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Introduction and Welcome

The International Doctoral Research Centre (IDRC; www.idrcentre.org) was created by like-minded researchers who wish to promote excellence in doctoral and post-doctoral research. The IDRC publishes an annual journal: The Journal of International Doctoral Research (JIDR). The IDRC provides doctoral associates and experienced post-doctoral researchers with a forum for presenting and discussing their research. Specifically, the IDRC provides a forum for peer review of a researcher's current ideas and thoughts which enable him/her to formulate future research plans or unblock problems with current research. A benefit of the IDRC includes building a close network of experienced researchers. To submit a manuscript for blind peer review for publication to the JIDR, please forward to: jidr.submissions@idrcentre.org

This issue

This year we celebrate our journal's seventh anniversary. In 2014, after just two years of publications approved in Washington Library Archives in the US, we were honored with an important accreditation for all the hard work done by the Journal's authors, editorial review board members, and editors: the JIDR was given official accreditation status in Europe, specifically in the Norwegian academic publishing system. Our goal since then has been to maintain and develop such academic ranking status. Furthermore, we aim to continue to create outreach opportunities for the JIDR and to continue to develop the impact of our publication within the international research community.

The JIDR is devoted to a wide range of research themes, which are all linked to the concepts of organizations and management both implicitly and explicitly. Management research is no longer defined or confined to work and organizational studies. Today, management is at the interface of ways of thinking and acting in all aspects of our lives. The very history of management scholarship is rooted in the world of work and also with concern for employees well-being, as workers are not simply units of capital production, but also human beings. Our special call for this edition has been for new research within the Nordic cluster. Consequently, in this issue we

present a number of new studies from Scandinavia which use a management lens to look at some fundamental questions societies face today: questions relating to gender equality and pay gaps, education management and children's well-being, ethics and accounting fraud, aviation industry and changes in customer expectations, economic internationalization and lastly institutionalism as a driver of cultural values. The discussions in these articles highlight several recurring and yet under-researched issues in these fields. In the coming year, it is our vision to have the JIDR continue to publish a combination of manuscripts related to the theme of diversity in international research – We very much appreciate your support as we strive to develop the JIDR as an authoritative journal which publishes re- search both on empirical data collected for doctoral studies and post-doctoral research in an international context. The success and sustainability of our Journal depends on the number of quality manuscripts submitted for peer review. Our acceptance rate is between 25 % and 50 % each year. Consequently, we encourage you to invite colleagues to consider the JIDR as an excellent publication channel for academics.

All submissions by prospective authors will be handled efficiently by our blind peer review process, and will also be offered a similarity screening check. One of the great benefits to all authors who submit manuscripts to the JIDR is that no matter whether their work is accepted for publication or not, detailed one-to-one feedback on both content and language is always given. These are high quality helpful reviews that are designed to help authors improve their research methodology and manuscripts further.

As in prior years, we would like to take this opportunity to thank the JIDR advisory board members, reviewers and authors, who support the journal and help make it so successful. On a final note we greatly appreciate your support and as our readers. We hope this year's articles offer you new reflections upon the multifaceted concepts of 'diversity' and 'inclusion' within all we do in work and life.

My best regards on behalf of the editorial team

Dr ABM Abdullah

Editor

Manuscript Preparation

To help us with the submission process, please follow the preparation checklist prior to submitting your manuscript. Submissions may have to be returned to authors that do not adhere to the following guidelines. We thank you for your assistance.

Checklist

- Manuscripts should not have been previously published nor submitted to another journal for consideration. If the manuscript has appeared elsewhere, please ensure that you have permission for it to be published in the JIDR and that you acknowledge such a release (see the style guide).
- Please ensure that the electronic file is in Microsoft Word or RTF format.
- Please check that the text adheres to the stylistic and bibliographic requirements outlined below.
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Manuscript stylistic and bibliographic requirements

- As a guide, articles should be between 15 and 20 pages in total, including figures, graphs, charts, tables, references, etc.
- A title of not more than eight words should be provided.

- A brief autobiographical note should be supplied including full name, affiliation, e-mail address.
- Copyright release/acknowledgement (if necessary).
- Authors must supply an abstract of no more than 500 words.
- Although optional, authors are encouraged to provide up to six keywords which encapsulate the principal topics of the paper.
- Headings must be short, with a clear indication of the distinction between the hierarchy of headings. All headings are to be left justified. The first hierarchy is to be bolded, the second order of hierarchy is to be bolded and italicized, the third order is to be italicized but not bolded.
- Notes or footnotes should be used only if necessary and must be identified in the text by consecutive numbers, enclosed in square brackets and listed at the end of the article.
- All Figures (charts, diagrams, line drawings, web pages/screenshots) are to be embedded directly into the document.
- References to other publications must be in APA style and carefully checked for completeness, accuracy and consistency.

"I wish I knew…": Gender pay gap, stereotype threat and information asymmetry

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Abstract

Progress in reducing gender pay differentials has been widely popularized, especially in Nordic countries such as Iceland, which have been vaunted for their efforts in reducing inequality. However, even in Iceland, there remains considerable work to be done to reduce remaining pay gaps between the genders. One potential explanation for gender pay differentials concerns the presence of stereotypes threats, which define how individuals are characterised and perceptions of how groups should behave. This paper tests four hypotheses with respect to the potential presence of stereotype threats among females and how these might be influencing eventual pay demands in relation to two Icelandic jobs, a service position in a hotel and a program director. In particular, the study focused on whether efforts to reduce information asymmetry might be effective in reducing gender pay gaps. Two experiments were conducted in Iceland involving the surveying of 164 business and psychology undergraduate students, including 112 females and 52 males. The results of this study underscored perceptions that females typically issue lower wage demands than males, which were 18% lower than their male counterparts in relation to the program director role. The results supported the hypothesis that stereotype threat priming caused females to make lower wage requirements, with females who answered the questionnaire with the gender question in the beginning communicated wage requirements which were 14.5% lower than the women who received the questionnaire with the gender question at the end. Additionally, the study finds that a clear benchmark for wages eliminated the stereotype threat. The results also indicated that gender differences in wage requirements were reduced by 18% when no information about wage benchmarks was given, and were only 4.5% when this information was provided. Although further research is required across different sectoral and national contexts, this study provides a body of evidence in support of females making higher wage demands in order to reduce gender pay differentials and how the provision of enhanced information can be helpful for this group when determining the "correct" pay demand to issue in job interviews.

Key Words: *Pay gap, gender inequality, culture, stereotyping, asymmetry.*

Introduction

Women are paid considerably less than men throughout the world (OECD Observer, 2018). Despite this fact, a popular belief in the western world is that the gender pay gap has been closing. Implicit within this assumption is that this process is irrevocable due to established legislative and economic measures (e.g. the Equal Pay Act in the United States and the French labor code on wage equality) introduced about half a century ago, together with changing cultures. The progress that has been achieved has, however, begun to slow down (Institute for Women´s Policy Research, 2018). More alarmingly, new data indicates a wider differential than was previously assumed (Rose & Hartmann, 2018), and, furthermore, a negative forecast for the future (Hellen, 2018).

The Institute for Women´s Policy Research (2018) provides evidence that during the last decade in the US the weekly gender wage gap narrowed by just 2.0%. This is half as much as in the period of 1998 to 2007, when the gap narrowed by 3.9%. Furthermore, their report states that the past decade saw the slowest rate of progress in narrowing the gender wage gap since 1979. Realities in UK were indicative of not simply a slowdown in progress, but rather signs of a reversal. An overview of government departments over the past 12 months show that the gender pay gap between male and female civil servants has widened across nearly a third of departments (The Guardian, 2018).

The wage gap is wider than assumed before, as new research indicates (Rose & Hartmann, 2018). It is calculated that most of the OECD countries demonstrate 10-20% gender pay gaps for full-time workers (OECD Observer, 2018). Data suggest that women experience $513 billion in lost wages a year because of the gender pay gap that is still prevalent (Jones, 2018). In the US, it is estimated at 20%, and this number is derived from the ratio of female to male median earnings for full-time, year-round work from the Current Population Survey (Hegewisch 2018, Fontenenot, Semega, and Kollar 2018). Rose & Hartmann (2018) suggest this methodology is inaccurate and understates the problem, ignoring the reality of female workers, since it omits so many of them from analysis Rose & Hartmann (2018) examined women's income between 2001 and 2015, finding that women today earn just 49 cents to the typical man's dollar, much less than the 80 cents usually reported. Their data has also showed that progress in closing gender wage gap has slowed in the last 15 years relative to the preceding 30 years in the study.

The forecast for the future concerning the gender wage gap issue looks alarming. The UN predicts that the gap will persist for another 70 years, with OECD countries no exception (OECD Observer, 2018). Furthermore, estimations predict that the best-paid male graduates in the US will earn up to £38,000 a year more than their female counterparts (in 30 years' time, by the time they pay off their student loans). The top 10% will earn an average annual salary of £82,000, against £44,000 for women (Hellen, 2018).

Extensive literature has focused on the degree of the gender wage gap and strategies for reduction. Different levels of research focus exist, indicating the importance of the legal frame on the macro level, and the role organizations play in pay gap reduction at the meso level. However, on the micro level, individuals are seen as actors positively or negatively contributing to the issue of the gender wage gap. Several studies, focusing on female job roles, have shown that part of the problem in the wage gender gap is that women tend to ask for lower salaries than men for the same job (Barron, 2003; Tellehede and Björklund, 2011). There are many aspects effecting wage differences between sexes, however, one of the least visible ones is a stereotype threat, particularly in negotiating starting wages. This is not a trivial matter and is particularly relevant, as research has also shown that an employee's starting salary has a large impact on their future salary (Gerhart, 1990; Babcock and Laschever, 2003).

Stereotype threat and starting wages

Stereotypes are a widespread attitude towards the social group and embody a simplification of reality, serving people in defining and understanding their world order (Hogg and Vaughan, 2008). Stereotypes not only describe the characteristics of a group, but they also convey how individuals within the group should behave (Prentice and Carranza, 2002). Studies have shown that negative stereotypes can affect behavior, since individuals matching the stereotype tend to demonstrate adverse performance and have more limited ambition compared to others. The effect has been called the threat of stereotypes and has been researched for almost two decades (Steele and Aronson, 1995; Davies, Spencer and Steele, 2005; Jordan and Lovett, 2006; Count and Björklund, 2011).

In light of common knowledge about higher salaries of male employees, it is easy to imagine the formation of the stereotype, reflecting men being paid higher, over time. The effects of such a stereotype have been analyzed in various studies. It has been shown that women feel they are not entitled to equal wages with men (Moore, 1991; Bylsma and Major, 1992; Jost, 1997). Women accept lower wages (Jackson, et al., 1992), furthermore, they expect to be paid less than men (Major, et al., 1984; Barron, 2003; Social Sciences Institute, 2008). This stereotype does not only affect the women themselves but also the attitude others have towards women. Gerhart and Rynes (1991) provided evidence that women receive lower offers from employers than men. Icelandic research has also reported different attitudes towards wages between men and women. In Þorlákur Karlsson's and colleagues' research (2007), university students were asked to perform the role of staff manager for one day. The participants' tasks were, among other things, to evaluate how the salary level they were willing to offer to applicants. The job applications were all things being equal except for the name of the applicant, therefore revealing female and male identities. It turned out that both female and male participants were willing to offer men higher wages than women. The tendency was though stronger among men. It was also found that participants believed women to be ready to accept lower wages than men.

Stereotype threat has been indicated as one of the explanations for the difference between the genders when negotiating wages (Kray, Thompson and Galinsky, 2001; Björklund, 2011). Research has shown that women make lower wage demands than men in employment interviews (Gerhart and Rynes, 1991; Stevens, Bavetta and Gist, 1993; Barron, 2003; Tryggvi Jónsson, Haukur Gylfason and Albert Arnarson; 2008). In a survey conducted Iceland in 2008, it was revealed that women requested about 80% of the wages men demanded for a comparable job (The Social Sciences Institute, 2008). Wage demands have a major impact on initial wages, which can contribute to the gender pay gap, but Gerhart (1990) demonstrated that about one-third of the gender pay gap can be attributed to differences in starting pay. Given how much the wage demands have impact on actual wages, it is important to analyze the factors that influence women when making lower demands than men (Barron, 2003; Count and Björklund, 2011). A large number of studies have shown that the threat associated with stereotypes can have a negative impact on the performance and ambition of individuals. Even though the academic literature provides evidence that a stereotype threat has impacts on gender differences in negotiating wages, the underlying reasons why women under stereotype threat ask for lower salaries than

men is still under debate (Tellehede and Björklund, 2011).

Information asymmetry and starting wages

In this paper we argue that the reason for differences in salary requirements between genders under stereotype threat is asymmetric information on the average salary for a particular job. Information asymmetry theory addresses the study of decisions where one party has more or better information than the other (Stiglitz, 2002). The outcome of information asymmetries can be a major cause of misinforming and is evident in every communication process (Christozov, Chukova, & Mateev, 2009). Based on the argument outlined below, we contend that women and men negotiating starting salaries are in receipt of different information, leading to variations in outcomes with regards to eventual salaries. Furthermore, we argue that both genders suffer from information asymmetries regarding knowledge of average salaries, a failure which limits the opportunity for more effective wage communication with respect to both genders.

We argue that information asymmetry is the result of the different social networks formed by the respective genders. A long line of research has shown that men and women have different social networks (e.g. Hirschi, 1969; Deaux, 1976; Wheeler, Reis, & Nezlek, 1983) and that these connections have a powerful influence on the information they receive (McPherson, Smith-Lovin and Cook, 2001). Therefore, if women seek information about the average salary of a particular job position from the network of women, they will receive a lower amount than a man applying for the same position who sought advice from his male counterpart. This will lead woman to ask for a lower starting salary, based on her belief and acquired information about what constitutes an "appropriate" salary. In this way, women and men are basing their decision on equivalent information (both sexes seeks to find out an average salary), however, the sources of such information (respective male or female networks) will provide different information, leading both candidates to a different quality of obtained information, and hence asymmetry.

Another source of asymmetry originates from the lack of information on average wage levels across both sexes. In Bowles study, Babcock and McGinn (2005), one aspect of the gender pay negotiation is when women knew the pay standards and terms of employment for a particular job.

Bowles and members analyzed data from 13 industries and examined 525 graduated MBA students. It was tested whether there was a difference between the sexes if the MBA students were well informed about what should be negotiated, in terms of wage criteria, concerning the pay levels in certain industries. Bowles and colleagues found no difference in gender preferences when it came to starting pay in these professions, but in the industries where the salary criteria were unclear, women received wages around 10% lower than men. Bowles and partners demonstrated how important it was to have clear salary standards in the market and what impact this has on the demands of individuals in wage negotiations (Bowles, Babcock and McGinn, 2005). From this, it can be concluded that when wage terms for a particular job are available, women are more likely to claim the same wages as men. In other words, availability of information on average wages for a particular profession reduces information asymmetries.

If the above outlined assumptions are correct, reducing information asymmetry between the genders should therefore help to neutralize any stereotype threat and consequently reduce gender differences in salary requirements. This issue is particularly relevant for the future, as literature indicates that individuals who set high goals have been shown in negotiations to reap better results than those who set their goal lowers (Tellhed and Björklund, 2011; Bazerman, Magiozzi and Neale, 1985; Neale and Bazerman, 1985; Huber and Neale, 1987). The amount of salary that an individual requests during a job interview has a major impact on the initial pay the person receives (Gerhart, 1990; Barron, 2003; Tellhed and Björklund, 2011). When an individual makes a lower wage demand than his colleagues, it becomes highly likely that his or her starting salary will be lower. The theory and arguments outlined above lead to the formulation of a research question and related hypotheses as follows:

Research question: Can increased information about salary reduce stereotype threat in salary negotiations?

Four hypotheses were put forward in the study:

Hypothesis 1: Females make lower wage requirements than males do.

Hypothesis 2: Priming causes females to make lower wage requirements.

Hypothesis 3: Priming does not cause females to make lower wage requirements, when clear

benchmarks for wages is available.

Hypothesis 4: Clear benchmarks for wages decrease inequality in wage requirements between the genders.

Methodology

Two between-groups experiments were conducted where the research subjects were first year psychology and business students. In both cases questionnaires were distributed to the subjects during class. All present students participated in the study. Most students were between 21 and 30 years old in both experiments. The experiments were double blind, meaning that different types of questionnaires were randomly distributed to the subjects, who had no prior knowledge of the subjects nor the distributors of the questionnaires.

Three independent variables were included in the two experiments. The first independent variable was the position of a question asking about the subject's gender. The question was either positioned at the end of the questionnaire, or at the beginning. Placing the question at the beginning was believed to prime the stereotype threat and thereby increase gender wage inequality.

The second independent variable was type of job description. Two different job descriptions were included. One job description was for a hotel employee and the other for an administration job at a television station, because of possible priming effects due to the standard image of leaders and managers usually being male (Hoyt, Simon & Innella, 2011; Rosette, Leonardelli & Phillips, 2008). Those job positions were chosen for the experiment due to the expected uncertainty of the subjects regarding the wages for the respective job positions. Both job descriptions were real and taken from job advertisements. They were both considered to be without masculine or feminine influences in order to prevent the job descriptions themselves causing priming effects. The job descriptions did not include requirements of specific education levels, since such jobs often include specific starting wages.

The third independent variable was information about average wages for similar job positions,

which was either absent or present. The numbers for the average wages were based on information from Statistics Iceland. Including information about average wages was expected to decrease priming effects (Steele et al, 2002).

To measure wage requirements, the dependent variable, respondents were asked for the wages they would like for the job and in addition what wages they would expect for the job (Tellhed & Björklund, 2011).

The first experiment included two independent variables; position of the question about the subject's gender and type of job description. 164 subjects participated in the study: 112 female and 52 male. The second experiment included three independent variables: position of the question about the subject's gender, type of job description, and the inclusion of average wages for the corresponding job position.

Study 1

Research has indicated that females tend to ask for lower salaries then their male counterparts (Barron, 2003). This results in part from a stereotype threat faced by women (Kray o.fl., 2001; Tellhed og Björklund, 2011). In study one we examined whether stereotype threat would lead to women asking for lower salaries. The experimental design was between-group comparison. The participants were randomly assigned to either a stereotype threat condition or a non-threat condition.

In cooperation with their professors, classes of students in psychology and business studies were approached at the University of Iceland. The researchers introduced themselves and asked students to participate in a study that lasted about five minutes. To ensure privacy participants were asked to sit as far away from each other as possible. Two different versions of the questionnaire were randomly distributed to students, with randomization carried out in advance. Participants read job descriptions that described the position of a hotel employee and the position of the program manager. After each job description, participants reported their wage requirements for a particular job, as well as demographic characteristics.

Participants

The sample consisted of undergraduate students in psychology and business administration programs at the University of Iceland. Participants were 164 in number: 112 women and 52 men. Participants were 18-50 years of age, of which 95% of participants were in 21-30 years age band. The participants were randomly assigned the different questionnaires. In cooperation with their professors the students were approached during class. As this was a class exercise the response rate was 100%.

Measurements

The questionnaire was created with the purpose of checking the impact of stereotype threat on female wage demands. The experiment included two independent variables, the gender of the participant and the stereotype threat inducing manipulation. The dependent variable was a participant's wage requirement, which was measured by two questions.

Stereotype threat: To induce stereotype threat, the question about the participant's gender was either located at the beginning or end of the questionnaire. Research has shown that a question about gender at the beginning of a questionnaire can trigger a threat to stereotypes that adversely affects the performance and ambition of the individual (Steele and Aronson, 1995; Danaher and Crandall, 2008). Threatening stereotypes can thus affect those individuals who mark their gender at the beginning of the experiment. In the following experiment, it is expected that women who identify with gender at the beginning of a questionnaire will be more vulnerable to stereotypes, which implies that men should get a higher salary on average. In light of this, it is expected that women who identify with gender at the beginning of a questionnaire will have lower wage requirements than women who indicate their gender at the end of the questionnaire.

Job descriptions: Two job descriptions were used to measure wage demands. Actual job listings from job advertisements were used. Care was taken not to select jobs that required a particular type of education. The jobs chosen were on the one hand an employee at the hotel reception and, on the other hand, the program director of the Icelandic National Broadcasting Service, RÚV. The job descriptions included the skills and education required by the job as well as a list of the main tasks involved.

According to Hoyt, Simon and Innella (2011), leadership and management positions correspond to male stereotypes better than women. The leader's image usually involves white men (Rosette, Leonardelli and Phillips, 2008). It is therefore possible that men in our study felt more suited for the role of the program director of the National Broadcasting Service than women. This could lead to women asking for lower wages than men for the work of the program director. In an attempt to reduce the weight of these effects, the job description listed a need for being good in communication. Communication ability is a feature that is consistent with the stereotype of women, and should therefore prevent the program's work from being overrated. Davies and colleagues (2005) used the same methods to prevent job descriptions from contributing to the threat of stereotypes among women.

Monthly salary: To measure monthly salary two questions were used. The first question was the monthly salary they wanted for a particular job: "What monthly salary, before taxes, would you like to get for this job?" The question came twice in both questionnaires, once regarding the hotel employee's job and once for the program director's job. The question was taken from Tellhed and Björklund (2011). The second question looked at what the monthly salary the person would expect to receive for a particular job. The question was, "What monthly pay, before tax, would you expect to receive for this job?" The question was obtained from a study by Jonsson, Gylfason and Arnarson (2008). They demonstrated similar results in experimental situations and real conditions.

When processing the data, the answers to the two questions were combined for each job. The participant's wage requirements therefore consisted of the person's responses to both questions. For the role of hotel receptionist, there was a correlation between 0.699. The correlation was significant at $\alpha = 0.01$ and the reliability factor was $\alpha = 0.806$. However, the correlation between TV program director work was 0.770 and significant at $\alpha = 0.01$. The reliability factor for wage claims in management was $\alpha = 0.836$.

Demographic variables: As the study focused on women's wage demands it was important to ask for the gender of the participants. The participant's gender was checked with the question: "What is your gender?". The answers were "male" or "female". As mentioned earlier, the question of gender was either in the beginning or at the end of the questionnaire.

The age of the participant may be relevant when examining wage requirements as older and more experienced participants are more likely to make higher wage demands. The question was, "What is your age?" Response options were "20 years and younger", "21-30 years", "31-40 years", "41-50 years" and "51 years or older ". The answer options were stated in this way so that a questionnaire could not be traced to individual participants. The question was always at the end of the questionnaire.

Study 2

In experiment 2 we examined the impact of information on average wages for each job on participants' wage requirements. It was hypothesized that decreased uncertainty would prevent women from making lower wage demands due to stereotype threat. As a result, men and women were expected to make similar wage demands when the average salary was reported.

Participants

109 students participated in experiment 2. Of these, 73 were women and 36 were men. Participants were between the ages of 18-50, with most being between 21-30 years. A convenience sample was used and students were divided into groups randomly. As before, students were approached in class and everyone participated.

Measurement

The experimental stimulus were three: first, the question of the gender of the participant, second, two job descriptions and, third, the average wage provision for certain jobs. Placement of gender questions was the same as in experiment 1. Similarly, the job descriptions and questions were the same as in the previous experiment. For this reason, the job descriptions, questions or placement of gender questions in the following section will not be discussed any further.

Average wage clause: According to Steele et al. (2002), threatening stereotypes affect performance and ambition when criteria are unclear. In view of this, we assume that a clear reference point would decrease uncertainty and lessen the effects of stereotypes on female wage demands. In this experiment we therefore included information on the average salary for the jobs. For the

hotel receptionist, the information was worded as follows: "According to VR's salary survey, the average salary for a comparable job is around ISK 300,000 per month". The salary information was worded in the same way for the television program director, with the exception of the amount, which was ISK 600,000 per month. The average salary was estimated based on figures that can be accessed on the website of Statistics Iceland.

Results

Participants' wage requirements

The participants' wage requirements were examined for two different jobs, one for the receptionist at a hotel and the other for the program manager. As expected, participants made higher wage demands for the program manager position (M = 593,717, SD = 192,839) than the hotel worker's job (M = 300,839, SD = 60,881), which shows that participants have realized that the work of the program manager was more responsible and in general should pay higher wages. The standard deviation was much larger for the program director's work, indicating that there was more uncertainty about the appropriate salary for this role.

