget the agreement” (#5 LT).

Perception of trust

The interviews showed that the concept of trust is not familiar to the social partners. It was obvious that they do not use the concept of trust in their daily activities or when reflecting on the relations between the social partners. This is especially noticeable from the concise, generalised answers, without specific details, to the question about the benefits/positive outcomes of trust.

Trust is often identified by the interviewed representatives of local- and sectoral-level unions and employers with the presence or absence of personal relationships and the quality of these relationships. Yes, close personal relationships are often identified with trust (this is especially noticeable in the answers of local-level TU representatives). However, the lack of contact and/or good relations means the opposite, i.e. the absence of trust. For example, conflicting relations with managers/directors were assessed by TU representatives as a lack of trust. Judging from the responses received, it can be assumed that, at the local level, trust is more associated with positive emotional interactions between people (individual personalities, groups of people).

We noted that the concept of trust/distrust is used more often in cases where the relationship between TU and employer representatives evokes certain emotions. However, the more defined, regulated, formalised the relationship between the TU and the employer is at the company level, the less emotions it evokes and, accordingly, the less it is seen from the trust/distrust angle. Such a conclusion can be made by comparing the responses received from representatives of the banking sector and representatives of other analysed sectors, as well as by analysing conflict and non-conflict situations between TUs and

employers in the banking sector. The less definiteness/uncertainty when the social partners are looking for a solution to a new problem, the more respondents rely on the concept of trust/distrust when describing the situation. By contrast, respondents talk about already solved problems or formalised procedures without using the concept of trust, although in their language trust is expressed indirectly, describing a state of stability, certainty, and predictability.

When it comes to the positions of TUs and employers in terms of trust, different interpretations of the concept of trust and the corresponding methods of building trust are observed. When analysing the foundations of trust, it was noted that TU representatives trust employers who are attentive, ready for dialogue, and do not avoid informal contact. In this way, identifying trust with a warm relationship, TU representatives themselves devote more attention and effort to the formation of long-term friendly relations. In the workplace, they assume greater responsibility for the formation of trust based on emotions, i.e. a close relationship between employees, between the union and the employer, and between TUs at different levels. It should be noted that the latter vertical relationship between different levels of TUs is particularly relevant in the metal sector and partially relevant in the transport sector.

As for employer representatives, the relationship of trust with TUs for them means employees' loyalty to the workplace, a non-confrontational approach, and a non-demanding attitude, i.e. "not demanding more than the employer can offer" (#4 LT). There is also a lack of trust in strong TU leaders, who "can ruin the company" (#8 LT). Thus, the way in which employers' representatives build trust has little to do with maintaining emotional connections. Trust-building practices usually involve formulating clear positions on performance expectations and communicating potential benefits to employees.

The insights gained from the responses of TU representatives are partly consistent with the results of the study by Oleszkiewicz, Lachowicz-Tabaczek (2016), which show that warm personal relationships are a necessary condition for trust in the workplace, and managers' behaviour directly influences the level of trust or distrust: "Trust was conditioned by both competence and warmth to an equal, high extent. At the same time, warmth expressed by supervisors led to higher results in liking, respect and trust in them than warmth expressed by subordinates." Our results indicate that TUs' efforts alone to create warm relationships, without being mirrored by employers, are not sufficient for mutual trust-building in companies. The research by Pučėtaitė et al. (2010) on trust in Lithuanian companies applying the UN Global Compact confirms that employees' involvement in ethical organisational practices is important in building organisational trust.

It was also possible to notice that it was difficult for respondents to use the concept of trust in assessing the attitudes towards state institutions. The respondents almost did not use the concept of trust/distrust here as well. Despite the fact, that both employer and TU representatives periodically contact the relevant institutions (usually the State Labour Inspectorate) on one or another issue, commend the quality of the institutional services/consultations received and recognise the importance of these institutions, the relations with them are not described by the social partners as relations of trust. Thus, in

essence, the relationship with institutions based on trust is described without using the concept of trust itself. We assume that in the absence of a warm relationship component, where “TRUST = COMPETENCE + WARMTH” according to Oleszkiewicz, Lachowicz-Tabaczek (2016), trust in institutions will never be placed a high valued. Moreover, these are probably the trust components characteristic of Eastern Europe which, together with other factors, determine low trust in institutions. As Sztompka (2003) argues, cultural values and historical experiences shape trust through normative rules and familiar environments. Eastern Europe may experience distrust due to historical upheavals, leading to reliance on alternative mechanisms like vigilance and externalisation of trust.