Genders wage requirements

According to hypothesis 1, female wage demands are lower than male wage demands. Figure 1 shows the wage demands of the sexes, relating to the work of a receptionist in a hotel and a program director.

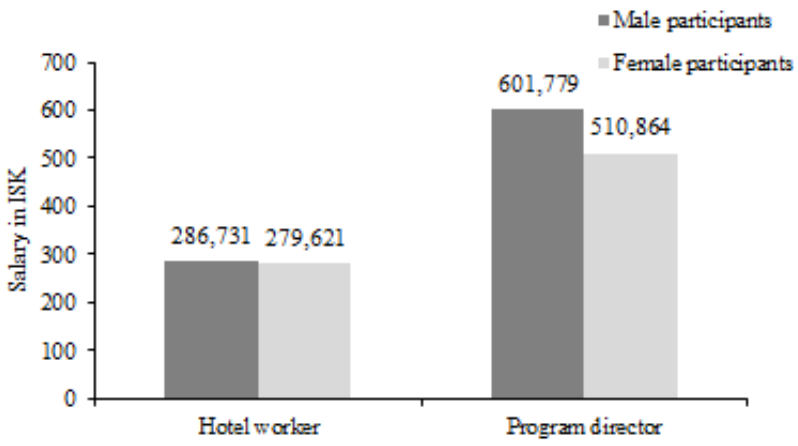


Figure 1. *Wage requirements for males and females*

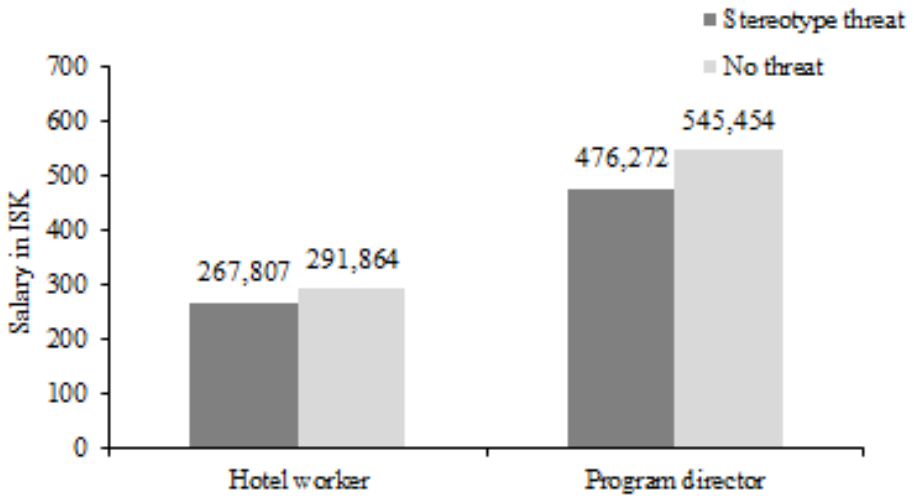
As shown in Figure 1, males (M = 286,731, SD = 57,779) and females (M = 279,621, SD = 59,706) made very similar wage demands regarding the job of the hotel worker (t (162) = 0.717, p> .05). However, there was a considerable difference in the wage demands of the program director. Women generally made wage claims amounting to ISK 510,864 (SD = 167,774) per month. In contrast, men demanded an average of ISK 601,779 (SD = 278,532) per month for the program director job Women therefore made 90,915 krónur or 18% lower wage claims on average in relation to the program manager role. T-tests on independent groups showed that the difference was significant (t (159) = 2.180, p = .033). Hypothesis 1 was therefore supported concerning the work of the program director.

Effect of stimulating stereotypes on women's wage demands

Participants' wage requirements were reviewed for hotel staff and program managers. Participants were either required to mark gender at the beginning or at the end of a questionnaire. The average salary for the jobs was not given in the questionnaires completed by the participants. According to hypothesis 2, the induction of stereotypes leads women to make lower wage demands. It was

estimated that women who marked their gender at the beginning of the questionnaire would be a threat to stereotypes and would therefore make lower wage demands. Figure 2 shows the effect of stimulating stereotypes on women's wage demands.

Figure 2



When answering regarding the job as a receptionist in a hotel, the wage demands of women marked with gender at the beginning of the questionnaire were on average ISK 267,807 (SD = 50,612). Wage requirements by women that marked gender at the end of the questionnaire were on average 291,864 krónur (SD = 66,114). Women who marked gender at the beginning of the experiment therefore made ISK 24,057 or 9% lower wage demands than women who denoted their gender at the end of the questionnaire. The difference was significant at $\alpha = 0.05$ ($t(110) = -2.167$, $p = .032$).

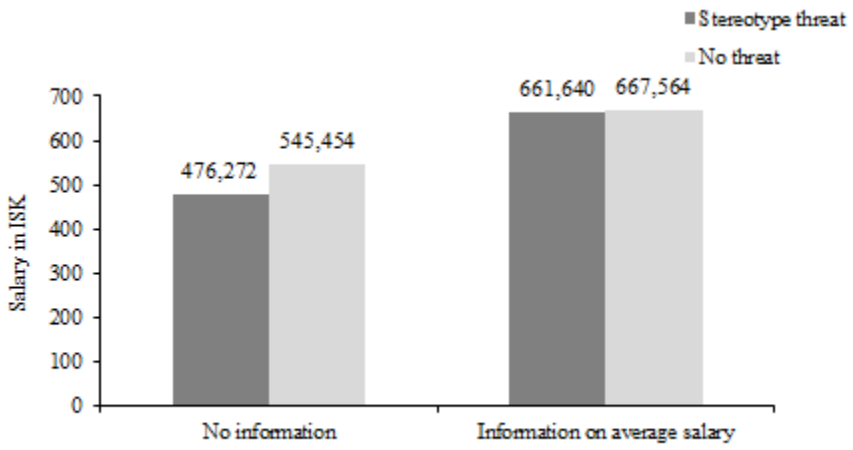
When answering regarding the job as a television program director, the wage demands of women stating their gender at the beginning of the questionnaire averaged ISK 69,182 lower (M = 476,272, SD = 149,006) than women who were ask to confirm their gender at the end of the questionnaire (M = 545,454, SD = 179,324). Women who marked gender at the beginning of the

experiment therefore made 14.5% lower wage demands than women who detailed their gender at the end of the experiment. The difference was significant at $\alpha = 0.05$ ($t(108) = -2.2$, $p = .030$). Hypothesis 2 was therefore supported in both the role of the hotel employee and the program manager. There was no significant difference in the wage demands of men who marked gender at the beginning or at the end of the questionnaire.

The effect of average wage information

As discussed before, half of the participants received information regarding average salary. According to hypothesis 3, stereotypes do not affect female wage demands when wage criteria are clear for a particular job. Figure 3 shows the wage demands of women regarding the work of the television program director, depending on whether the average salary was reported or not.

Figure 3



As mentioned earlier, the wage demands of women who were asked to confirm their gender at the beginning of the experiment were lower than the wage demands of women who started this at the end of the experiment, when no information on average salary was given. However, the difference between the groups was small or none when the average salary was specified. Thus, women

who indicated their gender at the outset (M = 667,564, SD = 88,873) made very similar wage requirements to women who confirmed this at the end of the experiment (M = 661.640, SD = 145,978). Distribution analysis showed significant synergy effects on average wages and placement questions on gender but only on $\alpha = 0.1$ ($F(3, 181) = 2,748$, $p = .99$). Hypothesis 3 was therefore supported in the case of a television program director.

For the hotel employee job, very similar results were evident and in the work of the program director. There was much less difference in the wage demands of men and women when the average salary was given. Distribution analysis, however, revealed that the synergy of average wages and placement questions on gender was insignificant for hotel staff, $F(3, 132) = 0.793$, $p > .05$. The synergy effect might be significant in a larger sample. Among men, the synergy effects of average scores and placement questions were insignificant in all cases.

According to hypothesis 4, female wage demands should be closer to male wage requirements when wage criteria are clear. When no average wages were outlined, however, there was a significant difference in the wage demands of the sexes, but only involving the role of the television program director. Hypothesis 4 only applies to that job. Women (M = 510,863, SD = 167,744) made 18% lower wage demands than men (M = 601,779, SD = 278,532) linked to the work of the television program director, when no information on average wages was given. However, the results showed that there was no significant difference in the wage demands of the sexes when information on average wages was given ($t(105) = 1,244$, $p > .05$). Women (M = 664,894, SD = 117,191) made only 4.5% lower wage demands than men (M = 694,861, SD = 118,880) when reporting average salaries for program managers. Female wage demands therefore seem to have shrunk closer to male wage demands when a clear reference point, or benchmark, was set. However, the synergy of average wages and gender was insignificant, which may be due to the fact that there were relative few men in the experiment, $F(3, 268) = 1.654$, $p > .05$.

Discussion

The aim of this study was to analyze the reasons why women make lower wage demands than men and to see if possible remedies are effective. The study focused on stereotypes and their effects on gender pay requirements. In experiment 1, the impact of threatening stereotypes on female wage demands was examined, but in experiment 2, the effects were prevented by reporting the average salary.

The sample of the study consisted of students in the first year of business and psychology studies at the University of Iceland. Since the participants were all students, the sample was rather homogeneous. In addition, some caution should be expressed about the use a student sample in research because these people are often more curious than others about the purpose of research (Oakes and North, 2006). It was important to keep the purpose of the study confidential as participants could optimize their responses if they knew that the objective was to compare gender wage requirements. It was unlikely that students in the first year of college would know that women have on average lower wage requirements than men. Therefore, there was no reason to fear that the purpose of the study would be unwittingly revealed to participants.

Women make lower wage demands than men

According to the first hypothesis of the study, women make lower wage demands than men. Wage requirements were examined with respect to the jobs of a receptionist in a hotel and a television program director.

The results of the study revealed that the respective sexes made very similar wage demands for the role of a hotel receptionist. The results did not come as a surprise, as wages of administrative staff in a hotel are very much in line with collective wage agreements. If the participants are realistic in their wage demands, they are likely to take account of the minimum wage when deciding on the appropriate wages for hotel staff. The wage requirements of all participants should therefore be relatively close to the minimum wage, as was the case in this study.

It is clear that there is much more uncertainty about the appropriate salary for the job of the program director than the hotel employee. That is, the criteria are much less clear in relation to the role of the program director. The salary is negotiable but not pre-determined by collective agreements. As a result, other factors, such as stereotypes, were much more likely to affect female wage demands in relation to this job.

The results showed that women made an average of 18% lower wage demands than men regarding the job of television program director. The authors' theory was that these effects would be due to stereotypes. In order to test the theory, the effects of exaggerated stereotypes on female wage demands were examined.

Stereotype leads women to make lower wage demands

According to hypothesis 2, inducing stereotypes leads women to make lower wage demands. In this study, stereotypes were elicited with the question of gender, which was either located at the beginning or end of the questionnaire. It was assumed that women who marked their gender at the beginning of the experiment would have lower wage requirements than women who responded to this question at the end of the experiment.

The results of the experiment revealed that women who marked gender at the beginning of a questionnaire stated considerably lower wage demands than women who denoted their gender at the end of the questionnaire. Specifically, women who marked their gender at the beginning of the experiment indicated 9% lower wage requirements for the hotel employee job and 14.5% lower wage requirement for the television program manager role than women who confirmed their gender at the end of the experiment.

The results suggest that a question of gender and when it was provided to participants made women experience a stereotype threat regarding their wage demands. As a result, stereotypes led women to lower their wage demands. The results support the theory that stereotypes underlie the lower wage demands of women.

Tellhed and Björklund (2011) were at the forefront in analyzing the impact of threatening stereotypes on female wage demands. According to them, the effect comes from a stereotype that states that men are better negotiators than women. Since there were no contractual conditions in this experiment, Tellhed and Björklund's theories are not sufficient to explain the impact of threatening stereotypes on female wage demands. That is, pushing stereotypes led to lower female wage demands even though there was no risk of women being judged for their contractual skills. Therefore, it is clear that other stereotypes must be considered in order to clarify the underpinning effects. The authors' theory is that a stereotype says that men should have higher wages than women underlies the influence of stereotypes on female wage demands. In view of the fact that men generally have higher salaries than women, it is not unlikely that over time, such a stereotype was formed. The stereotype may make it difficult for women to be deemed "too demanding" when it comes to pay. In other words, women can avoid making wage demands that are too high for dominant stereotypes. In view of this, it is important to find ways to prevent the impact of threatening stereotypes on female wage demands.

Average wage information prevents the impact of stereotype threat

According to hypothesis 3, stereotype threat does not affect female wage demands when average wage information is available for a particular job. Thus, a clear reference point should prevent the impact of threatening stereotypes on female wage demands. In order to test the hypothesis, half of the participants received information regarding the average salary for the two jobs in the experiment. The results revealed that women who stated their gender at the beginning of the experiment and women who marked this at the end of the experiment had very similar wage requirements when the average wage information was available. Average wage information thus appears to have prevented the effect of stereotype threat on female wage demands. In the light of the results, female wage demands should therefore be similar to male wage demands when the criteria for wages are clear, as stated by hypothesis 4.

According to hypothesis 4, female wage demands should be closer to male wage requirements when average wage information is available. The results showed that female wage demands were similar to male wage requirements when the average wage was given for a particular job. For the

program manager job, women made 18% lower wage demands than men when no criteria were given. Women, however, made only 4.5% lower wage demands when the average wage information was given for that job. However, the synergy of average wages and gender was insignificant, which may be due to the fact that men were too few in number within the experiment.

The impact of information on average wages had stimulated a certain indication of how to respond to the lower wage demands of women. A clear reference point seems to contribute to equal demands of men and women for wages. This would probably reduce the gender pay gap as initial wage demands have a major impact on long term wages (Gerhart, 1990; Barron, 2003; Tellhed and Björklund, 2011). The results indicate that official average salary data may help reduce gender-based wage differentials. Wage transparency would help individuals compare themselves to others within the same or similar profession. Data on average salary would therefore help individuals see what salaries were acceptable for a particular job. Such information would undoubtedly be of great value to individuals attending business or pay interviews. Women could compare their wages with the average within the profession and increase their claims if needed. In this way, the results of the study can be utilized in practical ways for individuals and society as a whole.

Conclusion

The focus of this study was on the effects of stereotypes on female wage demands. Our results showed that women made considerably lower wage demands than men. The effect can contribute to lower long term wages for women. It has been shown that individuals who set high demands in contract negotiations reap better results from contractual conditions than those who set their goals lower (Tellhed and Björklund, 2011; Barron, 2003; Bazerman, Magiozzi and Neale, 1985; Neale and Bazerman, 1985; Huber and Neale, 1987). The lower wage demands of women contribute to the gender pay gap. In light of this, it can be said that one prerequisite for a gender-based wage differential is that women make higher wage demands. Our results indicate that increased information regarding wages reduces the gap between men and women in wage demands. Statistical data and general knowledge of average wages could therefore lead to a less gender-based wage differential in the labor market.

The extent of the gender-pay gap problem is not entirely solved through women issuing higher wage demands. Research has shown that women receive lower offers from employers than men (Gerhart and Rynes, 1991). In addition, women who make high wage demands tend to be discriminated against (Bowles et al., 2007). Therefore, there seems to be a prevalent attitude among management personnel that contributes to lower wages for women. A prerequisite for reducing the gender pay gap lies on both sides of the negotiating table. On the one hand, women have to make higher wage demands and, on the other, they must actively endeavor to prevent discrimination in wage and job interviews. It may be possible to respond to negative attitudes among women by rewarding companies that give equal pay to men and women. Equalization certification could be an effective tool in this context. Companies seeking such recognition should strive to allocate men and women the same opportunities to obtain similar wages and wage rate increases. In work environments where companies seek to ameliorate any gender pay differentials, women would have the opportunity to communicate the same pay demands as men without experiencing discrimination. It is clear that more research on wages and wage demands is needed. It is important to analyze what contributes to the lower wage demands of women and how to respond to such effects. It would be interesting to repeat this study among individuals in different sectors of the labor market or in search of a job. Research of this nature could be of great value. Also interesting to see how these outcomes vary across different geographical contexts. Results are based on outcomes in Iceland, which, in comparison to most countries, has a limited gender pay differential issues, but perhaps results would be exaggerated in the US or another neoliberal economy with high levels of income inequality in general.

Limitations

No study is without its limitations, and this includes our present study. Our respondent group was limited in size and the population, even though homogenous, it was limited to student populations. Future studies can develop our research further with larger respondent groups, within a business setting.

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Promoting Children's Well-being in ECEC: A Challenging Goal.

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Abstract

The promotion of children's development and well-being through high Early Childhood Education and Care (ECEC), quality is one of the core concepts in many international ECEC quality frameworks and guidelines (Bagdi & Vacca, 2005; Sylva, Ereky-Stevens, & Aricescu, 2015). However, this goal has multiple challenges regarding children's well-being. Firstly, there is a lengthy debate regarding the definition of well-being (Dodge, Daly, Huyton, & Sander, 2012), which mainly focused on adults' well-being. Children's well-being is underexposed (Røysamb, 2014). Secondly, children participate in different environments, such as at home and in ECEC centers (Bronfenbrenner, 1979), which might result in discrepancies regarding their well-being between these environments. This may be through the presence of protective and/or risk factors in the different environments, but also with regard to the individual child (Aalbers-Van Leeuwen, Van Hees, & Hermanns, 2002; Asscher, Hermanns, & Dekovic, 2008). The influence of these factors is dependent on the interplay between the child's genes and the environment (Røysamb & Nes, 2018). These challenges and the large international political focus on children's well-being in ECEC require a universal conceptual framework. The current study conducts a literature review regarding children's well-being in ECEC. Based on this review, a new framework regarding zero-to-five-year olds' well-being is presented. With this framework, organizational tools are provided for research, policies and practices to understand the complexity of children's well-being, to develop instruments that measure well-being directly, and to see what is needed from the different environments to promote children's well-being.

Key Words: *Well-being, children, framework, needs, protective and risk factors, development.*

Introduction

A core concept in many international Early Childhood Education and Care (ECEC) quality frameworks and guidelines is the promotion of children's development and well-being through high ECEC quality (Bagdi & Vacca, 2005; Sylva, Ereky-Stevens, & Aricescu, 2015). The effect of ECEC quality on children's development has been studied internationally. Several studies (Broekhuizen, Van Aken, Dubas, & Leseman, 2015; Burchinal et al., 2008) have shown that high process quality (e.g., child-staff interactions and relationships) is related to fewer behavior problems and better social development for children. Other studies (Bierman et al., 2014; Landry et al., 2014) that were more focused on structural quality (e.g., teachers' professional development and comprehensive socio-emotional curricula), found a positive effect of high structural quality on children's social, behavioral and emotional development. Thus, policies seem to strive for a promising goal. However, the effect of ECEC quality on children's well-being is underexposed. Some of the studies that claim to measure well-being are actually measuring proximal outcomes as predictors of well-being, such as social interactions, cognitive development and academic achievements (Zachrisson & Lekhal, 2014), or predictors, such as personality traits that may partly explain an individual's well-being (Røysamb, Nes, Cjazkowski, & Vassend, 2018).

The lack of studies that measure children's well-being directly is not surprising because studies show multiple challenges regarding well-being as a concept. One of the challenges is that -- even if the term 'well-being' is commonly used by ECEC policies and practices (Sutherland & Mukadam, 2018) -- there are a number of different definitions. These definitions have been debated for years (Dodge, Daly, Huyton, & Sander, 2012) and vary among different countries (Sutherland & Mukadam, 2018). Cooke, Melchert, and Connor (2016) also found concepts that are used interchangeably with regard to well-being, such as quality of life and wellness. Moreover, studies have focused mainly on adults' well-being instead of children's well-being (Røysamb, 2014). The latter is problematic, because children are more dependent on what is provided by adults in different environments (Moser, Broekhuizen, Leseman, & Melhuish, 2017). Thus, studies regarding adults' well-being are not representative for children's well-being.

Children's dependence on their environment brings to play another challenge. Young children are not only enrolled in an ECEC setting. They also participate in many other environments, such as

at home, in the neighborhood and as part of a certain culture, which may affect the children differently. In addition, it is not only the environment that impacts the well-being of the child. Several studies (Bartels, 2015; Nes & Røysamb, 2015) have shown that genes are responsible for 32-41% of the effect on well-being. Some of the genes are defined as personality traits (Keyes, Kendler, Myers, & Martin, 2015; Weiss, Bates, & Luciano, 2008). These results imply that about 60% of the variance in well-being can be explained by the environment or random measurement error (Røysamb & Nes, 2018). However, this is not as straight forward as it might seem; Røysamb and Nes (2018) showed that there is also interplay between genes and the environment. Interactions between the child and different environments where s/he participates may support or hinder the development and well-being of the child (Bronfenbrenner, 1979). This depends on the presence of protective and/or risk factors in both the child and the environment (Aalbers-Van Leeuwen, Van Hees, & Hermanns, 2002; Asscher, Hermanns, & Dekovic, 2008). Thus, to assume that high ECEC quality in itself is enough to promote children's well-being and development is a simplistic premise.

Considering the large political focus internationally on children's well-being in ECEC and current scientific challenges, the need for a universal conceptual framework regarding children's well-being in ECEC is high. The current study presents a literature review regarding children's well-being in ECEC. Firstly, an overview of studies that attempted to measure children's well-being will be presented. Secondly, different theories and definitions regarding well-being will be discussed. Thirdly, interplay between the child and the environment will be discussed, including protective and risk factors regarding well-being. Finally, with these theories in consideration, a new conceptual framework will be presented to explain the well-being of children between the age of zero-to-five years who attend ECEC. The reason for the focus on this age group is that ECEC is provided during these years in most countries across the world. Note that when we refer to children's well-being, we mean children between zero-to-five years old. By presenting a new conceptual framework, the current study will provide organizational tools for research, policies and practices to understand the complexity of children's well-being, to develop instruments that measure well-being directly, and to see what is needed from the different environments in order to promote children's well-being.

Studying Well-being

There are multiple studies that have tried to measure children's well-being, but all of them have their strong and weak points. One study (UNICEF, 2013) developed the Report Card 11 to measure well-being in 29 Organization for Economic Co-operation and Development (OECD) countries by focusing on the following five dimensions: health, housing and environment, education, behavior and risk, and material well-being. These dimensions can be considered to be potential protective and/or risk factors for children's well-being and take the child's environment into account as well. Moreover, these factors can be measured objectively to a great extent. However, they do not measure well-being as a concept. The measurement of young children's well-being is also extra challenging because it is difficult for young children to express themselves regarding their well-being (Eide, Winger, Wolf, & Dahle, 2017). This makes studies dependent on (subjective) observations from adults. Therefore, multiple views from adults (e.g., teachers in ECEC and parents) are needed as a control standard for this subjectivity, but also because children participate in different environments where their well-being may differ.

Other studies measured children's development or personality traits as proxies to predict children's well-being. Some of these studies found that ECEC may have an effect on children's cognitive development, including language development, and as a result on children's social interaction (Liiva & Cleave, 2005) and subsequent academic achievement (Dickinson, 2011). These interactions and achievements are regarded as skills that facilitate children's short- and long-term well-being, and therefore are proxies (Zachrisson & Lekhal, 2014). However, the study of Zachrisson and Lekhal (2014) also showed that the impact of ECEC quality on behavioral and socio-emotional development, and as a consequence on well-being, is doubtful. For example, a child's well-being may still be high even though the child shows externalizing problem behavior, such as being verbally or physically aggressive (Zachrisson & Lekhal, 2014). Moreover, Howard and McInnes (2012) found that when there are play activities in the ECEC center, the emotional well-being of the children is higher. This improves children's potential for playful development (Howard & McInnes, 2012). Thus, children's well-being may affect their development, rather than development affecting their well-being. Røysamb and colleagues (2018) focused on personality traits as a proxy for well-being. They found that well-being is mainly explained by the personality traits of neuroticism and extraversion. These traits predict 24% of life satisfaction.

Røysamb and colleagues (2018) explained life satisfaction as a general evaluation of life as good or not, according to the individual, and is a component of subjective well-being. Sixty-five percent of these were mainly explained by four personality facets, namely depression and anxiety (neuroticism), and positive emotions and activity (extraversion). The remaining 35% represented the genetic variance that is unique to life satisfaction (Røysamb et al. 2018). The study of Røysamb and colleagues (2018) confirms the role of genes in well-being. However, measuring concepts such as life satisfaction is extremely difficult with children.

To our knowledge, there are a few studies that try to measure children's well-being in ECEC without using potential protective or risk factors, or proxies. One of the few is the study of De Schipper, Tavecchio, Van Ijzendoorn, and Van Zeijl (2004) that developed the Leiden Inventory of the Child's Well-being in Daycare (LICW-D) questionnaire. The LICW-D consists of 12 items which measure four aspects of children's well-being in ECEC: general well-being, well-being in the presence of caregivers, with group members, and within the physical setting (De Schipper et al., 2004). This is a promising instrument, as it measures children's well-being directly. However, a disadvantage is that it only measures children's well-being in ECEC. Thus, the new conceptual framework should combine the strong aspects of these studies. It should include both the protective and risk factors of the environments wherein the child participates and the nature of the child, what is needed to reach well-being, the concept of well-being in different environments, and what can be reached as soon as the child has reached well-being, such as development.

Defining Well-being

There are many different theories and definitions regarding well-being. Most of these are focused on adults' well-being (Røysamb, 2014). Among the predominant philosophies regarding adults' well-being are the hedonic and eudaimonic philosophies, which will be explained first in this section. Subsequent to these philosophies, other theories will be presented regarding adults' well-being as counterpoints, as well as concepts that are used interchangeably with well-being. Because the theories regarding adults' well-being are not (fully) applicable to children's well-being, we will subsequently present theories and definitions regarding children's well-being.

Hedonic philosophy

For centuries, researchers have tried to describe well-being (Dodge et al., 2012). The first definitions of well-being go back to the fourth century B.C., when the Greek philosopher, Aristippus, stated that an individual should experience pleasure as much as possible, which results in maximum happiness. His point of view formed the start of the hedonic philosophy and was followed by many others (Ryan & Deci, 2001). Hedonism defines well-being as subjective happiness, which is dependent on the experience of pleasant versus unpleasant life experiences (Diener, Sapyta, & Suh, 1998; Kahneman, Diener, & Schwarz, 1999).

The new hedonic philosophy uses the term subjective well-being (SWB) to evaluate the pleasant and unpleasant experiences in an individual's life (Diener & Lucas, 1999). Ryan and Deci (2001) found in their literature review that SWB, or more general happiness, consists of three components: satisfaction with life, the presence of positive mood, and absence of negative mood. Taking the different well-being theories and definitions within the hedonic philosophy into consideration, Ryan and Deci (2001) stated that a more simplistic definition of well-being is: 'the expectation to fully obtain the things that an individual desires'.

Eudaimonic philosophy

A second ancient and opposite philosophy regarding well-being is called the eudaimonic philosophy. Aristotle argued that the hedonic view categorizes human beings as slavish followers of their desires. Other eudaimonic theories added that the fulfillment of all desires will not result in well-being. Some forms of fulfillment may cause pleasure but are not good for the individual and/or other people, which will not result in well-being (Ryan & Deci, 2001). Waterman (1993) stated that well-being is more than happiness. To reach well-being, human potential and the true self should be fulfilled. Life activities should be congruent or intertwined with the individual's deep values. This results in individuals feeling themselves truly alive and capable of showing who they are. Waterman (1993) defines this as personal expressiveness (PE), where personal development is possible. The difference between PE and the hedonic view is that PE also

includes personal challenges, whereas the hedonic view represents more a life without unpleasant events being happy (Ryan & Deci, 2001). Ryff (1995) stated, by referring to Aristotle, that well-being does not just consist of pleasure, but that an individual strives for his/her true potential. Whereas SWB is a theory within the hedonic philosophy, psychological well-being (PWB) was introduced as a theory within the eudaimonic philosophy. Ryff and Keyes (1995) stated that PWB can be measured by six aspects of human actualization, namely: life purpose, positive relatedness, personal growth, self-acceptance, autonomy, and mastery. Another theory is the self-determination theory (SDT), which stated that self-realization is a central aspect of well-being, which consists of the psychological needs of relatedness, competence, and autonomy (Ryan & Deci, 2000).

Other well-being theories

Many theories imply that a combination of both hedonic and eudaimonic views on well-being are needed to define well-being (Ryan & Deci, 2000). Diener and colleagues (1998) state that SWB needs another research approach than PWB. It seems that SWB is asking more for people's own life experiences than PWB, which is more defined by researchers. For example, with SWB an individual is asked to tell about what makes his or her life good. Whereas in studies regarding PWD the focus is more on self-actualization, which is defined by the researchers (Diener et al., 1998).

Dodge and colleagues (2012) also studied the hedonic and eudaimonic philosophies in their literature review and went further into depth regarding theories on equilibrium and life challenges that may affect the individual's homeostasis. They came up with, as they state, a new, more simple, universal and optimistic basis for the measurement and definition of well-being. Dodge and colleagues (2012) defined well-being as the balance point between the resources that an individual has and the challenges that an individual faces. Stable well-being is when an individual has the needed physical, psychological and social resources to cope with physical, psychological and/or social challenge(s). When an individual does not have enough resources to cope with his or her challenge(s), the well-being of this person will be in imbalance (Dodge et al., 2012).

Also, Cooke and colleagues (2016) conducted a literature review on different conceptualizations of well-being, including the hedonic and eudaimonic view. But they studied closely related constructs as well, namely quality of life and wellness. Quality of life and wellness are terms that are often used interchangeably with well-being (Cooke et al., 2016). Lent (2004) found that the meaning of quality of life depends on the discipline wherein it is used. For example, the World Health Organization (WHO) defines quality of life as the person's physical and mental health, social relationships, and independence (WHO, 1993, as cited in WHOQOL Group, 1995). In comparison, another study (Frisch, Cornell, Villanueva, & Retzlaff, 1992) developed the Quality of Life Inventory wherein they use the terms quality of life, life satisfaction and SWB interchangeably. The term wellness is often used in counseling literature, but seems to be vaguer (Roscoe, 2009). Roscoe (2009) defines wellness as a holistic lifestyle that focuses on spiritual or physical health and having an integrated personality. The interchangeable use of different conceptualizations makes the scientific understanding of well-being even more complicated (Cooke et al., 2016).

Children's well-being

Both hedonic and eudaimonic theories as well as the definition of Dodge and colleagues (2012) and the overview of conceptualizations presented by Cooke and colleagues (2016) are focused on adults'well-being and are not (fully) applicable to children's well-being. It is not that adults' well-being is really different from children's well-being on a fundamental basis, but the well-being of children is more dependent on the environments wherein they participate, which should be nurturing and stimulating for the child (Moser et al., 2017). To make sure that the environments wherein the child participates provide a certain level of nurturing and stimulation, the United Nations Conventions on the Rights of the Child (UNCRC) was developed. This is an international policy that states that to protect and strive for the needs of the children and to promote their well-being, learning and development, every child should grow up in family where there is happiness, love and understanding for each other. In this way the child can develop his/her personality fully and in harmony (UNICEF, 1989). Riksen-Walraven (2004) studied the quality of Dutch ECEC centers and stated that there are pedagogical basic goals that should be provided by different environments (home and school), such as safety and giving children the

possibility to develop personal competence. Regarding well-being, she defines children's well-being as the extent to which children feel safe, self-confident, relaxed, and are enjoying the activities that they are involved in (Riksen-Walraven, 2004).

International awareness of providing a certain level of nurturing and stimulation to promote children's well-being and development is a promising goal. However, in practice the definition of children's well-being is complex. The "Towards Opportunities for Disadvantaged and Diverse Learners on the Early childhood Road" (TODDLER) Project (2013) has shown that there are large differences in the definitions of children's well-being between countries. For example, in England children's well-being is defined as when an individual reaches his/her full potential through their own happiness, health, satisfaction, welfare, prosperity and human flourishing. In Norway, children's well-being is the positive mental, social and physical state of an individual. This is promoted by positive relationships with adults and peers, an inclusive community where joy and happiness are integral and challenging activities are provided which unfold the child's potential and allow children's views to be expressed. In Spain, they focus more on the conditions that should be provided to guarantee children's well-being, especially the zero-to-three-year olds. Well-being is reached when the child can fully develop his/her autonomy alone or with help from others through different languages in specific environments (TODDLER, 2013).

Sutherland and Mukadam (2018) were aware of the discussions regarding children's well-being that were presented by the TODDLER Project (2013) and international ECEC policies. Therefore, they developed the 'Toddlers' Well-being Framework' based on findings from the ToWe Project (2015-2018) wherein they participated. This framework shows the complex relationships between learning, societal systems and development, which have an influence on toddlers' well-being (Sutherland & Mukadam, 2018). They described seven dimensions that have an influence on children's well-being, namely: family, home and environmental factors, health of the child, setting an environment, development and learning, voice and expressions, additional languages, and meal times. Besides these dimensions, there are four pedagogical characteristics that underpin the skills that practitioners and teachers in ECEC need to promote the progress and outcomes of the children. These skills are: read and research, critical thinking, reflective practice, and skills and attitudes (Sutherland & Mukadam, 2018).

The framework of Sutherland and Mukadam (2018) seems promising to explain the concept's

complexity and which skills are needed by ECEC staff to support children's well-being. However, the model is restricted to children's well-being in ECEC and some of the dimensions may not be supportive but are rather outcomes of well-being as shown in earlier studies (Howard & McInnes, 2012; Zachrisson & Lekhal, 2014). In accordance with these earlier studies, it seems that the child should have well-being before the dimension of 'development and learning' can be reached. Therefore, the framework of Sutherland and Mukadam (2018) needs a revision regarding which dimensions may be protective or risk factors to reach children's well-being and which are outcomes of having well-being.

Gene-Environment Interplay

Protective and risk factors are present in the child (nature) and environment (nurture) (DiFulvio, 2011; Rutter, 2012). Protective factors support the strong aspects of a person and promote a person's resilience (Vanderbilt-Adriance & Shaw, 2008). On the other hand, risk factors are events, circumstances in the environment or characteristics in the child that may increase developmental challenges for the child, or during later life (Aalbers-Van Leeuwen et al., 2002; Asscher et al., 2008). Several studies (Aalbers-Van Leeuwen et al., 2002; Asscher et al., 2008) have shown that when there are multiple protective factors present that provide a counterweight to the risk factors, the effect of the risk factors will diminish. This counterweight can be explained by the interplay between genes and the environment. Namely, the effect of about 40% genetic and 60% environmental factors on well-being is not static and independent. Different types of gene-environmental interplays were found for adults, which could be supportive or risky for well-being (Røysamb & Nes, 2018). One interplay showed the environmental moderation of genetic effects, called heritability-environment interaction. Factors, such as gender (Nes, Czajkowski, & Tambs, 2010), parental divorce (Van der Aa, Boomsma, Rebollo-Mesa, Hudziak, & Bartels, 2010), socio-economic status (Johnson & Krueger, 2006), and marital status make the heritability of well-being vary.

Another interplay is the gene-environment interaction, which consists of the interaction between specific DNA variants and environments. Some studies (Belsky & Pluess, 2009; Pluess & Belsky, 2011) found that the way people are affected by positive or negative life circumstances or

experiences depends on their genes. For example, specific DNA patterns can increase the risk of anxiety or depression for a person in a harsh environment, but may also support the person's well-being or self-esteem when the person is in a supportive environment (Røysamb & Nes, 2018).

Another interplay that is based on gene-environment interaction is gene-environment match-making. This match-making strives for the creation of environments that promote genetic potentials. For example, when someone is very creative, an environment that allows and stimulates this creativity would match with the person's genetic potentials (Røysamb, Nes, & Vittersø, 2014).

Gene-environment correlations (rGE) can be passive, active or evocative (Røysamb & Nes, 2018). A passive rGE can be found in individuals who have inherited their parents' genes and environment, which may reinforce each other. For example, when children have parents who are optimistic and happy, these children inherit positivity genes and participate in a supportive and positive environment with their parents. An active rGE is when individuals select and shape their environment. When the environment responds to these individuals' behavior, it is called evocative rGE. For example, a happy and sociable child will probably search for an environment which matches their (partly genetic) positivity (active rGE), and as a result the environment may respond more supportively and positively as well (evocative rGE) (Røysamb & Nes, 2018)

New Conceptual Framework for Children's Well-being

Considering the existing theories regarding the definition of children's well-being, there are both commonalities and differences. In general, most of the theories seem to agree that certain basic needs of the children should be met to reach children's well-being (Ryan & Deci, 2000, UNICEF, 1989). Moreover, well-being seems to be dependent on certain pleasant and unpleasant life experiences (Diener & Lucas, 1999; Diener et al., 1998; Kahneman et al., 1999; Ryan & Deci, 2001). Some of these life experiences are genetically defined, such as health (Plomin, DeFries, McClearn, & McGuffin, 2001). Others are dependent on the presence of protective and risk factors in the environments wherein the child participates (Aalbers-Van Leeuwen et al., 2002;

Asscher et al., 2008), such as at home and in the ECEC center. The gene-environment interplay determines if the child's needs are met or not, which as a result may promote or impede children's well-being and development. Based on the literature review, a new conceptual framework has been introduced regarding zero-to-five-year olds' well-being step by step. The intention of the framework is to have a universal definition of children's well-being and to provide organizational tools to understand and study children's well-being.

Basic needs

Maslow's hierarchy of needs

Figure 1 shows the new conceptual framework regarding children's well-being. One of the fundaments regarding children's well-being is the basic needs of the children. The framework includes Maslow's hierarchy of needs theory (1943). This is a motivational theory, which consists of five levels of human needs, namely: physiological, safety, belongingness and love, esteem, and self-actualization. The physiological needs should be first fulfilled before a human can continue to the next level of safety needs, and so on. Self-actualization is the highest reachable need (Maslow, 1943). Camfield, Guillen-Royo, and Velazco (2010) argued that the relationship between needs and well-being is complex. The urge to fulfill certain needs or goals is dependent and defined by individuals and their environment (Kasser & Ryan, 1993). Rojas (2005) stated that the urge to fulfill certain needs that affect well-being is dependent on individuals' ideas regarding whether or not the needs are relevant and reflect their characterization of a happy life. However, the needs can also be imposed by the environment, which may result in the individual's well-being not being enhanced (Kasser & Ryan, 1993). Diener and Diener (2009) found that self-esteem is an important need in individualistic cultures in order to reach life satisfaction. This was less so in collectivistic cultures. Moreover, gender played a role as well, because self-esteem was not related to life satisfaction for women in some cultures (Diener & Diener, 2009). Also, within a culture, the urge to fulfill a certain need may vary. This is when others who are respected by the individual also value a certain need (Schwarz & Strack, 1999). Thus, the fulfillment of the needs before someone can reach well-being is dependent on the gene-environment interplay. Adults are partly responsible for their own well-being, whereas children are more dependent on what is

provided by the environments wherein they participate (Moser et al., 2017). This may also cause children's well-being to may vary in certain environments because there may be differences in what is provided by the different environments.

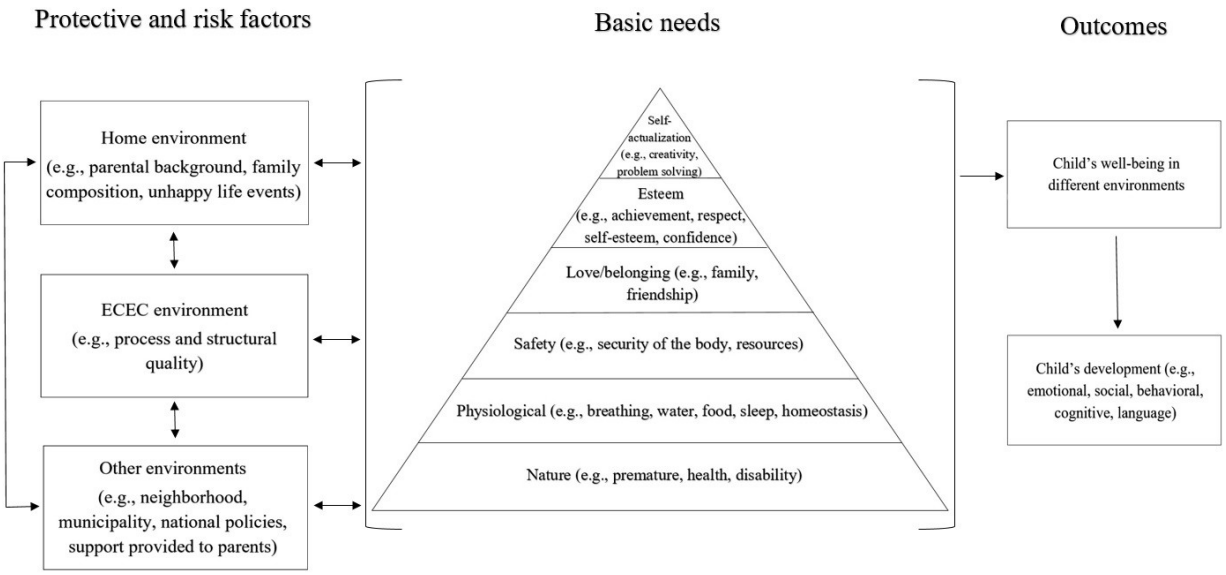

Figure 1. Conceptual framework regarding zero-to-five year olds' well-being.

Child's nature

According to theories regarding gene-environment interplay the effect of the environment on the individual's well-being is dependent on the individual's nature as well. Therefore, the nature of the child is added as the basic need level in the Maslow's pyramid. The nature of the child actually starts during the pregnancy of the mother. Children receive certain genes from their biological parents which may define, for example, if the child is born healthy or has a disease or disability (Plomin et al., 2001). Certain genes may be protective or risk factors for the child. A study by Sullivan, Neale, and Kendler (2000) showed that, for example, 37% of the risk of children developing a depression is explained by heritability. This means that the environment has a large impact on the transmission of a depression (Sullivan et al., 2000). Thus, it is not only genes are responsible for the nature of the child; also the environment can serve as a protective or risk factor. There are plenty of other examples that showed the effect of the environment on the nature of the child. For example, if the mother has a lack of food, malnutrition can cause a

diminished immunocompetence for the child, growth deficiency and a delay in behavioral, motor or cognitive development (Martorell, 1999). Moreover, if the mother drinks alcohol during pregnancy, the risk of fetal alcohol syndrome disorders for the child increases, which consists of growth deficiency, mental disability and problems with the central nervous system (Dörrie, Föcker, Freunscht, & Hebebrand, 2011). If a child is born with sickness, developmental delays and/or disabilities, s/he has different needs compared to children that are born healthy. This child asks for different kinds of support from the environment. For example, the study of Plomin, DeFries, and Loehlin (1977) has found that people in the environment may respond to genotypic differences of other people and provide an environment which fits with these differences. Thus, the environments interact with the basic needs of the children as is shown in figure 1.

The role of the environment: protective and risk factors

By applying the ecological system theory of Bronfenbrenner (1979), children in the age of zero-to-five years can participate in many different environments. These might be, for example, at home with their family, with peers and their teacher in the ECEC center (microsystem), while participating in hobbies, while at religious meeting places, in neighborhoods (exosystem), cultures and countries (macrosystem). The mesosystem is the interaction between the different microsystems. In the new framework there is a division between the home environment, the ECEC environment and other environments because the first two environments seem to have the greatest impact on children's well-being. Children in the age of zero-to-five years spend most of their time at home and/or in the ECEC center., Children who are raised in OECD countries, especially, spend a large part of their childhood in ECEC (UNICEF, 2008). All environments can be both supportive or hinder the fulfillment of children's needs, and as a result have an impact on the well-being and development of children. Potential risk factors in the home environment are having young parents, family conflicts, hostile parenting, maternal anxiety and depression. These factors may cause behavior problems in young children (Edwards & Hans, 2015). Dale, Tosto, Hayiou-Thomas, and Plomin (2015) found that corrective feedback (correcting wrong pronunciation, sentence structure or words) and informal language stimulation (reading books with the child, teaching children about locations, talking during household chores, or if the child participates in nursery rhymes or simple songs) provided by parents are protective factors for the

child's language.

A potential protective factor in the ECEC environment is when the center provides high quality. A study by Melhuish and colleagues (2015) found that when children from non-disadvantaged families attend ECEC centers of high quality the children experience benefits in connection with their social, cognitive and language development. Children from disadvantaged families benefit more from high ECEC quality when they attend the center full-time. Low quality care may be a (dual) risk factor for children from families with low socio-economic status. This can cause deficits in children's cognitive or language development (Melhuish et al., 2015).

The counterweight between protective and risk factors from multiple environments is found in multiple studies. Hetherington, McDonald, Racine, and Tough (2018) found that when children have a mother with mental health challenges, the risk for externalizing behaviors can be diminished. Possible solutions are when the child practices self-regulation skills in ECEC and when there are community activities provided that promote development (Hetherington et al., 2018). A study (Khambati, Mahedy, Heron, & Emond, 2018) regarding adolescents that experienced maltreatment during their early childhood found that engagement in extracurricular activities, satisfaction with school and not being bullied are protective factors that counterweigh the risk factors from their early childhood. The interactions between different environments and the child are shown in figure 1.

The child's development

These findings in the study of Khambati and colleagues (2018) support the expectation that as soon as the child's needs are fulfilled, the outcome will be that the child will reach well-being and as a result develop itself in multiple ways. Other studies (Howard & McInnes, 2012; Zachrisson & Lekhal, 2014) confirmed the effect of children's well-being on development.

New definition of children's well-being

Considering the debates regarding the definition of children's well-being and the new conceptual

framework, a new definition regarding children's well-being is needed and proposed: "children's well-being is a dynamic state in a certain environment, which can be expressed by joy, and risk factors are kept to a minimum. This state of well-being is dynamic, because it is dependent on the fulfillment of the child's physical, social and emotional needs, which is influenced by protective and risk factors within the nature of the child and the different environments wherein the child participates." When well-being is reached, the child and his/her environment can focus on the child's development.

Conclusion

Considering the discussed theories and studies regarding children's well-being, there is a huge lack of studies that measure children's well-being directly. This makes the promising goal of promoting children's well-being through high ECEC quality challenging. The challenge starts with the lack of a common definition. Different concepts are used interchangeably with well-being and the well-being of children. The well-being of children is underexposed. When children's well-being is studied, it is studied through proxies or in a certain environment, such as the ECEC center. However, this does not give insight into the well-being of children in multiple environments, and well-being cannot only be predicted through proxies. Moreover, a part of children's well-being is genetically defined. How much is also partly dependent on the different gene-environment interplays. A common language regarding children's well-being is needed. The new universal framework takes into account the strengths of some theories and studies that have been done so far regarding children's well-being. The new definition that is presented is further explained by the framework. The goal with this framework is to provide organizational tools for research, policies and practices to understand the complexity of children's well-being, to develop instruments that measure well-being directly, and to see what is needed from the different environments to promote children's well-being.

Concluding Discussion

The goal of the current study is not reached by just presenting the new framework. To be able to fulfill the political goal of providing high ECEC quality, which promotes children's well-being and development, there is still a long way to go. Research and practice also need organizational tools for applying the new framework. Therefore, based on the literature review, some recommendations will be presented regarding how to apply the framework in further research.

Firstly, when studying children's basic needs, the effect of the gene-environment interplays should not be underestimated. An insight into the children's and parents' backgrounds is essential in order to study which basic needs are relevant for children to reach well-being. Moreover, it gives insight in potential protective and risk factors within the child's nature and the different environments. Examples of children's background are: if the child was premature, has any disability or has visited special services, such as the hospital, child welfare service, child and adolescent psychiatry unit or educational psychological counselling service. Parental background consists of, for example, native language skills of the parents, civil status, education level, gross income, and financial debts. Since children's basic needs are also dependent on factors in the macrosystem, such as culture or country, a study regarding the country's welfare system is recommended as well.