The responses received during the survey confirm the difference described in the scientific literature between the concepts of trust and perceived trust. While trust can be defined as the willingness to take risks based on the positive expectations of another party, perceived trust refers to the subjective feeling (Xiao, Wu, 2020). The interviews also confirmed that there are differences in trust representations between managers and union representatives (Harrison, 2003).

Anchoring trust in higher-level institutions

Compared with very strong trust of the local-level TUs in the higher-level TUs in the **metal sector**, trust in state institutions can be described as rather weak. Trust in institutions in this case can be attributed to calculus-based trust in the sense that unions are addressing them only in extreme cases. As was noted by representatives in the metal sector, employees do not always address the TU to defend their interests: they “do not trust the collective” (#3, #1 LT). Instead, employees often directly apply to the State Labour Inspectorate (SLI). However, according to the respondents, the Labour Code is not always a sufficient instrument to protect/ensure employees’ interests. Respondents shared their observations that employees’ addressing TU or joint addressing of the employee and TU to the SLI yields more positive results in solving employees’ problems than individual application to SLI. However, these facts cannot change the employees’ attitude to trust or distrust in the unions: one interviewee in the metal sector indicated that it is practically impossible to change the trust or distrust of some employees in the union due to strong personal prejudices, e.g. stating that “individualists” will never stand up for the union and tend to solve issues independently, while “collectivists” tend to come together to solve problems.

In the **banking sector**, cooperation between local employers and employee representatives and higher-level institutions and social partners is practically non-existent. When specific issues arise, both employee and employer representatives use the services of the SLI to resolve employee problems. The decision to address the SLI and other state institutions or the company’s TU to resolve emerging issues is based not on trust/distrust, but on the established procedures and rules. Collective agreements signed in the banking sector significantly exceed the minimum standards provided for in the Labour Code. That is, “the Labour Code is created for the worst employer” (#6 LT).

For the interviewed employers in the **transport sector**, the Labour Code seems to be a tool that imposes many obligations on employers, and that “It would be easier to organise work if the Labour Code was more flexible and simpler” (#7 LT). As mentioned above, the specificity of the public (passenger) transport sector is that it is attributed to the municipalities. The long-lasting social dialogue traditions enable easier resolution of emerging issues, but at the same time, according to the employer’s representative, they become an obstacle to competing with private passenger transport companies, which usually do not conclude CAs in their companies and apply lower standards of working conditions. In addition, the requirements applicable to municipal companies do not apply to private carriers: “Operational policy, strategy, finances must be publicly announced. These are gold mines for competitors – they know everything about us, we know nothing about them” (#7 LT). In this way, private carriers gain a competitive advantage. These circumstances often limit TUs’ possibilities to bargain for higher wages and/or better working conditions, requiring additional financial investments. On the other hand, they undermine trust of both unions and employers in their higher-level partners, i.e. municipalities.

One more factor mentioned by interviewees as reducing trust of the unions and employers in higher-level institutions is encoded in the Labour Code procedures: the employer is obliged to participate in collective bargaining, but is not obliged to complete it (#9 LT).

Effects of trust according to local-level actors

At the local level, personal trust is valued for greater efficiency in resolving issues: “You call, you make an agreement – it happens quickly” (#7 LT). Collective agreements are also an important factor in building trust: in the words of one of the respondents, it is “a verbal agreement embedded on paper” (#6 LT). In a collective agreement, some things become clearer. Having individual unwritten practices documented in writing builds greater employee confidence and trust, and create a sense of partnership.