Secondly, the information about parental background can also be used to study the protective and risk factors at home. Other factors could be family composition and unhappy life events. Potential protective and risk factors regarding the ECEC environment can be studied by focusing on the process and structural quality of the ECEC center. Examples of process quality are the staff-child relationship, peer interactions, and the atmosphere in the group. Structural quality can be studied by, for example, staff-child ratio, group size, parental involvement, staff training and education. Protective and risk factors from other environments could be the country's welfare system, or policies regarding the provision and evaluation of the ECEC quality.

Thirdly, when studying the well-being of children in the age from zero-to-five years it is not possible to ask the children about their well-being. Therefore, studies are dependent on the views of adults. To prevent subjective answers as much as possible, it is recommended that the views of multiple adults are studied, such as the parents or caregivers, and teachers.

Fourthly, it is recommended that children's well-being in multiple environments is studied, especially, in environments where children spend most of their time, namely at home and in the ECEC center. Well-being can be studied by focusing on, for example, if the child is happy, active, enjoys activities, or often whines and cries, refuses to take part in activities, is too shy or afraid, unhappy/sad/depressed, or --if the child is upset -- if s/he feels better after a few minutes.

Fifthly, when studying children's development, it is recommended that focus if put on different kinds of children's development, such as cognitive, language, emotional, social and behavioral development.

When the new framework is applied in several (international) studies there will be more insight into the effect of multiple environments on children's well-being and development. Suggestions may be given to staff in the ECEC, parents and national governments and policies in order to improve certain aspects of the environment to stimulate children's well-being and development. Moreover, based on future research a new instrument may be developed that measures children's well-being directly by taking the multiple facets of the framework into account.

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Do Airline Long-Haul Service Expectations Differ Across Nationalities, and Do Airlines Care?

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Abstract

Purpose: Passenger nationality effects on service expectations when flying long haul. The investigation of different service expectations across different country nationals is important in designing airline services (Winsted, 1997). As the literature so far has not analysed many countries, this study is important to the aviation industry. Responses from samples from British Commonwealth countries, Australia, New Zealand, Singapore, and the UK are analysed. This cross-cultural research project aims to explore airline service expectations among nationals from different countries Australia, NZ, Singapore and the UK, in order to find out if service expectations on long haul flights differ between the stated nationalities.

Method This is a mixed method study, first using available secondary data on the topic. Thereafter data on customer service, customer expectations and culture were collected and analysed in order to get thorough knowledge on several areas of interest. It has been said that behaviour cannot be predicted, it must be tested (Dean, 1999). A real world transaction will never be exactly like in a model; it is too complex. Testing is everything (Dean, 1999). This study tests peoples' expectations when it comes to airline service quality. A questionnaire (including open-ended questions) was created and distributed to gather primary data on how the culturally diverse clientele among airlines passengers might differ regarding their expectations on service quality in the airline industry. The questionnaire used the SERVQUAL (Parasuraman, Zeithaml, & Berry, 1988) theory and method as its base with some modifications, considerations and additional questions to best suit this specific research.

Findings*:* In this study we find there are differences between these four Commonwealth countries. From the data found, it is evident that the buying behaviour of airline customers is affected by several factors and thus seen as very complex. Thus airline executives should look into changes that can make their airline the 'obvious choice' for business travellers. The results may provide airlines with an understanding of how to make it more pleasant for passengers to fly, while also having a positive impact on the bottom line. Airlines can benefit from this research, as well as customers. Customer benefits include receiving more customised treatment according to perceived national expectation levels. Academic literature will also benefit from this research as it will help fill a gap in the specific area of study. Findings from the Global Leadership and Organizational Behavior Effectiveness (GLOBE) study will be used in this study. Conclusions are drawn from the results found as well as in light of literature discussed.

Originality: The selected countries have been chosen mainly because no relevant studies have been done on these countries, as well as possible differences within this one specific group of countries. Besides only looking at service offerings and what can be improved across markets this research focuses on differences in service quality expectations across countries, continents and cultures.

Keywords: Service expectations, preferences and quality, customer service and satisfaction, cultural differences, aviation.

Introduction

Service quality and customer satisfaction are believed to be very important as the role of the service industry is growing in the global economy (Donthu & Yoo, 1998). It has also been highlighted that customers should not all be treated in the same way, as service quality expectations can vary between cultures (Donthu & Yoo, 1998).

Benjamin Franklin once stated, “Blessed is he who expects nothing, for he shall never be disappointed” (Passikoff, 2008, p. 2). While Franklin was, amongst many things, a businessman, his marketplace in the mid-1700s was a very different place to today. Thus, having a contented consumer base was more easily achieved than now (Passikoff, 2008). Expectations of today's modern 'bionic' customers are described well by British author George Bernard Shaw: '*the reasonable man adapts himself to the world. The unreasonable one persists in customising the world to himself and his values*' (Shaw, 1903). '*The man who* listens *to Reason is lost: Reason enslaves all whose minds are not strong enough to master her.*' (Shaw, 1903), reflecting Shaw’s reputation as an iconoclast, favouring the unreasonable man.

The airline industry representatives state that it is very customer focused, thus delivering high quality service is a competitive requirement. However, with hypersensitivity to transient international financial events such as fuel costs and economic effects on business and tourist travel, many airlines struggle to keep themselves alive throughout hard times. Many have been forced to cut costs, reduce services and perquisites. For that reason, it is essential for airline management to verify what its clientele wants and expects, as well as what they do not want and expect. It is important for airlines to maintain the valued service items and reduce time and cost spent on the less significant service items, hopefully minimising negative customer perceptions of their service quality (Liou, Hsu, Yeh, & Lin, 2011).

What Airlines Really Care About

Travel consultant Elliott (2018) reviews a study by Wong (2018) of the University of Nevada-Reno. Wong’s focus is on the practice of overbooking flights and on how customer satisfaction

affects an airline's financial results. He conducted his research with colleagues, Kevin Dow, Nevada-Reno, and Belaynesh Teklay from Nottingham University in China.

Wong finds there's no link between customer satisfaction and an airline's financial performance. An airline can mistreat you and it won't affect its revenue. Wong suggests airlines can get away with offering bad customer service because the customers let them. Elliot quotes Wong as stating, “Airlines don’t seem to place a priority on customer service despite the fact that they advertise to the contrary, and yet, some airlines are still profitable." The study reveals one of the most uncomfortable truths in the travel industry: “no matter how much airline passengers complain about ridiculous fees, indifferent cabin service, or lengthy delays, they'll keep buying tickets.” Elliot cross-referenced the University of Nevada research findings with his case files and found travelers with even the most serious "I'll-never-fly-your-airline-again" grievances often welcomed a chance to return to an offending carrier again. The findings underscore an unavoidable conclusion that “until passenger threats translate into lower ticket sales, the airline industry has a green light to continue mistreating its customers”. To summarize the findings:

- The researchers found that while airlines often promote their customer satisfaction scores, they also know they can get away with a variety of grievances because they offer a service unlike any other. "From the shrinking width of seats and space in-between the seats to baggage fees for luggage and limited food services on domestic flights, many airlines still tout their customer satisfaction," says Wong. But an airline's profitability, he adds, "is based on factors not associated with a price for service, but rather logistics."
- increased load factors make airlines more profitable; carriers attempt to squeeze the maximum possible number of passengers onto a plane. The easiest way to do that is to move seats closer together, adding a few extra rows in economy class. Airlines have discovered that customers will complain about the tighter seats, and then select the same airline for subsequent travel.

That is, according to Wong, “In the end, their profitability does not appear to be dependent upon customer service, based on our analysis. Given that the airline industry offers a service with few alternatives, the findings of our research may not be surprising.”

Did Passenger Behavior Lead to This Situation?

Elliott (2018) states, “A careful look through my database of airline complaints, received through my nonprofit consumer advocacy site, further explains why there's no direct link between good service and profits.

Elliot states, “Time and again, I receive the following types of cases”:

“Air travelers whose first, last and only consideration is a low airfare. These passengers will purchase the lowest-priced ticket, even if there's overwhelming evidence that the airline will treat them with indifference or will add unconscionable fees for items such as carry-on bags. In the airline industry, that's the conventional wisdom -- price is the single most important thing to most passengers.

“Customers who lower the customer-service bar to the tarmac. Equally frustrating are the air travelers who believe they deserve poor treatment. Too often, I see passengers with intractable, "I'll-never-fly-your-airline-again" cases, who settle for a boilerplate apology. Why? They believe the airline industry's propaganda, which is that you deserve bad service when you don't pay enough for your tickets. This fallacy is also popular among extremist loyalty program bloggers who believe in a laissez-faire unregulated economy.

“Passengers who are willing to accept vouchers for service missteps. Remarkably, when an airline fails to deliver even basic customer service, passengers are quick to forgive them. Time and again, I find air travelers with horrific experiences, who probably could have successfully taken their cases to court. Instead, they accept ticket vouchers that expire after a year. In other words, they're eager to fly the very airline that gave them bad customer service.

Unfortunately, price-conscious air travelers who believe their customer concerns are worthless, implicitly permit the airline industry to deliver the worst possible customer service.

The industry's abysmal scores are on display for the whole world to see at the American Customer Satisfaction Index (ACSI, https://www.theacsi.org), which Wong used as a benchmark in his re-search. The results are awful. The industry scored an average grade of just 73 out of 100. But some airlines performed far worse. Frontier Airlines and Spirit Airlines both scored a 63, while United

Airlines received a 67. Nonetheless, U.S. domestic airlines will earn $16.4 billion in profits in the current year, according to the International Air Transport Association (https://www.iata.org/Pages/default.aspx). Elliot believes the U.S. airline industry's scores as so terrible that when he asked the ACSI researchers to help him compile a list of the worst companies in America, they declined. His opinion is they knew it would turn into another negative story about the airline industry, since the worst companies in America for customer service are airlines.

Realizing that customer service quality expectations apparently mean little to airlines, we nonetheless focus our study on differences in service quality expectations across countries, continents, and cultures. We select the profitable long-haul route service, as the most profitable for airlines. Perhaps an advantage in this sector could interest airlines, perhaps not.

Culture and cultural differences are seen to be key variables when examining international service expectations (Donthu & Yoo, 1998; Smith & Reynolds, 2002; Strauss & Mang, 1999; Winsted, 1997). By studying the cross-cultural aspects of different markets, the service provider will be able to further customise the service to the customers, and service areas that might be less important in some markets can be eliminated or decreased and thus decrease the airline's costs while gaining (possibly) more satisfied and loyal customers (Adam Braff & DeVine, 2008; Alex Dichter, Fredrik Lind, & Seelan Singham, 2008; Urs Binggeli, Sanjay Gupta, & Carlos de Pommes, 2002). Differences between societies are not vanishing even though the world is becoming more connected (Javidan & House, 2001).

Findings from studies by both Hofstede and the GLOBE project demonstrate differences and inequalities within various dimensions affecting societal, organisational and managerial form and practices. Both projects have derived a comprehensive set of cultural dimensions in order to explain cultural differences in various societies. The findings demonstrate the existence of differences between the dimensions, which affect organizational form and practices, as well as managerial leadership practice (Hofstede, 1980; House, Hanges, Javidan, Dorfman, & Gupta, 2004).

Henthorne, Williams, & George (2018) in a study of African-heritage airline travel consumers in the USA, Brazil, and South Africa found differences in responses to dissatisfaction with aspects of services consumption across the three sets of African-centric consumers. The study addressed whether consumers would exit the market, or continue their loyalty to the airline, or voice their

concerns, or ignoret the problem situation. The study found African-Americans appear to be the most likely to complain of the three groups. African-American consumers in the study were more likely to take some action to display their discontent over failure to meet of service expectations and were less apt to allow things to continue as usual with the service provider. This may be due in part to a cultural tradition in the United States that encourages free expression of dissatisfaction. This freedom of expression leads to fewer inhibitions to engaging in conspicuous complaint behavior related to failure of expected service experiences. However, this may be due to US cultural influences, or due to the number of alternative service options available in the US market. Given this lead-in to cultural effects on consumer complaint behavior, findings from the GLOBE study will be integrated into this study, a subset of the GLOBE cultural variables are derived from Hofstede's model. We select the GLOBE findings due to the fact that the consolidated GLOBE data is recent and broad, as it was gathered from middle managers in different local organisations and across different cultures. Hofstede's initial study was conducted on a single international organisation, and while continual research has occurred the availability of recent, consolidates results led to our selection of the GLOBE results (Hofstede, 1980; House et al., 2004).

Method

There has been a reasonable amount of information published on service quality perceptions. However, the expectation side of service quality has not received much attention (Armstrong, Mok, Go, & Chan, 1997), and little information has been published, particularly concerning long haul flights. As there is not a large variety of literature supporting theory, a deductive approach to the study is not justifiable, hence the study will apply an inductive approach (Babbar & Koufteros, 2008).

This is a mixed method study, first using available secondary data on the topic. Thereafter data on customer service, customer expectations and national culture were collected using questionnaires (with some open-ended questions). The questionnaire was created and distributed to gather primary data on how the culturally diverse clientele among airlines passengers might differ regarding their expectations on service quality in the airline industry. The questionnaire used the SERVQUAL (Parasuraman et al., 1988) model and method as its base with some modifications, considerations and additional questions to best suit this specific research.

After reviewing secondary data, the questionnaire was modified to accommodate the findings. International business travellers from the four countries were the population of interest. This was because these travellers tend to cross several borders and fly long hours in order to get from their home country (HQ country) to their destination country.

The questionnaires were distributed by e-mail. The person receiving the e-mail was then invited to pass on the questionnaires to the persons within their company eligible to respond. Personal information was not provided to the researcher. Anonymity was guaranteed.

The main respondent selection was done by using the French company analysis information web site: http://www.transnationale.org. This website provides information on the 20 largest companies in each of the selected countries, which are among a total of 13.000 company profiles throughout the world (Transnationale.org, 2010). This is believed to be a reasonable way of acquiring possible respondents due to its convenience, cost, and best use of time. The sampling is hence systematic random sampling.

Data Collection

There are several software packages made to determine the sample size (Russell V. Lenth, 2001), among several online sample size calculators. Four of these online calculators were used to find the right sample size. These calculators resulted in the sample size for this population, with a confidence interval of seven, needing to be 196 (Creative Research Systems, 2010; Custom Insight, n.d.; MaCorr Research, 2011; Raosoft Inc, 2004).

The chosen sample size was chosen to be 50 per country (200 in total). However, the sample size was smaller than desired due to lack of response to recruiting requests and due to time constraints and 84 questionnaires were completed. Hair, Erson, Tatham & Black (1998) indicate that this is an adequate sample size, noting it could be problematic to identify effects, if they actually exist, in sample sizes less than 50, though multivariate significance tests accommodate variations in sample size (Hair, 1998). Demographic details are in Tables 1.0 and 2.0.

Table 1. *Nationality Profile: Cross tabulations of Nationality and Gender*

			Nationality				
			NZ	Australia	**UK**	Singapore	**Total**
What is your gender?	**Male**	Count	**24**	14	**14**	3	**55**
		% within gender	**43.6%**	25.5%	**25.5%**	5.5%	**100.0%**
		% within nationality	**66.7%**	66.7%	**82.4%**	30.0%	**65.5%**
		% of Total	**28.6%**	16.7%	**16.7%**	3.6%	**65.5%**
	Female	Count	**12**	7	**3**	7	**29**
		% within gender	**41.4%**	24.1%	**10.3%**	24.1%	**100.0%**
		% within nationality	**33.3%**	33.3%	**17.6%**	70.0%	**34.5%**
		% of Total	**14.3%**	8.3%	**3.6%**	8.3%	**34.5%**
Total		Count	**36**	21	**17**	10	**84**
		% within gender	**42.9%**	25.0%	**20.2%**	11.9%	**100.0%**
		% within nationality	**100.0%**	100.0%	**100.0%**	100.0%	**100.0%**
		% of Total	**42.9%**	25.0%	**20.2%**	11.9%	**100.0%**

In table 2.0 we see that 81% of the sample has earned a university Bachelor's. From OECD (2012), about 30% of the adult population of OECD countries have Bachelor's degrees. The samples in this study have higher than average educational attainment.

Table 2. *Level of education*

Level of Education	**N**	**Category**	**Pct.**
Some but did not graduate high school	1	1	1.19%
High school graduate	15	2	17.86%
Bachelor's	44	3	52.38%
Master's	21	4	25.00%
Higher than Master's	3	5	3.57%
Average Education Level		3.12	

The results of the correlational analyses indicate that level of education is not significantly related to many of the variables studied, basically only two, related to advertising. In Table 3.0 we see that level of education is significantly negatively related to newspapers and TV as influential advertising sources. The results indicate little use of newspaper and TV advertisements for influencing choice of long-haul travel provider.

Table 3. *Relationships of level of education to variables in this study.*

	What is your educational background?		
	r	Sig.	N
I find that advertising of airlines heavily influence my choice of provider	-0.282*	.011	80
(for example :)			
Newspapers	-0.224*	.046	80
TV	-0.323**	.004	80

The null hypothesis to be tested are:

H1: There will be no difference between country nationals on tangible attributes.

H2: There will be no differences in expectations between these countries due to them all belonging to the Commonwealth.

H3: Due to their geographic proximity and similar colonial history, Australians and New Zealanders will have identical expectations.

H4: Education will not have an effect on peoples' expectations.

H5: Gender will not have an effect on peoples' expectations.

H6: It is believed that travellers from Singapore will have the lowest expectations on frequent flyer benefits due to previous research results from Asia, in an eastern versus western context by Gilbert and Wong (2002).

H7: Country nationals will not have a preference for flying airlines that offer non-stop services.

H8: Past experience will not have an effect on the expected service of an airline company.

H9: Word of Mouth will not have an effect on the expected service of an airline company.

H10: It is not believed that the SERVQUAL attributes will differ amongst country nationals.

Combined Results

The study results show that there are differences as well as similarities between these countries. From the data found, it is evident that the buying behaviour of airline customers is affected by several factors and thus seen as very complex. The study results and previous research suggests that customers sit with a set of expectations before receiving the new service, this is often based on past experiences (Boulding, 1993; Trinborg, 2012).

Table 4. *National comparisons of importance of service attributes for long-haul flights: Percent of samples mentioning in open-ended items*

Themes	NZ Percent	Australia Percent	UK Percent	Singapore Percent
Service Provied	**30.28**	**25.49**	**13.64**	**52.63**
Customer Service	11.93	13.73	13.64	21.05
Independent needs	10.09	3.92	0.00	5.26
Promt on groud info	0.00	0.00	0.00	5.26
Make customers feel at ease	0.92	1.96	0.00	0.00
After flight customer service	0.92	0.00	0.00	10.53
Airline reachable	0.00	0.00	0.00	0.00
Price/Quality relationship	6.42	3.92	0.00	10.53
language	0.00	1.96	0.00	0.00
Comfort Attributes	**28.44**	**23.53**	**43.18**	**21.05**
Seat comfort and space	7.34	7.84	13.64	5.26
In Flight Entertainment	5.50	3.92	4.55	0.00
Quality of meals	6.42	3.92	9.09	5.26
Check in process	3.67	1.96	2.27	5.26
Quick luggage delivery	0.92	0.00	4.55	0.00
power outlets	0.00	1.96	4.55	0.00
Overhead locker size	0.92	1.96	0.00	0.00
wifi on board	1.83	1.96	2.27	5.26
Mobile phones	0.00	0.00	2.27	0.00
Cleanliness	1.83	0.00	0.00	0.00
Surroundings	**11.93**	**15.69**	**18.18**	**15.79**
Reputation	0.92	0.00	2.27	0.00
Modern aircraft and facilities	4.59	3.92	9.09	10.53
Safety record	2.75	11.76	4.55	5.26
Better lounges	2.75	0.00	0.00	0.00
Communal areas	0.00	0.00	2.27	0.00
Airport maps and signals better	0.92	0.00	0.00	0.00
Flying process	**29.36**	**35.29**	**25.00**	**10.53**
Flight schedule (and timing with network)	9.17	11.76	6.82	5.26
Frequent Flyer	6.42	5.88	0.00	0.00
Non stop services	4.59	3.92	4.55	5.26
airport pick up	0.00	0.00	2.27	0.00
Network	0.92	3.92	2.27	0.00
Better transfer info	1.83	0.00	2.27	0.00
On time	6.42	9.80	6.82	0.00
Total:	**100**	**100.00**	**100.00**	**100.00**

From the analysis of both statistical and open-ended questions, the results for Hypotheses 1-10 are as follows:

There are differences in the open-ended questions compared to the Likert scale items. Reasons for this could be due to a lower response rate for the open-ended questions.

Through analysing both the scale items and the open questions, H1 will be accepted.

In accordance with the scale data, differences were found with regard to the expectations. This is further confirmed through the open-ended questions. The most repetitive themes for each country are categorised as follows; New Zealand (the 'service provided' theme, followed by the 'flying process' theme); Australia (the 'flying process' theme, followed by the 'service provided' theme); The UK (most repetitive statements are listed as part of the 'comfort attributes' theme, followed by the 'flying process' theme); Singapore (the 'service provided' theme, followed by the 'comfort attributes' theme). H2 is therefore not accepted.

H3 is accepted due to non-significant differences between countries as well as due to similarities in the most frequently mentioned themes for the open-ended questions.

Education is not seen to influence participants' expectations, thus H4 is accepted.

H5 will not be accepted due to statistical significance when analysing the gender and expectations.

No Singaporeans mentioned frequent flyer programmes in any way in the open-ended questions. The same is seen to be the case for the UK. Both Australians and New Zealanders mentioned it several times. According to the theory, Singapore is seen as low on this attribute, but not the lowest. However, due to a quite low response rate from Singapore as well not being exclusive in this category, H6 will be rejected. A larger sample size (more participants from all countries) might possibly influence this hypothesis' result.

The importance of non-stop flights was seen as statistically significant through a mean score analysis. Due to this and the fact that it was additionally mentioned a few times by respondents in the open-ended question, H7 will not be accepted.

No specific information was given on how past experiences affect expectations, except through the scale items. Therefore the analysis conducted (Table 5.0) serves as a base for not accepting H8 (Trinborg, 2012).

Table 5. *Past Experiences influencing Expectations (country based)*

Country Ranking	**N**	**Mean**
New Zealand	35	5.17
Australia	21	5.38
United Kingdom	17	4.82
Singapore	10	5.40
Total	**83**	**5.18**

No specific information was given about Word of Mouth (WoM) except through the scale items. Therefore the analysis conducted (Table 5.0) will be the concluding factor for not accepting H9. WoM has an effect on the expected service, with the highest mean score in Singapore (as seen in Table 6.0.

Table 6. *Word of Mouth influencing Expectations by Country Sample*

Country Ranking	**N**	**Mean**
New Zealand	35	3.60
Australia	21	3.67
United Kingdom	17	4.00
Singapore	10	4.50
Total	**83**	**3.81**

As previously stated there are differences between these countries but these differences are not statistically significant. Illustrated by the open-ended questions, there were differences in the responses, though not of large scale. A larger sample could perhaps have an effect on these results. Thus, H10 is accepted, with the possible chances of this being affected by the small sample size.

Discussion

The study results show that customer service is seen as very important by consumers in all countries in this study. As seen from the literature, the service provision arises from the interactions between customers and company (Babbar & Koufteros, 2008). Thus, according to previous discussed theory on satisfied employees, a key focus should be the employees' satisfaction. Having satisfied and happy employees is seen as being a key factor in achieving outstanding customer service (R. Johnson, 2008; Kiger, 2002; Reynolds, 2004). Furthermore, customers that are happy and satisfied with the service received are seen to closely relate to company profits (Anderson, Baggett, & Widener, 2009; Babbar & Koufteros, 2008; Kiger, 2002). Satisfied customers are also the ones spreading the largest amount of positive WoM advertising (Lovelock, Patterson, & Wirtz, 2011).

This study has found differences between countries as well as differences on what service attributes are seen as more important, discussions follow.

Small differences might be explained as Commonwealth characteristics. All countries rank the SERVQUAL attributes as important; tangibles highest in Singapore, lowest in Australia. Reliability is highest in New Zealand, lowest in the UK. Responsiveness is highest in Singapore, lowest in the UK. Assurance is highest in Singapore, lowest in the UK. Empathy is highest in Singapore, lowest in New Zealand. As seen from this, Singaporeans have a higher expectation level overall. Even though the highest overall mean scores are in Singapore, the only significant statistical data was for information on when future services will be performed. However, it is important to list the differences as the response rate to the questionnaires was low and may have affected the validity of the data analysed.

Despite Australia and New Zealand viewing themselves as different from one another (Lewis, 2006), many similarities were found in the responses given by Australians and New Zealanders, this is in accordance with some close rankings made by the GLOBE researchers (House et al., 2004). Reasons for this could be their geographical location, as well as cultural similarities with regard to colonialism.

Education was not seen as an influencing factor in people's expectations. Reasons for this may be due to this research only researching business travellers. As seen from the results of this study, most of the business travellers were educated on a higher level. However, nowadays news travels

faster than previously and thus people can find out more about other people's experiences. This and also how people communicate could influence the fact that education was not seen as an important factor when it comes to people's expectations.

Gender is seen to have a significant impact on people's expectations. This study highlighted that women have higher expectations for the in-flight entertainment, departure and arrival as scheduled and that the service staff understand individual needs. This is something worth noting since the participants were mainly men. Due to this, if the sample had been bigger, a higher significant finding could have been realised. Thus airlines may possibly want to look into this and offer different entertainment choices for travellers that often fly the same routes within short periods of time. It was noted that this would be a factor while making decisions. This person travelled the same long haul route several times every month, and with the same entertainment package all the time, the participant stated this is an important aspect.

As stated in theory direct flights are seen as an important part of people's expectations throughout the countries studied. This was due to it being more time effective, providing less interruptions as well as giving the travellers a higher possibility of sleeping for longer, which aids recovery and allows passengers to be ready for whatever awaits them at their destination.

As seen from the results, people are not patient about giving a service provider several chances if they fail to provide an expected service. Thus the theory on service recovery is seen as very important. The capability of the provider to identify service failure as well as resolving the issue can, as previously discussed, bring the customer to a satisfactory level higher than what it was before the failure (Lovelock et al., 2011).

As seen from the findings of this study word of mouth (WoM) affect peoples' expectations, as discussed in the literature review. Ways to handle WoM is important to include in a service providers strategy outlook, as a company is seen as capable of reaping great benefits from positive WoM (Hamburger & Lawry, 2008; Marsden, 2006). Intangible benefits have in many cases been found to be key to persuasion (Dean, 1999), and this also explains why WoM plays a big part in customers' decision making. It is also seen that the greater the value is in relation to the price, the more people will respond to offers (Dean, 1999). The price/quality relationship was also found to be important in this study. This was mostly stated by respondents from New Zealand (6.42%)

though the highest response rate came from Singapore (10.53%). Two respondents (3.92%) from Australia also mentioned this theme.

New Zealand is, according to GLOBE, the least assertive country among the ones studied, which correlates with the importance New Zealanders stated on Customer Service attributes, such as friendliness, smiling, kindness, etc. throughout the study (these traits are seen as opposite to the Assertive traits). New Zealand was not the only country that ranked these attributes highly. All countries saw this as important though not as important as the New Zealanders deemed them. Again, as concluded from GLOBE, New Zealand has the most significantly different scores from the others. The other three countries are more similar to one another. As it is seen that all nations see this attribute as very important the researcher believes, from background information in the literature review, that keeping satisfied employees directly relates to satisfied customers, and with this, possibly loyal customers.

Singapore is, according to GLOBE, the country with the highest score on Future Orientation and Uncertainty Avoidance (House et al., 2004). As seen from this study, especially when looking at the significantly higher mean score of Singapore compared to the others about information on when future services will be performed (H2), it relates to the GLOBE results illustrating that Singapore is the highest rated country (of the countries studied) on Future Orientation and Uncertainty Avoidance. Knowledge about when service will be provided is seen as an uncertain future performance, thus it relates to the GLOBE findings. In Singapore, as previously stated, high emphasis on performance excellence and improvements as well as on collective action while avoiding risks by relying on social norms, practices and rituals are also very important and highly valued (J. Li et al., 2007). This may serve as reference to why Singapore has the highest mean scores on most of the SERVQUAL expectations attributes in this study.

It is important for services providers to understand customers' expectations, as well as creating a realistic understanding of what can be expected. In order to survive in the competitive market place of aviation, meeting customers' service expectations might not be enough. Satisfying customers is seen as a result of meeting, or even better, exceeding their service expectations (Gilbert & Wong, 2002; M. D. Johnson, Herrmann, & Gustafsson, 2002).

According to results found in this study it is clear that there are differences between these four Commonwealth countries. Thus airline executives should look into changes that can make their airline the 'obvious choice' for business travellers.

Limitations and Future Research

The premise of this study was to investigate and research possible differences in airline customers' service expectations level across four Commonwealth countries (the UK, New Zealand, Australia and Singapore). The methodology used was seen as appropriate. However, according to the small sample size it is suggested that future studies should recruit additional participants. Even though the response rate was low, which can be seen as a result of time constraints, in depth results can be said to have been found.

There are seen to be more male business travellers than female ones. There can be several reasons for the results to show this, such as the time constraints, but it is interesting and future research might want to look into a possible glass ceiling in business related travel or possible reasons for this gender profile being evident.

Premium class travelers are not the biggest segment for airlines when it comes to customer numbers, but they have immense value (Field, 1997). Even though this study only focuses on business travellers and thus leaves out the other customers, it has referred to other studies from different countries that look at the other markets involved in the airline market. (e.g. Chau & Kao, (2009); Gilbert & Wong (2002); Sultan & Simpson, (2000); Tiernan et al., (2008)).

The SERVQUAL model has been critiqued throughout time, but the model is widely accepted in the domain of service quality measurement even its major critiques acknowledge its popularity (Lisa J. Morrison Coulthard, 2004). The possibilities of response biases are evident, which cannot be proven or disregarded. The SERVQUAL dimensions have been seen to vary with regard to the purpose of the study and the validity has therefore been questioned (Hoare & Butcher, 2008).

The main critique of the service quality expectations concept is found in an article by Teas (1993) stated in (Armstrong et al., 1997, p. 183). The critique is mainly on the formulation of the questions, that there are several ways of understanding the questions and confusion connected to this. The problems this can cause will affect the total service quality outcome, as people see it in relation

to 'should be' and not what they are expecting (Armstrong et al., 1997). This research looked at the expectation aspect only, considering this critique the questions provided in the questionnaires will be modified and tested so that confusion shall be minimal. Another issue that surfaced is that no two service providers are exactly alike. This has thus led to smaller adaptions of the model to suit different service areas. This has been seen as both a strength (Gilbert & Wong, 2002) as well as a weakness relating to specifically modifying the model as well as moving away from the original model (Brady, Cronin, & Brand, 2002).

It has been shown by Molenaar (1982) in Coulthard (2004) that, due to issues with scale points in surveys, the optimal number of scale points should be seven, plus or minus two (Lisa J. Morrison Coulthard, 2004). This has further been confirmed by Krosnick & Fabigar (1997) and Preston & Colman (2000) cited in Coulthard (2004). Besides this, it has been found in market research literature that there is a tendency by respondents to choose central response options, and avoid extreme end-points (Lisa J. Morrison Coulthard, 2004). SERVQUAL models with use of text on the end-point scales only, have been seen to attract more responses on the end-points, while other research show that labelling of all variables may provide poorer data than only labelling the end-points (Lisa J. Morrison Coulthard, 2004).

Conclusions

Throughout the last few decades there have been several changes in the way people live their lives. Friends and family as well as business partners can live miles away from each other. From the development of airlines, and more specifically passenger flights, meeting ones family and friends and business contacts across the world is no longer an issue. Airlines are providing people with the fastest and safest public transport service today. Millions of people fly every year, for various reasons; people who fly coach class are seen to search the market for cheap tickets while upper class passengers have been found to have other priorities rather than just the price.

This cross-cultural research project aimed to investigate and research possible differences in airline customers' service expectations across four Commonwealth countries (the UK, New Zealand, Australia and Singapore) when flying long haul. Business travellers were the specific focus of this

study, this is because of their importance for airlines as well as their frequency of flying. This was done to find possible areas of improvement that may lead to a more comfortable flight for highly valued passengers, as well as finding information on what different country nationals expect so that airlines can cater for everybody's needs. Through this it may be possible to acquire more loyal customers. Safety is the most important aspect of the airline business (Trinborg, 2012).

What is important for service providers is to understand customers' expectations, as these have been found to differ across markets, as well as creating a realistic understanding of what can be expected. In order to survive in this competitive market place, meeting customers' service expectations might not be enough. Satisfied customers are a result of meeting, or better, exceeding their service expectations (Gilbert & Wong, 2002; M. D. Johnson et al., 2002). Service excellence must be a key point going across different functions in an airline, so that the entire company works together as a team to "deliver seamless customer service" (Heracleous, Wirtz, & Pangarkar, 2006, p. 159).

This study found that only focussing on transporting passengers from their departure place to their destination is one out of several areas that are important to airlines. Throughout this study it was found that the quality of customer service provided by airlines is seen as a crucial element affecting customers' expectations as well as their buying behaviour. This is because buying behaviour and expectations are closely related to past experiences as well as what friends/family and other people say about a provider (Trinborg, 2012).

When it comes to the service sector, employees constantly interact with people. This study illustrates that customer service quality is highly important for customers. These include the staff smiling, not looking bored and providing individualised attention. Emotional labour is therefore seen as a fundamental part of the service staffs' everyday work as front line staff are often seen as the company itself as they are the most visible element of a company to the customers (Heracleous et al., 2006). Thus, a managerial focus on this and ways for staff to recover is seen as vital. Research reveals that customers mostly register that service is not what it is supposed to be when something goes wrong (Edvardsson, 1992; Hair, 1998). Therefore there are two types of service quality: one type is when service is not happening the way it is supposed to, which is said to be the "exception", and the other type is "normal" quality of service, which is when the service provided is seen to be

the way it is expected to be (Edvardsson, 1992; Hair, 1998). As seen from the service recovery part, it is important to be able to rapidly repair issues that might arise. However, focussing on a constant quick-fix way of dealing with these issues will not be beneficial in the long run (Covey, 2004). Employees are said to treat customers the way they are treated by management (Kiger, 2002), thus employees should be treated the same way as a company's most loyal customers, in order to create long term benefits for both company and customers (Covey, 2004).

Also, if one airline provides a customer with low service, this can affect the entire alliance. This could possibly play a great part on any alliance member's customer base (Sultan & Simpson, 2000).

This study illustrates that the one SERVQUAL attribute with the highest overall score is 'Reliability' and the lowest is 'Tangibles'. This confirms the findings that 'Reliability' has previously been ranked as the most important, while the 'Tangible' part the least important, though still of importance, according to Sultan & Simpson (2000). Factors such as consistent service, on-time departures and arrivals are thus seen as more important than having modern-looking aircrafts as well as visually appealing office/terminal/gate areas.

This research shows that there are some highly important attributes that are seen as very important for all country nationals studied. Besides this, the analysis and findings above show that there are differences between the countries studied, such as in regard to the flight schedule; after flight customer service; individual attention, etc. One interesting finding is that Singaporeans do not see seat comfort and space as highly important. This could be due to Singaporeans (possibly) mostly using Singapore Airlines as their main carrier. Singapore Airlines is ranked among the best in the world and has achieved outstanding results regarding seat comfort/space (Skytrax, 2011). It is believed, that the answers Singaporeans gave could be a correlation with the service they are used to receiving on the flights with Singapore Airlines.

An interesting finding is that according to research, Australians and New Zealanders do not see themselves as being similar. However, survey results show the opposite. Australians and New Zealanders share a large amount of similarities regarding their expectations, etc.

Despite Singapore being the only eastern country in this survey, Singaporeans share many attributes with the three western Commonwealth countries studied. However, one should not forget that Singapore differs when looking at other aspects. Reasons for this could be due to these countries' colonial history as Commonwealth nations.

This shows that there are similarities as well as differences throughout all four countries that were analysed. The data illustrates that the buying behaviour of the different nationalities affects several factors analysed in this report – this makes analysing it challenging. This is linked to the customers' expectation – this differs from culture to culture. Many customers have expectations before receiving a new service and these expectations are often based on past experiences, WoM and advertising.

As seen from the literature, meeting, or exceeding, customers' expectations may lead to more loyal customers, which would result in a higher market share for the airline. These differences, as well as similarities, are important for airlines wanting to increase their customer satisfaction levels by meeting their customers' expectations in different areas throughout the service provision, from check-in to after flight customer service.

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Application of Convenience Theory and Evaluation of Fraud Examination: The Case of the Deloitte Investigation of the Sheriff's Office in Philadelphia

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Abstract

Fraud examiners from global accounting firms and local law firms are hired by private and public organizations to investigate suspicion of financial crime committed by white-collar offenders. Reports of the investigations are the result of work that provides insight into both fraudulent behavior as well as examination performance. Unfortunately, most reports are kept confidential. In this article, a publicly available report is reviewed. Evidence of convenience is found in motive, opportunity and willingness with regard to deviant behavior in organizational contexts. Furthermore, investigation strategies, investigation processes and investigation result are reviewed. A later court verdict is presented, which puts the fraud examination in perspective.

Key Words: *fraud examination; white-collar crime; convenience theory; report of investigation.*

Introduction

Fraud examiners and financial crime specialists from global auditing firms and local law firms are in the business of reconstructing past events and sequences of events. They conduct their investigations and conclude their work by presenting reports of investigations to their clients in which there is suspicion of financial crime by white-collar offenders (Brooks and Button, 2011; Button and Gee, 2013; Button et al., 2007a, 2007b; Schneider, 2006; Williams, 2008; 2014).

For various reasons, reports of investigations are often kept secret (Gottschalk and Buzzeo, 2017). Some reports become publicly available and are then often presented in media reports. Examples include law firm, Jenner and Block at Lehman Brothers (Valukas, 2010) and auditing firm, KPMG in the town of Pelham (Grogan, 2017). Such reports are interesting in the context of perspectives of criminology, management, and investigation as they tell a story based on an investigation.

In this article, we apply convenience theory to the case study of suspected white-collar crime based on an available report of investigation. The forensic investigation report is written by fraud examiners at the auditing firm of Deloitte (2011). The report is three hundred pages long and offers an opportunity to gain insight into both the suspected crime as well as the performance of fraud examiners. Thus, the article addresses the following two research questions: What evidence of financial motive, organizational opportunity, and personal willingness do we find in a fraud investigation report? How can we evaluate a fraud investigation report?

This article starts by presenting convenience theory and examination evaluation. Subsequently, the Deloitte investigation is presented in the context of convenience theory and in terms of examination evaluation. Finally, the prosecution outcome in court is presented.

Convenience Theory

The theory of convenience suggests that white-collar crime occurs as a consequence of financial motive (Goldstraw-White, 2012; Naylor, 2003), organizational opportunity (Cohen and Felson, 1979; Pontell et al., 2014), and personal willingness (Sutherland, 1983; Sykes and Matza, 1957).

A financial motive can be the result of threats or possibilities. A threat can be the fear of not being reelected Philadelphia sheriff, which is discussed in the case study. A possibility can be extraordinary profit as a vendor to the Philadelphia sheriff, which is also discussed in the case study.

Organizational opportunity exists when a financial crime is committed and concealed in a professional context in which the offender has legitimate access to premises and systems. The offender does not hide. Rather, the offence is hidden as a seemingly legitimate transaction in a flow of legal transactions. The offender can be a rotten apple or a "rotten barrel," and the crime might be for the benefit of the offender or on behalf of the organization (Gottschalk, 2017).

Personal willingness is dependent on a number of factors, such as the extent of self-control and the application of neutralization techniques. Neutralization techniques serve the purpose of decreasing and removing a feeling of guilt when breaking the law. Applicable techniques include denial of injury, denial of victim, condemning condemners, disagreement with the law, and entitlement to action.

The theory of convenience suggests that reinforcements occur in the elements of motive, opportunity, and willingness. For example, a stronger motive or a stronger willingness will cause a potential offender to expand organizational opportunities. Opportunity expansion can occur when the potential offender gains more power and influence over time.

Examination Evaluation

It is interesting to evaluate the report of investigation in light of the claims examiners make concerning suspects. The solving of cases – meaning that examiners really found out what had happened and were able to document it – is an interesting issue to study. An evaluation is a systematic study of work done (Filstad and Gottschalk, 2011). Here we evaluate investigation strategies, investigation processes, and investigation results. Evaluation is a systematic inquiry into a completed investigation.

The term "evaluation" is used to describe assessment and estimation of the value of something.

Evaluation is about judging a completed investigation. An evaluator has to ask whether the investigation was in some way biased .

Deloitte Investigaton

Deloitte (2011) investigated activities in the sheriff's real estate division in the city of Philadelphia in Pennsylvania. There was concern that poor control procedures provided ample opportunity to misappropriate and conceal theft of funds. The custodial funds questioned resided predominantly in accounts related to the sheriff's sales of real property. From 2006 through 2010, the sheriff's real estate division conducted over 61,500 property sales. John D. Green was the sheriff in Philadelphia from 1988 until January 2011, when he retired.

Reach Communication Specialists Inc. provided advertising services to the sheriff's real estate sales for twenty years, ending in January 2011. The Office of the Sheriff paid Reach $206 million from 2005 through 2010 for advertising services, settlement pass-through disbursements, related services, and fees. James R. Davis was one of the owners of Reach, and Sheriffsale.com was a website that belonged to Davis.

Both Green and Davis were suspected of misconduct and white-collar crime. Green was suspected of receiving kickbacks from Davis in his reelection campaigns for the position of Sheriff. Davies was suspected of influencing and manipulating operations in the Sheriff's real estate division and for receiving excess fees for advertising services.

Convenient Financial Motive

The Office of the Sheriff overpaid Davis' company, Reach, by adding 2.9 lines to the cost of per writ advertising and by accepting higher billing rates, production fees, and administrative costs. The standard commission of 15 % was always exceeded.

The motive for Green was to be reelected. To become reelected, he needed financial funding. He received substantial financial support in his reelection campaigns from Davis through Reach. Also, Green purchased his private residence from a company owned by Davis in May 2003.

The motive for Davis was to make extraordinary profit on services provided to the sheriff's real estate sales. Reach received millions of dollars in fees that were paid by revenues generated by the Sheriff's sales and ultimately borne by the foreclosed homeowner or judgment creditors.

Reach and the sheriff were interconnected through Green's political campaigns (Deloitte, 2011: 17):

> James Cassel, the late co-owner of Reach is named as treasurer on six of Sheriff Green's campaign reports from 2002 to 2003, which he purportedly signed.

Convenient Organizational Opportunity

The opportunity for Green was to provide certain favors and advantages to Davis both in terms of influence on real estate operations as well as excess fees paid to Davis. The contracts were not in compliance with the terms of the home rule charter, but they were not readily accessible for public review, and were not internally circulated and made known within the Office of the Sheriff (Deloitte, 2011: 14):

> The deficiencies in the contracting process weakened the Office of the Sheriff's ability to determine the accuracy and legitimacy of vendor invoices, particularly those of the Office's largest vendor, Reach/RCS.

Sheriff Green and his office did not exercise oversight of the Reach invoices and did not minimize advertising costs and other expenses. Under Sheriff Green's tenure there were few internal controls relating to Reach, their invoices, and their fees.

Sheriff Green placed Crystal Stewart and Darrell Stewart, the sister and brother-in-law of Davis, in positions in which they issued payment requests for Reach invoices and then approved the check payments to the companies.

Nobody in the Office of the Sheriff questioned or challenged Sheriff Green about his decisions or his management of the office out of fear of being terminated. Employees who did not have civil service protection were concerned about losing their jobs if they challenged Green. Employees

who had civil service protection were concerned about getting reassigned to undesirable positions within the office. Even the later acting Sheriff said that she signed the Sheriff's office's misleading responses to audit requests because she wanted to retain her job and be the next Sheriff.

The opportunity for Davis was to support Green's reelection campaign through Reach. For example, Reach was twice listed as a $30,000 creditor of sheriff Green's reelection campaign on a finance report in May and June in 2007. The opportunity increased due to the fact that he had relatives working in the Office of the Sheriff. Furthermore, "Sheriff Green permitted Reach/RCS, its largest vendor, to exert control over the operations of the Real Estate Division of the Sheriff's Office" (Deloitte, 2011: 14). Davis, through Reach, was controlling and running the real estate division.

Another sister of Davis also worked in the real estate division of the sheriff's office and had invoice approval authority. Davis' daughter also worked in the Office of the Sheriff and had full access to all financial information in the office. Even more importantly for Davis' organizational opportunities in the Sheriff's office, Reach had control over the computerized accounting system in the office (Deloitte, 2011: 18):

> The interrelationship between the Sheriff's Office and RCS culminated in RCS taking control of the Sheriff's Office's computerized accounting system shortly before the release of the City Controller's audit report in September 2010. RCS placed all of the Sheriff's Office records on the RCS server. The control ended in January 2011 when RCS was terminated following the release of the City Controller's Audit Report. At that point, the Sheriff's Office lacked direct access to four months of its own records and was unable to write checks from their own bank accounts because the Sheriff had yielded possession of its computerized financial records to its largest vendor, Reach/RCS. The Sheriff's Office also lacked access to Phillysheriff.com, the Office's unofficial website, since that website was owned and under the control of Reach.

None of the letter agreement contract between the Sheriff's office and Reach were prepared or reviewed by the City's law department as required by a city charter. The agreements did not appear on a registry as required by the charter. The agreements were not available for public

inspection, nor did the Sheriff's office provide them to the city controller during audits. The Sheriff's office did not provide vendor and other information to city auditors even though that information was specifically requested.

While the city controller found the Sheriff's office to be "unresponsive" during the controller's audit for fiscal years 2007 to 200, and the Sheriff's office production of information to be "quite inadequate", no reaction occurred from the controller to the Sheriff's office. The Sheriff's office was intentionally withholding information.

Tyrone Bynum was uncooperative in providing information and was unavailable during the course of the audit. He was the senior representative for the Sheriff's office in dealing with the audit. Auditors asked Bynum for copies of all signed contracts with Reach, but none were provided by Bynum. Bynum and Green were the only ones who had complete knowledge of the business with Reach. Bynum had been hired by Green and was loyal to him.

There were two different signed letter agreements. One agreement said that Reach agreed to accept as compensation the 15 percent standard commission paid by advertising mediums. The other agreement said that a higher compensation rate applied. There was confusion in the other letter as to whether Reach was to be paid by the Sheriff's office or by advertising mediums. Both contracts had the signatures of Janet Pina, signing on behalf of the Office of the Sheriff, and James R. Davis, Jr. signing on behalf of Reach.

When the city controller asked why Reach was overpaid, Green always answered that billing rates, production fees, and other administrative costs would be defined. He said that he was implementing a new policy for consulting and professional services.

The city controller found that Reach overcharged the sheriff's office for advertising expenses by adding 2.9 lines to the cost of per writ advertising. The controller also found that Reach was overpaid for production costs, that documents supporting disbursements were inaccurate, and that fiduciary assets were not safeguarded. Sheriff Green replied that he would follow the recommendations and institute written contracts with advertising vendors to clearly define billing rates, production fees, and other administrative costs. But that never happened. It was purposely avoided by exploiting organizational opportunities allowing communication with the city

controller by means of fake messages.

Convenient Personal Willingness

The willingness for Reach can be found in Green's claims that he did not know and did not remember the role of Davis in Reach (Deloitte; 2011: 10):

> He did not recall who made the decision to select Reach and RCS as vendors; he did not know the role James R. Davis, Jr. had in RCS and initially said he did not know what role Mr. Davis had in Reach; he had "no idea" of the amount of adverting expenses the Office paid; he did not know if RCS had a contract with the Sheriff's Office, but suspected they did; he said that Reach never had an advertising contract; he did not initially know what services RCS performed other than computer services, but after a telephone call with someone whose identity he would not disclose, he said RCS also provided settlement services; he was generally aware that RCS performed other services, but did not know what they were; and he did not know how much Reach and RCS were paid for their services. The Sheriff explained that, as the head of the Office, he did not see certain things and there was so much going on.

Sheriff Green was quoted in a Philadelphia Daily News article dated November 18, 2005 as describing Davis as a member of his inner circle. Davis was involved in the operations of the Sheriff's office to the extent that he, the largest outside vendor of the Office of the Sheriff, helped write the Sheriff's office response to the City Controller's 2010 audit report.