Trust at the workplace is also important for respondents because of the maintenance of a favourable emotional atmosphere, which in turn is associated with employee productivity. Local-level TU representatives direct their activities to maintain a working atmosphere, seeking to avoid emotions incompatible with productive work (“when an employee is in a bad mood” #2 LT). Mutual trust is also beneficial for the employer when the TU communicates decisions to employees that are likely to cause dissatisfaction or resistance in the team.

Dimensions and bases of trust at local level

The two interviewed TUs operating in the **metal sector** are represented by chair(women) whose experience in developing social dialogue at the company and sector levels goes back many years. Their established work traditions are largely based on the development of networking vertically between local and higher-level union representatives. Great attention is paid to creating a sense of community, belonging to the trade union family, and trust in colleagues from other unions. Events, trips, and support campaigns are organised for this

purpose. It should be noted that TU representatives work intensively to create warm interpersonal relationships with both employees and employer representatives (in case employer's representatives are eager to communicate). Such work tools/methods include joint anniversaries/events, professional or personal celebrations, acknowledgements, invitations to participate in events, commemorations, gifts, professional/merit recognition. However, not all employer representatives share this approach to cooperation, and other objective obstacles to developing dialogue may also arise. The following obstacles to cooperation were identified during the survey:

- high turnover of employer representatives (both CEO and HR);
- language barriers (communication in English or another language through an interpreter with foreigners in non-Lithuanian-capital companies);
- cultural differences. According to the respondents, it is easier to find a common understanding with directors/managers from Ukraine, or even Russia. It is difficult to communicate with representatives of the Eastern (Asian) countries (e.g. due to unfavourable attitude towards working women in some cultures). The generally favourable attitude of representatives of Western-capital companies (owners and managers) towards TUs and their activities was noted;
- "repulsive" personal qualities of some managers.

Despite the listed obstacles to mutual trust, company-level TU representatives consistently develop relationships rooted in knowledge-based trust (regular ongoing communication with employer representatives) and personal-based trust.

Personal qualities of TU and/or employer representatives as a trust factor are also important in the **transport sector**. Personal qualities of employer representatives that hinder cooperation in the eyes of TU representatives: unethical behaviour, rudeness, disregard for the opinions of other people and open declaration of this position. A representative of the employer in the transport sector noted that the incompetence of TU leaders is the main factor destroying trust. Also, the aspiration of TU leaders for a political career reduces trust in them from the employer's side.

Continuous (regular and constant) communication as a basis for trust-based relationships is admitted by all participants, but the organisation of communication in companies may differ slightly (by choosing different periodicity of meetings). In this way, the aim is to avoid miscommunication, unequal treatment of issues as factors that promote distrust. The form of cooperation, when decisions are made collegially, is considered an important element of successful activities by both unions and employers.

Respondents from both the **metal and banking sectors** emphasised that employers view work councils more favourably than TUs. An example can be given when members of the works council created a TU and this change caused distrust on the part of the employer. According to the respondent, the process of restoring trust took several years. Factors for building trust relationships: favourable attitude of company owners/top managers (Scandinavians were mentioned as a good example) towards TUs; constant and regular communication between employees and employer representatives; sensitivity to the current situation of the company so that you "do not ask for the impossible" (#4 LT). An important

factor for trust is the form of regular mutual communication – periodic meetings (attended, for example, by three employee representatives and one employer representative) and the possibility of directly contacting the CEO if necessary. In this way, collegial consideration and adoption of possible decisions and the possibility of directly involving the top manager create more trust.

The dynamics of mutual trust between employees and the employer since the moment of the transformation of the works council into a trade union in one of the surveyed companies demonstrated an example of knowledge-based trust (Shapiro et al., 1992). Considering that the works council, as a form of employee representation, is usually more favourable to the employer (this is noted by both the banking and metal sector unions), the emergence of a TU in the company was initially perceived by the employer as a sign of threat. However, the constant activity of union representatives in inviting employer representatives to participate in discussing issues important to employees (i.e. regular communication) suppressed the tension over time. Currently, much higher trust in unions on the part of the employer is observed. Employer representatives highly appreciate the professionalism and maturity of union representatives when their efforts are focused on achieving the best result under the existing conditions.