Green confirmed to examiners that his relationship with Davis was close (Deloitte, 2011: 18):

> After advising us that they were friends, we asked how long the relationship had existed and were told thirty years. We asked Sheriff Green if he ever asked Mr. Davis about his role in Reach and RCS; we were told that the Sheriff did not know. We asked if the subject ever came up in conversation. Sheriff Green said he never asked Mr. Davis about his position in RCS and was not sure about it. Later in the interview, Sheriff Green told us that James Cassel and Mr. Davis were principles in Reach.

The willingness for Davis can be found in his success in advertising and marketing properties for the Sheriff's office. It seems that his firm, Reach, was indeed successful due to its advertising and by making available the website sheriffsale.com to potential buyers. Reach charged the Sheriff for putting sales notices on Reach's website and then used the website to attract bidders to the Sheriff's sales, for a fee payable to Reach. Present and former Sheriff's employees knew that Reach used the website to identify potential bidders for homes sold at Sheriff's sales, represented the bidders at Sheriff's sales, and successfully bid on sales on their behalf.

Forensic Investigation Strategies

In terms of information strategy, the Deloitte investigation did not include Reach documents, nor were examiners able to interview Davis. The attorney for Davis advised that Davis would not meet with examiners.

Crystal Stewart and Tyrone Bynum did not return calls from examiners requesting interviews. Stewart is the sister of Davis employed in the real estate division in the Office of the Sheriff, while Bynum was director of finance and compliance in the same office. Furthermore, examiners were also unable to gain access to existing email accounts of present and former Sheriff employees.

We have to question the examiners' approach to contacting potential sources of information. People often deny cooperation with investigators when they think that they have reason to believe that examiners will not be objective and will not be willing to listen to and present their versions of the story. Examiners also seem passive, e.g. when they claim that potential interviewees "did not return our calls" (Deloitte, 2011: 10).

Examiners had access to financial and other records of the Office of the Sheriff, which were unorganized and stored in several different locations. The Reach invoices they analyzed were provided at different times over several weeks, thereby making the analysis and invoice scheduling lengthier and more complicated.

Examiners interviewed several members of the Office of the Sheriff.

Examiners were obviously qualified to investigate accounts and transactions. They were able to identify overcharges and provide a detailed list of occurrences in advertising. They also identified the influence of Reach on Sheriff's affairs. For example, Reach was identified as the owner of both the www.phillysheriff.com and www.sheriffsale.com websites for which the Office of the Sheriff paid all maintenance costs.

Examiners explain in the report what procedures they performed. However, they do not explain what kind of knowledge they applied in the investigation. There is a difference in applying accounting, legal or management knowledge when carrying out an investigation.

Forensic Investigation Process

Examiners seem to have trusted an acting Sheriff and Green's successor much more than they trusted Green. This may sound reasonable, since Green was one of the two suspects. On the other hand, a successor might prefer to place all blame on Green (Deloitte, 2011: 21):

> We asked the Acting Sheriff why she signed the letter and sent the response, and if she still contends that the Sheriff's Office had been cooperative with the City Controller. She said that if she knew then what she knows now, she would not have signed the cover letter and sent the response. The Acting Sheriff said that in signing the response letter and taking the position she did, she relied on people who she now knows were not telling her the truth, Mr. Bynum and James Davis.

Janet Pina's signature was on both contracts mentioned above. In an interview with examiners, she said that she did not sign either contracts, did not authorize anyone to sign her name to the contracts, and did not know who signed the contracts. Pina also said that she did not understand the contract language that described compensation based on lines per writ.

The fraud examiners made no attempt or failed in identifying the person who had signed both contracts on behalf of the Office of the Sheriff. It is surprising that they left the question of who had signed the contracts open. Fraud examiners are in the business of reconstructing events and sequences of events, and they are to answer question, "who did what." But the Deloitte people

failed to do so.

Examiners claim in their report that they used the findings in the city controller's audit report as the starting point for their forensic investigation. This is surprising, as the audit report had no impact on the procedures in the Office of the Sheriff. Given this starting point, examiners naturally focused on custodial accounts and, in particular, the accounts dealing with the Sheriff's sales and unclaimed funds. This approach seems to have narrowed the investigation into transaction focus rather than offence focus or offender focus.

Forensic Investigation Results

The report of investigation by Deloitte (2011) is 312 pages long. Most of those pages are exhibits in an attachment. The core report is 144 pages. The report is signed by Louis R. Pichini, a director of forensic and dispute services at Deloitte.

The report lists a series of findings related to financial transactions and actors in those transactions. The report is repetitive in style and has no guiding chronological organization that would make it easier to read.

The findings section concerning Green mainly focuses on who he hired into the Sheriff's office, such as (Deloitte, 2011: 15):

> Sheriff Green placed Crystal Stewart and Darrell Steward, the sister and brother-in-law of the owner of Reach and RCS, in positions where they issued payment requests for Reach and RCS invoices and then approved the check payments to the companies. Ms. Stewart sometimes received checks from the Sheriff's Office on behalf of Reach and RCS.

While these roles may seem suspicious, they are no evidence of fraud or corruption. It seems that examiners failed to find links to actual transactions where Green had instructed employees to favor and overpay Reach to the benefit of Davis. Maybe this is the reason why the report repeatedly emphasizes personal relationships, such as on page 57, that "Darrell Stewart is the bother-in-law of James R. Davis, Jr. and is married to Mr. Davis' sister, Crystal".

Prosecution Outcome

Green was elected Sheriff in 1987 and served 22 years before resigning in January 2011, after questions were raised about the office's finances. The investigation took years, as did the prosecution. Green and Davis were charged in December 2015, but the trial did not begin until 2018. For five weeks, a jury heard detailed evidence and testimony about contracts and financial transactions between Green and Davis (Davies, 2018).

As federal prosecutors opened their bribery and corruption case early 2018, defense attorneys said the case could come down to a battle of credibility between the former Sheriff on trial and his successor as Sheriff. Green's attorney, Peter Scuderi, thus urged members of the jury to withhold judgment (Roebuck, 2018):

> "If John Green is a criminal", Scuderi said, "he's a lousy criminal".

Former Philadelphia Sheriff John Green was prosecuted in 2018. He avoided conviction on all five of the federal corruption charges against him. A federal jury in Philadelphia found Green not guilty on three counts of honest services fraud. But the jury failed to reach a decision on two other charges against Green, which meant that federal prosecutors could retry him on those counts (Davies, 2018):

> "I'm very relieved," Green said after the verdict. "I'm appreciative of the jury's thoroughness in examining the evidence."

Philadelphia businessman James Davis, Green's co-defendant in court, was found guilty of conspiracy, honest services fraud, filing false federal tax returns, and failing to file federal tax returns. Davis was acquitted of two counts of conspiracy, and the jury closed another charge against him (Davies, 2018):

> "I've always tried to help people. I'm confused at this verdict," Davis said in a brief interview after the verdicts were read. "It was a complicated case, hard to understand. I'm going to reflect on it and figure out where we go from here."

Prosecutors had charged Green for handing millions of dollars in public contracts to companies owned by Davis, and Davis returned to Green with money, loans, illegal campaign contributions, and even a cash advance to buy his Florida retirement home (Davies, 2018).

Discussion

While fraud examiners emphasized misconduct by Green rather than Davis, the court emphasized crime by Davis rather than Green. A fraud examiner can be wrong, but a judge can also be wrong. Therefore, we do not suggest that fraud examiners were wrong because the court sentenced otherwise. But we suggest that uncertainty and ambivalence is present when fraud examiners tried to draw conclusions regarding what happened, how it happened, why it happened, and who did what to make it happen.

Similarly, we cannot trust the findings related to motive, opportunity, and willingness as defined in convenience theory. We have to read the report of investigation by Deloitte (2011) as an honest yet uncomplete recollection of what happened. This is important, as reports of investigations should never represent a verdict, but only a review of what might have happened.

This research is important, because private internal investigations by fraud examiners represent a privatization of law enforcement with many problematic issues. While not having the same powers as police investigators, private investigators are not subject to regulation like police investigators. Researchers such as Scheider (2006) and Williams (2014) have emphasized the problematic role of private detectives where they sometimes combine the roles of investigator, prosecutor, and judge that are separate in the criminal justice system. This research is also important because most client organizations hold the reports of investigations secret and confidential (Gottschalk and Tcherni-Buzzeo, 2017).

Mercer (2012) argues that the larger idea of privatizing governmental services is popular due to a number of mainly ideological, neo-liberal factors. A government has the option of increasing the number of police detectives significantly to investigate all suspicions of white-collar crime, but the rightwing or conservative view is that one does not want a too big public sector. Privatization is particularly attractive when trying to do the same with less, which is an economic factor.

Privatization is particularly problematic where the police are the only authority allowed to use force against its own citizens. One might argue that an investigation is no force against citizens. However, the consequence of an investigation can be that conclusions lead to force such as conviction and incarceration. Privatization of crime investigation is a topic that belongs to the larger issue of privatization of policing.

Williams (2005: 317) reflected on private versus public policing of economic crime, where he expresses skepticism towards global accounting firms and local law firms involved in private internal investigations of client organizations:

> As self-proclaimed experts in the field of financial security, these firms have positioned themselves as purveyors of a unique and highly specialized form of investigative and quasi-juridical labour geared to the resolution of 'business troubles' ranging from the theft of intellectual property, to the misappropriation of corporate assets, to breaches of financial security. This unique constellation of investigative, legal and advisory services has been packaged and marketed, primarily to the corporate community, under the banner of 'forensic accounting' and collectively constitutes what I term the 'forensic accounting and corporate investigation (FACI) industry'.

Williams (2005) argues that it is a common finding that private systems of justice are dealing informally with the majority of occurrences of white-collar crime rather than formally reporting occurrences to the police or other regulatory bodies. The responses to misconduct and crime take place within internal systems of corporate justice and employment sanctions. The FACI industry supports, and is a part of, private systems of justice. The industry is a private, professionally mediated form of investigative activity geared to the financial security needs of its largely corporate clientele. The industry challenges state-centered approaches to economic regulation and punishment of law violations.

Like Gottschalk and Tcherni-Buzzeo (2017), Williams (2015a: 327) also emphasizes the secrecy and lack of visibility of private investigations:

> As research on white-collar and economic crime as well as the private investigation industry has consistently revealed, one of the primary reasons cited by corporate

> executives for failing to report cases of financial wrongdoing to the police is that they lose control over the matter and thus sacrifice two highly valued corporate assets, namely secrecy and discretion.

An important advantage for a client organization to hire a FACI firm is the ability to determine exactly what facets of a case they will investigate. An alleged fraud can become subject to a narrow examination in order to limit the liability of others (Williams, 2015a: 328):

> This is often important to upper-level executives who may be subject to additional forms of scrutiny should the trail of the fraud somehow end up at the doorstep of their corner offices.

Even when private investigators have a mandate to include top-level management in their examinations, investigators tend to end up not blaming top executives, maybe because they pay for the investigations. An interesting example is the Jenner Block (2014) investigation at General Motors.

While police detectives have the goal of finding out whether or not a crime has occurred and who the offender is, organizations may have a different goal when suspicions arise. Williams (2005: 329) found that:

When confronted with a fraudulent activity, a corporation is usually interested in pursuing, or at least contemplating, a number of fairly distinct objectives. These include: (1) stopping the bleeding; (2) recovering lost assets, and (3) establishing programs to minimize future losses and financial risk. It is only at this point, depending on the success of these primary objectives, that the pursuit of criminal charges may be contemplated.

Criminal charges are usually not important to the victim organization, if asset recovery and other objectives are more conveniently achievable without incarceration of offenders. An organization finds little or no pleasure in seeing offenders go to prison or jail, and the organization does not consider it their job to make sure that criminal justice takes place in the public. Only if the organization can regain its corporate reputation by tough prosecution is the business willing to spend time with the criminal justice system to document offences.

Private law enforcement is thus different from public law enforcement where the outcome depends on situational factors such as secrecy, scope and objectives. For example, at Wells Fargo, the scope of the investigation was limited to their Community Bank (Shearman Sterling, 2017). At Fuji Xerox, scope of the investigation was limited to New Zealand (Deloitte, 2017). At Lehman Brothers, investigators excused the bank collapse by not blaming top executives (Jenner and Block, 2014).

In private law enforcement, there is legal flexibility, including the option of ignoring certain laws and regulations. Private law enforcement can follow many avenues, and any given loss or transgression investigators may frame as (Williams, 2005: 329):

> (1) An internal disciplinary matter, (2) a breach of the employee contract, (3) a civil tort or contractual violation, and/or (4) a criminal offence, with the ultimate frame having very little if anything to do with the actual characteristics of a case and everything to do with client interests and desires. The fact that the majority of these cases are resolved informally through either private or quasi-private avenues suggests that this legal flexibility and loose coupling are deftly used by industry practitioners to satisfy client desires for secrecy and low visibility in the investigation and adjudication of their cases. In light of these considerations, the services by the public police will invariably be found to be lacking.

One might argue that private law enforcement has a more constructive perspective than public law enforcement. Private approaches attempt to solve problems and help the victimized organization recover. Public approaches focus only on incarceration of guilty individuals and penalties for guilty organizations. However, given the principle of equality in front of the law, it seems unacceptable in a democracy to have some guilty individuals avoid prosecution because of the organizational setting where their offences occurred.

The preceding different attributes of public versus private serve to mark diverging modes of governance. Global auditing firms and local law firms who conduct fraud examinations for their clients are packaging and delivering a unique form of customized corporate justice, explicitly tailored to the needs and interests of the paying client. While being concerned about accountability, integrity, independence, and objectivity, fraud examiners have to do what clients

define in mandates for investigations.

Sometimes, the client organization is happy with a blame game where private investigators point at a certain individual as the offender, rather than at other individuals or at the organization in general in terms of its deviant culture. For example, Sheriff Green in Philadelphia was heavily blamed in an investigation by Deloitte (2011a), but seven years later a court found allegations against the defendant unsubstantiated (Davies, 2018):

> "I'm very relieved," Green said after the verdict. "I'm appreciative of the jury's thoroughness in examining the evidence."

Similarly, Tolstedt at Community Bank got all the blame from both the above at Wells Fargo as well as from interviewed employees. Rather than reflecting, interpreting and putting allegations against her in context, investigator Shearman Sterling (2017) simply concluded in the same way as all the critics.

Customized corporate justice restricts disclosure of financial crime in the organization to those activities that are extremely harmful to corporate interests and that imply a clear position of the organization and its top executives as victims. Otherwise, secrecy and discretion have priority to keep control over the scope of an investigation and its outcome.

The primary motive of the police is service to the public. The primary motive for private investigators is to make money by making clients happy with the work they perform. Clients want private investigators to help them avoid negative publicity, avoid questioning of corporate practices, avoid discovery of other unreported but potential offences, and avoid claims for an overly broad interpretation of organizational responsibility.

Therefore, privatization is not only a matter of transfer or shift in caseload from the public to the private sector. The private sector has developed a business model that is directly responsive to the needs and interests of the corporate community.

Some have argued that the crime cases investigated by private fraud examiners would never have reached the police, regardless of their levels of funding, resources and expertise. They argue that financial crime would go uninvestigated. While it certainly is true that some cases would remain

in the dark and that thanks to private fraud examiners, those cases come forward in the light, at least internally, the dark figure of economic crime is probably much larger.

Conclusion

The business of fraud examiners is growing, and their reports are interesting with regard to understanding white-collar crime in a convenience perspective. Since reports are often several pages long, they provide a thorough understanding of the phenomenon being investigated. A report of investigation tells a story, in addition to emphasizing certain aspects of the case and making recommendations to the client. Evidence of convenience can be found in the case study in terms of motive, opportunity, and willingness for both Sheriff and vendor.

A report of investigation also provides a thorough insight into the performance of fraud examiners. They collect information from various sources, typically by interviews and by reviewing documents and accounts. The extent to which they failed in reconstructing past events and sequences of events can be the result of missing information sources, knowledge shortcomings, and procedural failures in the investigation process.

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Strategies and Key Processes for Economic Internationalisation: The Case of Malaysia

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Abstract

Internationalisation of an economy is largely thought to be an effective means for helping the developed and developing worlds to truly become part of one world in which they forge a common economic destiny and are guided by the humane principles of peace, friendship, and mutual respect. Accordingly, and with this end in view, Malaysia and most other developing countries are pursuing a dynamic path of internationalisation. This study discusses the key processes, strategies and outcomes of internationalisation that enabled Malaysia to place itself among the world's highly competitive countries. Fuelled by inward foreign direct investment (FDI) during the last three decades, Malaysia's economic zone regime has become the hardware of industrialisation as well as the cornerstone of the country's business internationalisation. Malaysia's export-oriented internationalisation strategy has been the main driving force behind its business and economic globalisation. It is evident from Malaysia's experience that the free trade zones facilitate the convergence of the economically powerful with weaker partners through business internationalisation and sharing gains from trade. Therefore, free trade zones and the FDI strategies of the developing countries serve to empower local businesses.

Key Words: *Economic internationalisation; free trade zones; foreign direct investment; multinational companies; Malaysia*

1. Introduction

Scholars from a wide variety of disciplines -- especially international business and management, economics, international economics, development economics and multinational enterprises (MNEs) -- have done extensive theoretical and empirical research to identify the nature and causes of the internationalisation of business and economic activities. Classical economists, Adam Smith and David Ricardo, were pioneers in identifying those causes. Through his "doctrine of absolute advantages", Adam Smith (1776) explained how a country -- due to absolute advantages provided by its resource endowments -- can use cost advantages in producing goods and send them to markets abroad. David Ricardo (1817), on the other hand, decried Smith's view, and proposed a "doctrine of comparative advantages" to show that comparative, rather than absolute, advantages in utilising scarce resources drive the internationalisation of trade. Heckscher (1919) and Ohlin (1933) argue that uneven distribution of factors of production among countries initiates trade, especially those factors in which a country abounds. All such trade theories and their underlying propositions assume perfect competition in the market, and would indicate country-specific advantages as the cause of business globalisation.

Unlike these trade theories, foreign direct investment (FDI) theories show different aspects of firms or economies going global or international. Hymer (1976) argued that firm-specific advantages create intangible corporate wealth and provide scope for the internationalisation of large multinational corporations (MNCs). However, Krugman, the Nobel Prize Winner in Economics in 2008, intertwines firm-specific variables with country-specific variables (variables here imply advantages) and concludes that these generate transaction cost incentives by integrating vertical and horizontal production processes inside a firm or a country. Consequently, MNCs move across borders to benefit from unequal factor prices (Krugman 1990). Dunning (1988) has further broadened this scenario. He says that a firm, after going international, enjoys three sets of advantages: ownership-(O)-specific, location-(L)-specific, and internationalisation-(I) specific, and with these it can seek markets, assets, and/or efficiency.

Vernon (1966), however, proposes that industrial products, like human beings, have a life cycle and pass through stages, such as new product, standardisation, and maturity before production is stopped and the product is replaced with a new version. The first of these stages takes place in

industrially and technologically advanced countries, and then products move from the developed country to developing and less developed countries in search of markets, cost efficiencies and other advantages. Porter (1990) argued that national development occurs in competitive stages: factor driven, investment driven, innovation driven, and wealth driven. Nations induce constant upgrading of competitive advantages, and the government plays dominant roles in creating competitive advantage for its economy and firms. Firms, in particular, use their national advantages for international expansion and competition.

The geo-business theory proposed by Aharoni (1966) postulates that during the growth of a firm its geographical horizon -- a locality, a sub-national region, or a country --changes and these changes motivate it to go international. In that situation, three sets of variables, e.g., conditioning variables, motivation variables, and control variables influence a firm's decision to select a location abroad. During entry to a foreign location, several incentives entice MNCs and non-MNCs to establish business facilities (Khondaker 2006): national economic development policies of import-substitution and export-oriented industrialisation which historically emphasise the creation of industrial enclaves, most prominently industrial estates (IEs), free ports and entrepot trade, export processing zones (EPZs), free-trade zones (FTZs), industrial parks (IPs), licentiate manufacturing warehouses (LMWs) and bonded industrial zones (BIZs) with physical provisions and financial and fiscal incentives. Such policies and facilities indeed imply the creation of artificial factors or variables to augment national and natural endowments.

Among the political theories regarding MNCs and FDIs, Gilpin's "core-periphery model" assumes the presence of a powerful nation as a core for defence and business purposes and a number of its peripheral countries to depend on it. In that situation, the powerful nation, in addition to its military power, creates an environment of economic interdependence, and goods, firms, and investments flow from its location or base to peripheral countries (Gilpin 1975). Among the management theories, Fayerweather (1969) advances the approach of transferring management technologies. Here, a firm can transfer its superior technology in general management, product, process, information and quality control as a package with its foreign investment. These may subsequently create new factor endowments to obtain advantages for it in other countries.

2. Free Trade Zones as a Strategy of Economic Development and Business Internationalisation

The economic and industrial development process of most of the developed and fast developing and less-developing countries follows stereotype strategies for resource-based industrialisation. These utilise domestic factor endowments, import-substitution industrialisation to replace imports with domestic production, export-oriented industrialisation for foreign market exploration, and technology-intensive high value-adding industrialisation. Growth poles or growth enclave development strategies -- free ports, free trade zones (FTZs), custom free zones, bonded zones, industrial free zones, foreign trade zones, free export zones, special economic zones (SEZs), industrial estates (IEs), export processing zones (EPZs), licentiate manufacturing warehouse (LMWs), bonded zones, industrial parks, science parks, etc. -- are adopted in a nation depending on its necessity and resource availability. Such strategies are also adopted mostly to create incremental factors through deliberate plan and policy and guidance and supervision of the government. These terms resemble similar concepts, with variation, determined by policy prescriptions and objectives in different countries (Madani 1999, Jayanthakumaran 2003). Intertwining factor endowments with such artificially created advantages or endowments are generated in an environment of push- and pull-factors that induces and activates globalisation of business, companies, trade, and investment.

The China Business Summit 2006 of the World Economic Forum analysed ‘going global’ as a unique requirement for companies that wish to prosper. Going global is a requirement for any company that wants to be competitive at home as well as abroad (Levy 2006). Going global can be pursued by encouraging any local firm to produce for the world market and for MNCs to establish plants and operations in the other countries to produce for local as well as foreign markets. An important prerequisite for a domestic firm going global is to have some decisive comparative advantages with regard to technology, product, cost, price or quality in the domestic market (Kalyani 2006). However, for the local firms to gain efficiency and a leadership position, and especially for motivating the MNCs to establish plants and operations in any location within another country, a number of common barriers -- political instability, corrupt administrative mechanisms, restrictive business regimes, inflation, vulnerable currency, inefficient banking, unscientific custom and trade barriers, and inappropriate telecommunication and transportation facilities -- must be removed in

order to facilitate a smooth business operation, movement of goods among markets, and remittances for import, export, and repatriation of profit and investment.

EPZ and/or FTZ and similar other strategies are catalysts for transition to international or global arenas. Past records suggest that the primary motives and objectives of MNCs' investments in the developing countries have been company survival and profit maximization, and the technological and development factors which are generally regarded to be more relevant to the developmental aspirations of host nations are only of residual importance. Under the circumstances, EPZs were discerned as an innovative scheme for motivating MNCs to invest and establish plants and business operations in the developing countries. This paved the way for the developing economies to go global and achieve economic development from international trade, investment, and modern technological advancement.

EPZs are usually purpose-built industrial parks with dedicated infrastructure designed to suit the needs of foreign investors, especially MNCs, and the host countries (ILO 1999). As a developmental tool, it helps achieve three interrelated objectives, namely the creation of jobs and income, earning foreign exchange from exports, and the procurement of technology (Warr 1990). Further benefits result from various backward linkages that the firms located in EPZs create, as well as the training and education that the MNCs impart to their host country employees and managers. EPZs in the developing countries increasingly empower local economies to gain multiple capabilities and to go global.