Conclusions

Our research showed that the concept of trust is not explicitly recognised or actively used by social partners in their daily interactions in Lithuania. Instead, trust is indirectly understood through personal relationships and the quality of interactions between TU and employer representatives. At the local level, trust is associated with positive emotional connections. In uncertain situations, trust becomes more relevant in discussions, whereas structured processes tend to minimise its role. The research shows that Lithuanian unions build trust through personal warmth, informal communication, and long-term relationships, while employers associate trust with employee loyalty, non-confrontational attitudes, and predictable workplace behaviour. Despite frequent interactions with state institutions and positive evaluations of their services, the social partners also do not describe these relationships as one of trust. This phenomenon may be explained by the absence of emotional warmth as a key component of trust (Oleszkiewicz and Lachowicz-Tabaczek, 2016).

Based on the interviews, we may conclude that “employees’ willingness to be sensitive to the organisation’s actions and employer’s confidence in employees’ commitment and intentions” are often recognised as the source/basis of trust between the local-level social partners. This is in line with the results of Guerrero & Herrbach (2009). However, it is necessary to distinguish the differences in the attitudes of employers and employees’ representatives at the local level as to what is considered to be trust. In the statements of TU representatives about trust or distrust, the key words are “relationships” and “communication”. Even if formal relations are maintained between the employer and employees’ representatives, such a situation is assessed by TU as a lack of trust if there is a lack of personal communication and/or informal communication. By contrast, according to the statements of employers’

representatives, trust in employees' representatives arises from the certainty that the requirements will not exceed a certain limit set by the employer. In this case, trust/distrust is not related to the frequency and/or immediacy of relations.

Vertical trust among TUs in the analysed sectors differs significantly. Strong identification-based trust was identified among unions at different levels in the metal sector. Relational trust between lower and higher levels of TUs was identified in the transport sector. In the banking sector, the vertical cooperation goes beyond national boundaries and develops with foreign parent companies' TUs or European-level associations. While vertical trust within TU levels can be strong in terms of emotional bonds and traditions in the metal sector, this does not contribute to the overall strength of TUs.

The size and dynamics of TU membership can reveal the extent of employees' trust in trade unions. Although the interviews presented some cases of growing TU membership in some companies, the overall situation in the country, where TU representation is seen as insufficient for more active social dialogue, is consistent with the low trust in workers' organisations in CEE. Growiec & Growiec (2014) indicate that citizens in Central and Eastern European countries often experience a "low trust trap," where deficits in bridging social capital and trust negatively impact their economic performance and happiness, highlighting a significant perception issue regarding social partners.

Foreign ownership was highlighted as a factor that affects trust at the company level through language barriers and cultural differences in the metal sector. In the banking sector, foreign ownership influences trust at the company level through the incorporation of the Scandinavian management style and support from the foreign employee organisation. So, foreign ownership in the case of the banking sector fosters trust based on the positive managers' attitude towards TUs and transmitting long-lasting traditions of social dialogue from Nordic to Lithuanian companies. In the case of the metal sector companies interviewed, foreign ownership can hamper building continuous trustful relations with every new owner and frequently changing managers.

In the relations between employees and the employer, the constancy of communication is of great importance, which in turn often depends on the personal characteristics of individual representatives of the TU or EO and their attitude towards the "other side" participants of the bargaining. Constant communication is considered a key factor of trust, but its organisation in companies may differ in its intensity and periodicity. Collegial decision-making between the social partners and the employer is seen as an element of successful cooperation.

It is generally more difficult for employee and employer representatives to reach an agreement on issues that require greater (financial) input/investment from the employer. However, the nature of the relationship itself depends less on the content of the issues under discussion (wage, training, health and safety, etc.) and more on the employer and employee representatives' approach to cooperation and their values.

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