In order to attract foreign investors into the zones, a wide variety of incentives are offered, including tax holidays, cheap tariffs and duties, free import of parts and machinery, hassle-free custom and shipping facilities, bumper supply of relatively cheap labour, port facilities, and access to foreign markets through bilateral and multilateral trade and investment agreements. The strategy of EPZ has been profitably used by a large number of developing countries by attracting foreign producers seeking low-cost manufacturing bases to produce labour-intensive products, such as garments, textiles, apparels, toys, and footwear, and, in a more sophisticated form, in assembly operation by local sourcing components, such as metal fabrications or electronics, automotive parts, and software (Omar and Stoever 2008). EPZs are also playing dynamic roles in accommodating

international Greenfield investors in putting their funds into exploiting viable industrial and business potential. Cheap labour, tax holidays, deregulations, and dynamic infrastructural benefits are the main attractions for foreign firms to bring their bulk investments to EPZs in the developing nations.

3. Inward FDI Strategy

Jayanthakumaran (2003) studied the performance EPZs using a benefit-cost analytical framework. Results suggest that EPZs in Malaysia, South Korea, Sri Lanka, China and Indonesia are economically efficient and generate returns well-above estimated opportunity costs. One of the significant reasons of Malaysia's economic development had been the increasing attraction of Foreign Direct Investment (FDI). Exports had been given top priority. Malaysia's EPZ scheme, called FTZ has been most successful in attracting FDI and placing it among the top ten economically most globalised countries (Vicziany and Puteh 2004). In 2013 the FDI net inflow into Malaysia amounted to about US $11.59 billion (Table 1).

Table 1. *Malaysia's foreign direct long-term net investment in US $ (UN, 2014)*

Year	Foreign Direct Investment, Net Inflows (BoP, Current US$)	Year	Foreign Direct Investment, Net Inflows (BoP, Current US$)
2013	11,582,675,744.3	2002	3,203,421,052.6
2012	9,733,616,207.4	2001	553,947,368.4
2011	15,119,371,104.9	2000	3,787,631,578.9
2010	9,167,201,907.0	1999	3,895,263,157.9
2009	1,387,393,683.1	1998	2,163,401,815.6
2008	7,375,907,979.7	1997	5,136,514,575.7
2007	8,590,185,403.7	1996	5,078,414,947.9
2006	6,076,119,971.5	1995	4,178,239,335.0
2005	3,966,012,725.6	1994	4,341,800,916.3
2004	4,624,210,526.3	1993	5,005,642,759.9
2003	2,473,157,894.7	1992	5,183,358,086.4
		1991	3,998,448,522.5

4. Inward Looking Trade Strategy

Malaysia's inward-looking trade strategy is also proven to have been highly advantageous for the country as evident from The increasing value its of trade flow, trade value and net export over the last two decades (Table 2). Numerous trade related agreements and cooperation with ASEAN, Southeast Asian, East Asian, emerging and industrialised countries have helped the country to achieve spectacular and favourable benefits and advantages from international trade.

Table 2. *Malaysia's trade flows, net export and total trade values (US$)* (UN, 2015)

Year	Trade Flow	Trade Value	Net Export	Total Trade Value
2013	Import	205813524818	22502582650	434129632286
	Export	228316107468		
2012	Import	123575279300	33619552222	280770110822
	Export	157194831522		
2011	Import	164586273423	34204417255	363376964101
	Export	198790690678		
2010	Import	187573009395	39419672590	414565691380
	Export	226992681985		
2009	Import	196196618679	31252880865	423646118223
	Export	227449499544		
2008	Import	78673784180	15384506382	172732074742
	Export	94058290562		
2007	Import	82443541384	22263687723	187150770491
	Export	104707229107		
2006	Import	105156808107	21482892522	231796508736
	Export	126639700629		
2005	Import	114289820494	27334225402	255913866390
	Export	141624045896		
2004	Import	131127047764	29542182826	291796278354
	Export	160669230590		
2003	Import	146104307073	29857555600	322066169746
	Export	175961862673		
2002	Import	155660819369	43041655403	354363294141
	Export	198702474772		
2001	Import	78433583104	295837696	157163003904
	Export	78729420800		
2000	Import	57759420674	15494800709	131013642057
	Export	73254221383		
1999	Import	64939219363	19572682224	149451120950

	Export	84511901587		
1998	Import	81289545463	16940226216	179519317142
	Export	98229771679		
1997	Import	73078955792	14925530868	161083442452
	Export	88004486660		
1996	Import	22480953310	2567293758	47529200378
	Export	25048247068		
1995	Import	29245597056	207611641	58698805753
	Export	29453208697		
1994	Import	36581322168	-2233566738	70929077598
	Export	34347755430		
1993	Import	39788383435	980110889	80556877759
	Export	40768494324		
1992	Import	45389967912	1737208054	92517143878
	Export	47127175966		
1991	Import	59085992781	-243349242	117928636320
	Export	58842643539		
1990	Import	77045596053	-3267447156	150823744950
	Export	73778148897		
1989	Import	77904686076	410187244	156219559396
	Export	78314873320		

The total trade values of Malaysia, as shown in Figure 2 and Table 2, have sustained for long period of time, particularly from 1989 to 2013, enabling the country to achieve consistently moderate to higher economic growth and prosperity. The logarithmic trendline of the country's total trade values has strongly supported this finding and conforms with the underlying fact that the country has constantly enjoyed positive net trade benefits during the same period, as evident from Figure 3 and Table 2. A strong future outlook/forecast for the country's total trade values is also evident from that logarithmic trend (Figure 2). The logarithmic trendline of Malaysia's net export has also strongly supported the country's favorable and advantageous trade position over the period from 1989 to 2013 with the forecast of sustaining the trend in the coming years (Figure 3).

Figure 2. *Total trade values (US$) and their logarithmic trend line for the period from 1989 to 2013*

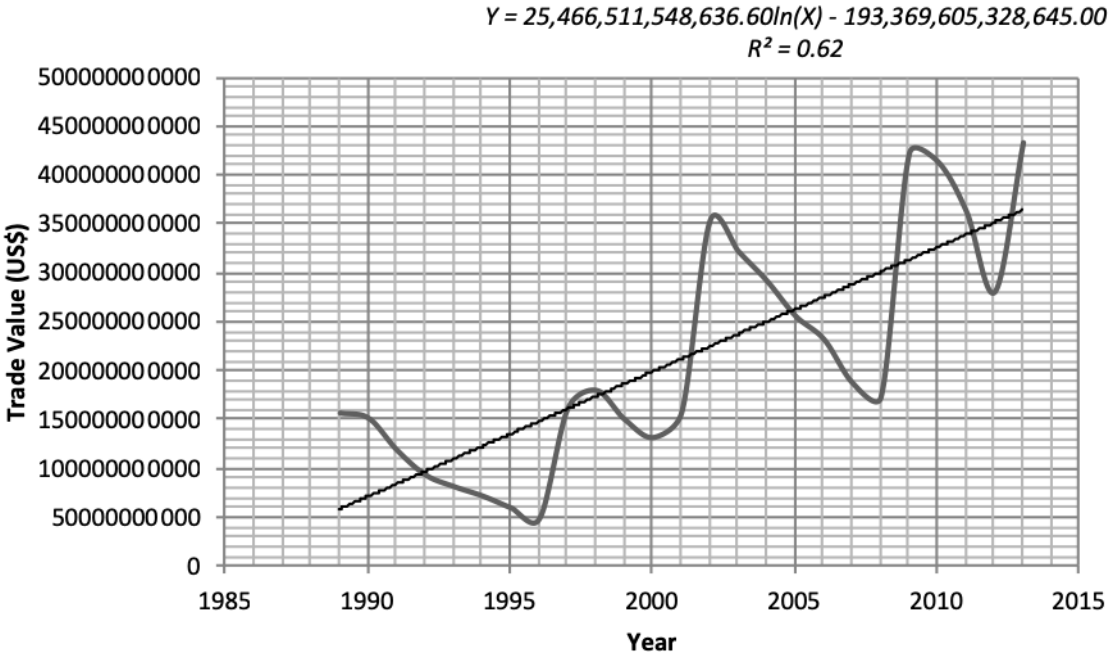
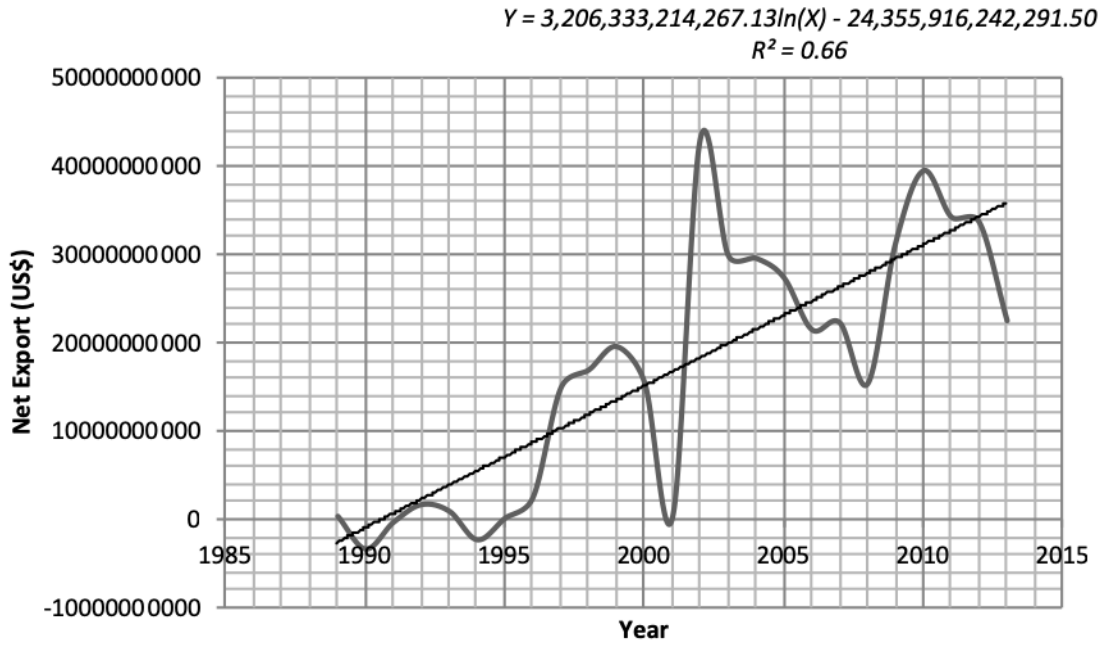


Figure 3. *Net export values (US$) and their logarithmic trend-line for the period from 1989 to 2013*



5. Country-Specific Advantages and Manoeuvred Advantages

Although Malaysia has a colonial past, which is evidenced by its economic and business internationalisation, in a true sense its economic and business modernisation, as well as internationalisation, started with the *New Economic Policy* that was promulgated in 1969. From 1957-1968, it promoted an import-substitution policy from 1968-1980, export-oriented policy, and from the 1980s onward, resource-and heavy industry-based industrialisation. The *Pioneer Industry Ordinance of 1958*, the *Investment Incentive Act of 1968*, and the *Industrial Master Plan* of 1984 were the most effective measures in transforming the style of industrialisation and courting foreign capital and technology (Khondaker 1996), and these in reality paved the way for internationalisation of business and economy in this country.

Malaysia had a population of nearly 30 million in 2011, income almost evenly distributed among the middle and rich class consumers and was transforming into a relatively high-consumption society with brisk demand for consumer durables and high-priced goods and services. The size of the working population is 11.91 million and the unemployment rate is 3.1 percent, one of the lowest among ASEAN nations (World Bank, 2012). Its GDP per capita in 2011 was US$ 15,600. The sector-wise distribution of GDP is agriculture 12 percent, industry 40 percent and services 48 percent. Historically, Malaysia has maintained a positive current account surplus which stood at US$32.99 billion in 2011, and a trade surplus of nearly US$45 billion with US$212.7 billion exports and US$168 billion imports in the same year. Its international reserve (minus gold) increased steadily from 1980 and stood at US$129.6 billion in 2011 (World Bank, 2012).

After the 1997 Asian currency crisis, it maintains its foreign exchange reserves at a basket ratio to taper off exchange rate vulnerability, and the 2008 financial crisis did not bring any calamities of unmanageable volume. The national currency ringgit has managed a constant exchange ratio with all major international currencies; in particular, it maintained its strength against the US dollar with an average of 3.8 ringgit for 1 US dollar from 2000 and gaining further strength through 2010 and 2011 (World Bank, 2012). Increasing trade and favourable trade and payment balances support this robust position of the ringgit. Taking 2000 as the base year, consumer price indices increased only 13 percent, putting income dispense at a lucrative position for foreign expats, industrial users, and visitors (World Bank, 2012).

Expenditures in the government sector increased at an accelerated rate over a number of years, the bulk of which went to the development of infrastructure and facilities, communication and information technology, and education and human resource development. Malaysia might be the number one country in the world that sends a substantial number of its students to higher educational and training institutions in technologically advanced countries.

The Global Competitiveness Index (GCI) ranking of the 134 countries/economies compiled by the World Economic Forum (WEF) shows that, in 2008 and also in 2012, Malaysia ranked 21st and was surpassed only by Hong Kong SAR, Taiwan, and South Korea among developing countries. Its notable competitive advantages are good institutions and infrastructure, high national saving and low interest, good health and primary education, efficient government with high compliance, less wastefulness, transparent and efficient decision making, protection for minority shareholders' interest, a flexible and efficient market, technological readiness, high business sophistication and innovativeness (World Economic Forum, 2013). With regard to international competitiveness, the Malaysian economy maintained steady improvement, moving from 40th in 1980 to a 21st position in 2008 and remained the same in 2012 with high sophistication of its companies in their operations and strategies (Table 3). This may suggest that business internationalisation has created an attractive and efficient industrial environment and caused the transfer of technology in management, process, and products to increase the economy's competitiveness and performance level. In particular, its technological readiness counted in terms of FDI and technology transfer. Effective laws relating to information and communication technologies (ICT), firm-level technology absorption, innovation indices in terms of government procurement of technology products, company spending on R&D, university-industry research collaboration, and quality of scientific research institutions rank very high. Although Singapore, Japan, Israel, and three aforementioned Asian nations surpassed it, in almost all respects it outbids many developed countries in providing an excellent business environment for both domestic and foreign investors and businesses (Lopez-Claros, et al. 2006).

Table 3. *Competitive industrial performance and/or global competitive index of selected countries – rank*

Economy	1980*	1990*	2000*	2008**	2010-2011***	2011-2012***	2012-2013****
United States	13	14	11	1	4	5	5
Singapore	2	1	1	7	3	1	2
Japan	5	4	6	8	6	9	9
United Kingdom	12	13	17	9	12	10	10
Korea	23	18	10	11	22	24	25
Malaysia	40	23	15	21	26	21	24
Thailand	47	32	23	28	38	39	37
China	39	26	24	34	27	26	29
South Africa	36	44	35	44	54	50	53
India	38	36	40	48	51	56	60
Mexico	31	29	26	52	66	58	56
Indonesia	75	54	38	54	44	46	38
Philippines	42	43	25	71	85	75	59
Brazil	24	27	31	72	58	53	56

*United Nations Industrial Development Organization (2004); **World Economic Forum (2008); ***World Economic Forum (2011); ****World Economic Forum (2013)

Over the decades, the states of Malaysia, and the country as a whole, have enforced measures to energise the economy, implemented strategies to create structural adjustments and policies and mechanisms to deregulate industry and the finance sectors. Apart from few discouraged fields, almost all of the industry and services sectors are open to FDI. All free trade zones are open for making 100 percent investments and joint ventures for any proportional arrangement. All FDI applications are processed at "one stop service" points and permits and licenses from both state and federal governments are issued expeditiously to facilitate quick launching of businesses without much lead-time.

Malaysia is a member of the UN, WTO, ILO, UNEP, UNCTAD, OPEC, and many other international trade and investment-promoting organisations. Membership in the ADB, IDB, and IBRD facilitates international remittances of investment funds and the repatriation of profits. Membership in international and regional country, trade, and economic forums and blocs, namely ASEAN, AFTA (ASEAN Free Trade Area), Asia-Pacific Economic Cooperation (APEC), and Asia Europe Meeting (ASEM) has spread business and economic links, and inter-regional or inter-forum links

have further expanded the horizon of collaboration and cooperation. Bi-and multilateral trade and investment agreements have further amplified trade liberalisation. Its colonial past and current engagement in the British Commonwealth underscore its favourite position in the Pax Britannica bloc through the UK´s internationally acclaimed "Look-East" policy. This aimed at economic development by focusing on Japanese investments, technology and work ethic and brought it into the main stream of the Pax American bloc and boosted its internationalisation.

All these have made FTZ, IE, and IP as safe havens for doing business on a global scale. As mentioned previously, Malaysia's endowments in natural resources, cheap domestic labour resources, federal and state orchestrated development policies and reforms, and especially export-oriented industrialisation campaigns have created a robust multiplier effect in its industry, trade, and investment sectors. FTZ and other industrial enclaves work as robust mechanism in all of these and in their internationalisation. There are several convincing factors for investors and ICT techno-entrepreneurs to consider with regard to conducting their businesses from FTZ locations in Malaysia. These include a comprehensive incentive package, strong socio-economic fundamentals, firm commitment from the government, accelerated investment in human resource training and development, competitive costs of doing business, ready access to the Asia-Pacific markets, and widespread usage of English.

6. Conclusion

By encouraging and motivating multinational companies to put their Greenfield investments in developing countries, the developing countries are able to enjoy numerous economic benefits that are otherwise unavailable. Therefore, they created EPZs for this purpose. In order to tempt foreign investors into the zones, the host developing countries offer a variety of incentives and inducements, including tax holidays, tariff-and duty-free imports and exports, an ample supply of relatively cheap labour and access to markets. It is an innovative scheme. Under this scheme, in fact, both local and multinational firms are invited to set up their operations in those zones in exchange for a handful of economic benefits. The strategy of EPZ has been profitably used by many developing countries. These are playing dynamic roles to accommodate international Greenfield investors in putting their funds for exploiting viable industrial and business potentials in those countries.

Cheap labour, tax holidays, deregulation and dynamic infrastructural benefits are the main attractions for foreign firms with regard to bringing their bulk investments to the EPZs in those nations. The scheme facilitates the convergence of the economically powerful and the powerless groups through equitable sharing of the gains from trade. In the developing countries, EPZs serve to empower the local economy to gain multiple capabilities and to increasingly go global.

Nonetheless, it is not a magic wand for industrialisation and economic development; but if smartly designed and managed it may create wonder otherwise not. This is observed from the experiences of Malaysia and Bangladesh. In Malaysia, the EPZ program is structured and managed and very smartly linked to the entire national economy, which provides all the needed physical and institutional infrastructure, security for foreign investments, the maintenance of high administrative discipline and political commitment to make it work for the benefit of the national economy. As a result, it has been a great success, to the extent that it stands as the cornerstone of the national industrialisation program. On the other hand, in Bangladesh, the EPZ program suffers from the basic shortcomings, dwhich include inadequacy and irregularity of power and water supply, political agitations, etc, and above all, lack of administrative and political discipline. The program is structurally deficient with no workable linkages to the rest of the economy. Its achievement is therefore very limited, in spite of a very wide-open point of departure for its expansion in the country.

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Project GLOBE Differences in Values and Practices Scores - Mind the Gap:

The Case of the Nordics

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Abstract

This discussion paper answers the call for a better understanding of the negative practices - values correlations found in project GLOBE (House et al., 2004) data. For example, intuitively, in global business, one might expect societies to 'wish for' an even more assertive, competitive 'go-for-it' business culture than they practice. Yet the data shows the opposite for the Nordics - there is a wish for less assertiveness and we question why. Hence, we present a literature review of earlier conceptual studies which discuss the diverse explanatory factors for such counterintuitive, negative correlations between cultural values and practices scores. We present insights and concepts borrowed from microeconomics, marketing, institutional theories and statistics literature in building this framework. Possible explanations for the negative correlations in the literature include key arguments such as marginal utility, buyer's remorse, the degree of value internalization, vocal minority, Maslow's hierarchy of needs and statistical response set bias. We then introduce the institutional-based argument as a possibly stronger explanatory factor to contribute to the current debate on why our espoused cultural values may be different to our actual practices. Consequently, we dig a little deeper into the GLOBE data from House et al., (2004).

Key Words*: Institutional setting, Project GLOBE, cultural values and practices*

Introduction

The overall significant negative correlation between practices and values across the dimensions found in the GLOBE study is regarded one of the most interesting of the GLOBE findings, because it is so counterintuitive (Brewer & Venaik, 2010) (please see appendix for an overview of GLOBE constructs). It seems reasonable that while practices and values for a society may be different, they should be positively related. For example, one would expect that people would tend to practice their values, and this is exactly Hofstede's perspective; values drive practices (Hofstede, 2001). Hofstede visualizes this relationship in the so-called "Onion Diagram" (Hofstede, 2001, p 11). Values, according to his model are the most deeply rooted aspects of culture, forming the basis for cultural practices. So why did the GLOBE results show a negative correlation? The answer from the GLOBE authors is that the relationship between values and practices must be much more complex than how it is visualized in Hofstede's Onion Diagram (House et al., 2004: 730). Robert House, the projects principal investigator, expressed it this way: "In short, our findings point to the need for a more complex understanding of the relationship (between values and practices) which views it as dynamic and double directional rather than static and unidirectional" (House, 2004: 730). We aim to fill this gap with our discussion article.

House's statement implies that he assumes that the dominating assumption regarding the relationship between values and practices, an assumption held by distinguished scholars such as Hofstede, Schein, Trompenaars and several others, is wrong. From this follows the widespread assumption that when individuals espouse some values they will act in order to implement those values into practice, to obey their values when making decisions, and to follow them as guidelines, is no longer believed to be valid. Unfortunately, House did not come up with a convincing new explanation, but limited himself to express that "…unless we can better understand the relationship between cultural practices and values, we are unable to explain this complex situation." (House, ibid).

The purpose of this discussion paper is therefore twofold. Firstly, we offer a comprehensive review of the extant literature on the negative correlations in GLOBE data studies. Secondly, we investigate the case of the Nordics, using project GLOBE data, to try to make sense of the particular negative gaps in the practices - values scores for the constructs which showed such

differences. To carry out this investigation, we apply the explanatory factors borrowed from the microeconomic, marketing, institutional setting and statistics literature. We then explore the institutional explanatory factors for the four GLOBE constructs that do not match the prototypical expectations of differing values compared to practices in the Nordics: Namely Uncertainty Avoidance, Assertiveness, Future Orientation and Institutional Collectivism.

Conceptual Underpinnings

Societal culture

There is no doubt about the influence Hofstede's framework (Hofstede, 2018) has had on the field studying cross-cultural values. For a number of reasons his framework has been favored by cross-cultural scholars. In spite of the fact that non-Hofstede related unique dimensions have been developed (e.g. in Trompenaars' (1993), Schwartz's (1994), and Maznevski and DiStefano's (1995) models), most known and generally accepted models that aim at capturing aspects of culture are rather heavily dependent on Hofstede's model. This goes for the GLOBE model as well (House et al., 2004). The GLOBE project was actually designed as a replication and elaboration of the Hofstede (1980, 1991). study, i.e. aggregation first, factor and reliability analysis next. Although the number of dimensions was expanded from Hofstede's original four (later he, too, added on new dimensions) to nine, most of GLOBE's dimensions were derived from a similar way of theoretical thinking as was the case with Hofstede. What made GLOBE different from Hofstede is the fact that each of the nine cultural dimensions was conceptualized in two ways: *practices* or "as is", and *values* or "should be". For example, how equal gender roles in a society 'are' (practices), versus 'should be' (values).

Analyzing the answers of their self-reporting questionnaires led to a surprising finding. While it has been traditionally assumed that there is a positive relationship between different layers of culture, e.g. practices and values (Taras, Rowney & Steel, 2009), the GLOBE study demonstrated that no relationship or even a strong negative relationship between values and practices is possible (House et.al., 2004). In most cases of the GLOBE, study the values score was noticeably different from the practices score; For example, business people worldwide valued more gender

egalitarianism than they said they were experiencing in practice. Interestingly when the GLOBE researchers used their data to explain leader behavior worldwide the GLOBE researchers relied on the values data alone. Consequently, their conclusion is that it is the values of a society, more so than the practices that are linked to the six leadership dimensions: "When individuals think about effective leadership behaviors, they are more influenced by the value they place on the desired future than their perception of current realities. Our results, therefore, suggest that leaders are seen as the society's instruments for change. They are seen as the embodiment of the ideal state of affairs" (House et.al. 2004 pp 275-6). The GLOBE authors found a significant negative correlation between practices and values for seven of their nine national culture dimensions: Assertiveness, Institutional Collectivism, Future Orientation, Humane Orientation, Performance Orientation, Power Distance and Uncertainty Avoidance. Only for gender Egalitarianism was a significant positive correlation found (i.e. societies aspire for more gender equality globally), For in-group collectivism the relationship is also positive, but not significant. Average quartile society scores for GLOBE practices and values for all dimensions can be found in Javidan et al., (2006:902)

For those researchers new to project GLOBE (House et al., 2004), GLOBE is an acronym for Global Leadership and Organizational Behaviour Effectiveness. The theory, which the GLOBE project is built upon, is founded in implicit leadership theory (Lord & Maher, 1991), value belief theory of culture (Hofstede, 1980; Triandis, 1995), implicit motivation theory (McClelland, 1962) and structural contingency theory (Donaldson, 1993; Hickson et al., 1974). Project GLOBE's 170 social scientists and management scholars come from 62 cultures and thus they represent all major regions of the world. The GLOBE data for 62 societies was first published in 2004 (House et al., 2004). In 2007, Chhokar et al, further developed this data into an in-depth study of 25 societies. In the period 2008 – 2010, one of the present authors extended the dataset to include Norway as the 63rd society dataset (Warner-Søderholm, 2012). Project GLOBE has developed a set of nine cultural dimensions that is more comprehensive and statistically rigorous than Hofstede's original four. In addition, the GLOBE researchers applied a seven-step rating scale in their value surveys, for more detail, compared to Hofstede's more limited five-step scale. Moreover, data was collected for both 'lived practices' and 'espoused values' for instance, in terms of Assertiveness Scores, respondents could rate themselves in actual 'as is practice scores' as '6' with competitive Assertive way of leading and behaving as the normal practice, but

simultaneously they could rate themselves as valuing a state of affairs that is '3': only lightly Assertive (Grove, 2005:3). Some of the project's key findings come to light because a comparison can thus be made of a group of respondents' 'practices' (as is) compared to their values (should be). Table 1 in the appendix summarizes project GLOBE's cultural dimensions.

In the years following House's valuable new insights (2004) concerning the values-practices relationship, several attempts in order to explain the negative correlations have been made. In particular, the debate that took place in Journal of International Business studies (2006, 37(6), has set its mark on the field. Still, the puzzle regarding the values-practices relationship is not solved. In this article we will therefore take a fresh look at this intriguing topic and offer an overview of the extant literature in the field. Our critique of the current explanations is partly that the underlying theory, i.e. that values drive practices, has not been empirically tested and consequently appears to be more of a basic assumption than a theory. Even a cursory review of the literature on human values yields a large number of definitions, but these definitions convey little about the meaningful content of values (Schwartz and Bilsky, 1987). As for the relationship between values and behavior (practices), there is substantial evidence for systematic, meaningful associations between values and behavior (e.g. Bardi and Schwartz, 2003, Schwartz, 2006). The common interpretation of these associations suggests that people express their values in the way they behave, that is, values influence behavior. However, studies from the area of political science have demonstrated that the causality in the relation between political behavior and values is not unidirectional. Rather, causality is reciprocal, with individuals' values both shaping and being shaped by their political choices (Sturgis, 2003). One way to understand the GLOBE findings is to bring in the concept "attitude strength", and attitude strength is a general moderator of attitude-behavior relations, (Brannon et.al., 2007). Obviously, strong attitudes are better predictors of behavior than weak attitudes. We see no reason why this nonlinear relationship should be restricted to people's political choices. Consequently, in order to truly understand the relationship between values and practices, one has to widen the perspective, not least be willing to include variables that modify or constrain the relationship between such values and practices. Reviewing previous explanations of the negative correlations between values and practices, reveals that they have more or less failed to take into consideration how constraints may modify behavior. It seems that personal values can be compromised when the normative pressure is high. For example, a study by Bardi and Schwartz (op.cit.) showed that only when external pressure is

absent may the personal importance of values have a direct influence on behavior. However, "no man is an island", individuals live and act within an institutional context: they are enabled and constrained by the "rules of the game" (North, 1990). From a functional perspective, both culture and institutions (by and large derived from culture) can be seen as creating external constraints and putting normative pressures on the individual.

In our search for new and improved explanations of the negative gaps, we thus found it promising to look closer at societal institutions. Several strands of the management literature deal with the institutional environment and its effect on different forms of organizational practices (e.g. Ahuja and Yayavaram, 2011; Pearce, Dibble and Klein, 2009), and the aforementioned rules can be normative (what forms of practices are morally and ethically acceptable?) or regulative (what forms of practices are regulative permitted?). According to Acemoglu and Johnson (2003) there is a growing consensus that the social, economic, legal and political organization of a society, i.e. its institutions is a primary determinant of action, both organizational and individual. As a precursor to the institutional argumentation, we now review the literature to date on why there is a gap in what we practice as cultural behavior versus what we have as aspired behavior:

Six key negative correlation arguments in the literature

The lively debate on the negative practices-values correlation in cultural studies such as project GLOBE, can be traced back to over a decade ago, and the discussion is still on going. We would intuitively expect that a society where for example Gender Egalitarianism, or Assertiveness 'is important', would also value the same levels if not higher levels of Gender Egalitarianism and Assertiveness. The knowledge puzzling scholars around the world has been – why not? Why do the GLOBE findings show that for many GLOBE constructs, we desire less of the societal behavior? Our values placed on Institutional Collectivism are lower than how we experience these practices in our daily lives. Our rationale for choosing the arguments below for trying to grasp such negative correlations is quite simple: The review of the extant literature in the last decade in this topic shows a repeated usage of these arguments on a global research level. We hope that our contribution to the negative correlation discussion is our investigation of the GLOBE scores in the Nordics. More specifically we endeavor to make sense of the negative gaps

unique to this country cluster within the constructs of Uncertainty Avoidance, Assertiveness, Power Distance and Institutional Collectivism, by discussing the following 6 arguments found in the extant literature.

Marginal utility

Maseland and van Hoorn (2010) suggest that the failure of the GLOBE study to confirm the positive relationship between values and practices is due to limitations of self-report questionnaires. Specifically, they use microeconomic theory of diminishing marginal utility to understand the negative correlation between the cultural dimensions of GLOBE societal practices and values. This understanding implies that the GLOBE values survey measures marginal preferences rather than underlying values thought to drive practices (Hofstede, 2001). They argue that the relative importance people attach to a value declines with the amount they have at their disposal. If an objective is satiated, the value one attaches to the realization of that objective falls (Maseland & van Hoorn, 2009: 529). By contrast, that which is scarce is generally valued higher. Maseland and van Hoorn (2009) thus argue that as the value data provided by GLOBE are subject to diminishing marginal utility, values surveys fail to measure values (the importance attached to an objective in general). The negative correlation between practices and values indicates that the values surveys primarily elicit marginal preferences (the importance attached to an objective on top of the current level of satiation) rather than relative weights. Hence, value items measure how much importance society attaches to attaining more of the cultural dimension than there is in the current situation measured by practices. Survey questions used to measure values should focus on desired states (relative weights) rather than desired changes (marginal preferences). Results from empirical tests comparing Inglehart' s World Values Survey (WVS) (1990) and Hofstede's cultural practices survey (2001) replicate that values scores tend to correlate negatively with practices. This is consistent with the marginal-preferences interpretation at a conceptual level of values surveys scores (Maseland & van Hoorn, 2009). Within a Nordic empirical setting, one could argue that with high standards of democracy, welfare, safety, national security and an institutional setting, which provide support for most people in society; this could lead to a de-valuing of uncertainty avoidance needs. This could

explain the negative correlation in the Uncertainty Avoidance data for the Nordics, but it would be hard to apply this argument to most of the GLOBE findings in the Nordics

Buyer's remorse

A possible theory for the counterintuitive findings of the GLOBE study put forth by Vas Taras, Steele and Kirkman (2010) is the incidence of post-purchase cognitive dissonance referred to as "buyer's remorse" in consumer behavior (Peter & Donnelly, 2004). While cultural values may push societies towards one set of practices, they explain, these values do not necessarily ensure that people are satisfied with the tradeoff they ultimately incur. A natural human response to reduce cognitive dissonance is by ignoring or distorting any information that indicates that they did not make the best choice of practice. Alternatively, they can also feel remorse and wish to change their practice, especially if the benefits of the choice are of an abstract nature and the costs incur in more concrete terms (Trope & Liberman, 2003). This "grass is greener on the other side" phenomenon might explain the negative correlations between values and practices (Vas Taras et al., 2010). Within a Project GLOBE context for the Nordic cluster, the trade-off of fewer opportunities for individual success may push people in a collective society to wish for less collectivism. This may be a good illustration of "buyer's remorse" within a Nordic context.

The degree of value internalization

Another theoretical possibility presented by Vas Taras et al. (2010) is an incomplete internalization of values, meaning that practices may not reflect values if values are not sufficiently internalized (Fischer, 2009). In this line of understanding, the traditional assumption that values are the cause and practices are the effect is challenged. The causality may be reversed, or at least is a two-way street (Inglehart & Welzel, 2005; Steel & Taras, 2010). The modernization hypothesis is consistent with this view, that the adoption of modern governance practices and production methods will bring about values of Western societies (Inglehart &Welzel, 2005). Inconsistency between behavioral practices and values may be caused by dramatic cultural shifts (Cohen, 2001). If the changes in business and political practices are

occurring rapidly, the changes in values may be lagging, causing a negative correlation between practices and values (Vas Taras et al, 2010). Within a Nordic context, the institutional setting of business has been part of the fabric of society for over 6 decades, leaving us to assume that there have been no dramatic cultural shifts since the post-World War II period to negatively impact our value internalization.

Vocal minority

A fourth explanatory factor for the negative GLOBE values-practices correlation offered by Vas Taras et al (2010) is that cultural heterogeneity has a moderating effect. They suggest that cultures that are more heterogeneous and with high levels of practices will show a greater gap between values and practices scores due to a vocal discontented minority group. The disfranchised minority members are likely to be more radicalized, especially if their losses are higher than the majority's gains (Kahneman & Tversky, 1979; Steel & König, 2006). The minority are likely to choose extremes of the rating scale on self-report measures when asked what their society is and how it should be. These vocal minorities will thus skew the values and practices mean scores in opposite directions on the GLOBE dimensions where they have minority values. This would have weak explanatory power in a Nordic context, where there is only a very marginal discontented minority group.

Maslow's hierarchy of needs explanation

According to Venaik and Brewer (2010), the key to understanding the practice-value relationship lies in Maslow's famous "hierarchy of needs" theory (1943). At the bottom of this pyramid, the most essential needs are food and shelter. At the top lies self-actualization needs to accomplish inner ambitions. In this theory, one seeks to satiate the lower levels of needs first, before continuing upwards. Once lower-level needs have been satisfied, they are no longer needs. Following Maslow's motivational theory, GLOBE respondents in rich countries who have their lower-order needs met are likely to have low uncertainty avoidance orientation values motivated by the need for self-actualization (Venaik & Brewer, 2010). Similarly, GLOBE respondents in

poor countries are focused on lower-order needs such as wealth, resulting in high uncertainty avoidance orientation. Inglehart and Baker (2000) support this motivational argument, reporting that economic growth has cultural consequences, evolving from a focus on survival issues to a focus on self-expression issues. Thus, Venaik and Brewer (2010) argue that the negative correlation between values and practices can be explained by how practices in societies lead to different motivations, which again defines values. In societies where basic needs are unmet (practices), people are likely to score higher on values that relate to basic needs. Similarly, in societies where basic needs are met, values related to them are given less attention, and instead people rank values related to higher lever needs as more important (Vas Taras et al, 2010). Within the context of the Nordic data, there are few basic needs that are unmet in Nordic societies, making this a weak argument. Nevertheless, in terms of higher-level needs such as Gender Equality and Low Power Distance for opportunities for self-fulfillment, this argument could have some explanatory power.

Institutional setting

A sixth possible explanatory factor for the gap between the two sets of GLOBE scores for the Nordics may be the unique institutional settings of these nations which have enjoyed a stable social fabric in the last seven decades. Indeed, the institutional features across the Nordic countries have so much in common that they have justified the label "The Nordic Model". What this means is that the Nordic countries – Denmark, Finland, Sweden and Norway – are societies that share many features among themselves that also distinguish them from other industrialized countries. Important features are related to the welfare society, income distribution, gender inequality, social policy and to the labor market, (Hasle & Sørensen, 2013). Although the similarities in the content and demarcation is debated, it is generally recognized that specific similarities – in particular the system of collective bargaining, and the solidarity-based welfare system justifies the term The Nordic Model. Others such as Andersen et. al. (2007), specify the principal features of the Nordic Model as: a comprehensive welfare state with an emphasize on transfers to households and publicly provided social services financed by (high) taxes. Much public spending on investments in human capital, including childcare and education at the

institutional level.

In addition, a set of labor market institutions that include strong labor unions and employer associations, significant elements of wage coordination, generous unemployment benefits, and a prominent role for active labor market policies, also shape the institutional setting in the Nordics. Underpinning these features is the widespread feeling of trust (according to Paik et al. (2018) the Nordic countries are all labelled "high trust countries") – both among citizens and in public institutions – and a sense of fairness related to the egalitarian ambitions of the welfare state. Hence we expect the unique institutional setting in the Nordics to hold strong explanatory powers regarding why we may not 'wish' for higher levels of some cultural behaviors. We now focus on the empirical findings of Project GLOBE (House et al., 2004) within a Nordic setting. For methodology applied in the data collection, please see Javidan et al., (2006).

Nordic GLOBE data

Table 1 shows the GLOBE scores for societal practices and values for the four Nordic Societies below. As can be seen, the data indicates a commonality in all GLOBE constructs in terms of positive correlations for all Nordic societies for Gender Egalitarianism, Performance Orientation, Humane Orientation and Future Orientation. This suggests as we intuitively expect, that respondents aspire to 'more'. They wish for more equality, higher performance with higher future and people orientations in business. As we can see from the table below, data from all Nordics showed negative practice-value correlations for Power Distance, Uncertainty Avoidance, Institutional Collectivism, and to some degree Assertiveness

Table 1: *Summary of quantitative results from Nordic GLOBE 'societal practices' and 'espoused values' data**

Cultural scales	**Norway**		**Sweden**		**Denmark**		**Finland**	
	Societal practices	Espoused values	Societal practices	Espoused values	Societal practices	Espoused values	Societal practices	Espoused values
Humane Orientation	4.81	5.51	3.72	5.65	4.44	5.45	3.98	5.81
Uncertainty Avoidance	4.31	3.84	5.32	3.60	5.22	3.82	5.02	3.85
Future Orientation	4.48	4.70	4.39	4.89	4.44	4.33	4.24	5.07
Institutional Collectivism	4.07	4.30	5.22	3.94	4.80	4.19	4.63	4.11
In-Group Collectivism	5.34	5.85	3.66	6.04	3.53	5.50	4.07	5.42
Gender Egalitarianism	4.03	4.95	3.84	5.15	3.93	5.08	3.35	4.24
Power Distance	4.13	2.36	4.65	2.70	3.89	2.70	4.89	2.19
Performance Orientation	4.18	5.41	3.72	5.80	4.22	5.61	3.81	6.11
Assertiveness	3.37	2.55	3.38	3.61	3.80	3.39	3.81	3.68
N (total number of respondents)	710	710	896	896	251	251	438	438

*A pre-requisite for the GLOBE data collection is that all respondents must live and work and be a citizen of each specific country. In addition, respondents must be working as middle managers in the private sector in that society. These criteria are set for each country collaborator in order to avoid pollution in the data. All country collaborators who collected the secondary data for this present paper had matched samples by meeting these criteria. Country collaborators for project GLOBE have run in-depth reliability and validity analyses. In addition, T-tests, CFAs for goodness-of-fit, and similar analyses were carried out at both the individual and societal level to ensure strong results in reliability and validity of all the data. For details of GLOBE methodology and further discussion of all GLOBE constructs see House et al., 2004.

Table 2 below now offers a summary of the GLOBE scores for practices and values, aggregated for the whole Nordic cluster. The arrows in the third column profiles whether the values scores for the Nordics have a positive correlation (⬆) or negative correlation (⬇) to the practices scores.

Table 2: Aggregate GLOBE Scores for the Nordic Cluster: practices and values (N=2295)

Cultural Scale	Practices	Values	Correlation
Humane Orientation	4,21	5,60	⬆
Uncertainty Avoidance	4,96	3,78	⬇
Future Orientation	4,39	4,75	⬆
Institutional Collectivism	4,68	4,14	⬇
In-Group Collectivism	4,15	5,67	⬆
Gender Egalitarianism	3,79	4,85	⬆
Power Distance	4,45	2,48	⬇
Performance Orientation	3,98	5,73	⬆
Assertiveness	3,59	3,31	⬇

As can be seen in Figure 2 above, there is a positive practices-values correlation for Humane Orientation, Future Orientation, In-group Collectivism, Gender Egalitarianism and Performance Orientation in the Nordic data. This means that for these constructs we aspire to 'even stronger' values than practices. We wish for 'even more' nurturing, future oriented, gender equal and performance focused business environments. This is seen intuitively to be in alignment with our experiences of what is valued in the Nordics. Regarding the negative practices-values correlation in the GLOBE constructs of Uncertainty Avoidance, Institutional Collectivism, Assertiveness and Power Distance in the Nordic dataset, these are counterintuitive in many ways as for a number of these constructs, they are unique to the Nordics. Why might the populations in the Nordics wish for less hierarchy? Less competitive Behavior? Less In-Group Collectivism on a micro level? the matrix below summarizes the six possible key arguments presented earlier in this paper and reviews their explanatory power within the context of each of these GLOBE constructs, to attempt to answer these questions.

Discussion

The matrix below integrates the explanatory arguments of marginal utility, buyer's remorse, value internalization, Maslow's hierarchy of needs and institutional setting on negative practice-value correlations and the possible application of these arguments within the Nordic GLOBE data setting for 1) Uncertainty Avoidance, 2) Assertiveness, 3) Power Distance and 4) Institutional Collectivism. Scanning of the literature and evaluation of the possible explanatory power of each argument within a Nordic institutional context led us to map the following plausible reasoning for negative practice-value correlations:

Table 3. *Six arguments for negative practice-value correlations**

Arguments	**Uncertainty Avoidance**	**Assertiveness**	**Power Distance**	**Institutional Collectivism**
Marginal utility	plausible	weak	weak	Plausible
Buyer's remorse	weak	plausible	weak	Plausible
The degree of value internalization	weak	weak	weak	Weak
Vocal minority	weak	weak	weak	Weak
Maslow's hierarchy of needs explanation	plausible	plausible	plausible	Plausible
Institutional setting	**Highly plausible**	**Highly plausible**	**Highly plausible**	**Highly plausible**

*please see appendix for the additional methodological arguments in the extant literature

In order to obtain a better understanding of the practices - values gap, we have chosen to now look beyond the first five arguments above and 'dig deeper' into the sixth factor, namely institutional-based argument, within this Nordic empirical context. Traditionally, institutions have been treated as independent variables with effects on e.g. strategy, organization and governance (see e.g. Peng et.al., 2009, Hillman et. al., 2004) Because we are dealing with the relationship between values and behavior (or practices), we think that treating institutions as an intermediate variable, i.e. a variable which modifies this relationship makes more sense.

Institutions can easily be seen as creating external constraints and putting normative pressures on an individual's values. Institutions may be characterized as socially embedded system of rules. According to North (1990) institutions are defined as the humanly devised constraints that structure human interactions. Institutions are simply "the rules of the game". Others, e.g. Acemoglu,

Johnsen and Robinson (2006) define institutions as mechanisms through which social choices are determined and implemented, while Greif (2006) defines an institution as a system of social factors that conjointly regulates a regularity of behavior. That we find a relationship, or more precisely an interaction between culture and institutions is supported by the underlying idea that a country or a region shares certain cultural values, which leads to the choice of certain institutions. In turn, certain institutions lead to the survival and transmission across generations of certain cultural values (Alesina and Giuliano, 2015). Obviously, institutions are also able to exceed power. According to the rationalist approach in institutional theory, institutions are intentionally and deliberately created or changed in order to increase efficiency (Kangas and Vestheim, 2013). Consequently, in order to better understand the relationship between behavior and actual values, institutions, which are defined by Greif (2011) as rules and the working of society, ought to be taken into consideration.

What these definitions have in common is a view of institutions as socially designed constraints that affect human behavior, and thus are an actors' view of the world, their decisions and actions taken. According to North (1994:360) examples of institutional constraints are not only the formal rules which governs or at least influence the behavior of the participants of a society, but also "norms of behavior, conventions and self-imposed codes of conduct". An additional argument for including institutional settings when trying to explain the findings of the GLOBE study, lies in the wording of the GLOBE items used to measure values and practices. On the one hand, respondents were asked how things were done in their society ("as is" questions) which the GLOBE study refers to as "practices". On the other hand, respondents were also asked how things should be done ("should be" questions) which the GLOBE study refers to as "values". For a dominant number of both types of items the form "I believe that" are used. For one thing, how respondents relate to statements that use the form "I believe that" does not necessarily tell us something about the personal values of these respondents. As stated by Greif (1994) cultural beliefs are the ideas and thoughts common to several people that govern interaction – between these people, and between them and other groups. Greif asserts there is a subset of rational cultural beliefs which capture people's expectations with respect to actions that others will take in various contingencies. The institutions of a society represent such contingencies. According to Greif (ibid), sociologists and anthropologists consider the organization of a society to be a reflec-

tion of its culture. Consequently, when respondents of the GLOBE study are asked e.g. how opportunities for leadership positions should be in this society – should such positions be more available for men than for women, or equally available for men and women – the answers given reflect not only each respondent's values and preferences, but they are just as much a reflection of the society they are a part of. The general idea underlying this view is that a country or a region shares certain cultural values, which lead to the choice of certain institutions. The institutional features across the Nordic countries have so much in common that it justifies the label "The Nordic Model". What this means is that the Nordic countries – Denmark, Finland, Sweden and Norway – are societies that share many features among themselves that also distinguish them from other industrialized countries. Important features are related to the welfare society, income distribution, gender inequality, social policy and to the labor market (Hasle and Sørensen, 2013). Although the similarities in the content and demarcation is debated, it is generally recognized that specific similarities – in particular the system of collective bargaining, and the solidarity-based welfare system justifies the term 'The Nordic Model'. Other, e.g. Andersen et. al. (2007), specifies the principal features of the Nordic Model as:

- a comprehensive welfare state with an emphasize on transfers to households and publicly provided social services financed by (high) taxes
- much public spending on investments in human capital, including child care and education
- a set of labor market institutions that include strong labor unions and employer associations, significant elements of wage coordination, generous unemployment benefits, and a prominent role for active labor market policies

Underpinning these features is the widespread feeling of trust -the Nordic countries are all labelled "high trust countries" (Paik et al, 2018) – both among citizens and in public institutions – and a sense of fairness related to the egalitarian ambitions of the welfare state.

The above descriptions of the Nordic model are a crucial feature of any attempt to describe the institutional context in which industry and managerial leadership have developed, other factors

exist that also add to this description. An additional institutional-based factor is the early agreements that recognized the legitimacy of both the employers and the unions. There is no doubt that these agreements which were later followed up by collective bargaining agreements that settled wages and working times and subsequently developed systems for local representation obviously had a direct impact on leadership. In many ways these events paved the way for the Nordic system of industrial democracy with its attached importance of consensus, the lack of social differentiation, and a broader based cultural egalitarianism. Consequently, as for the case of the negative gaps between practices and values, we think that the Nordic model, i.e. the particular institutional settings across the four countries, may be able to contribute significantly to the discussion as to why we don't aspire to more individualistic, competitive, hierarchical values.

Another example of the impact of institutional factors could be the Nordic scores on Assertiveness. Across all four countries the scores on Assertiveness, both on "should be" and "as is" are low. With one exception, we also find that the "as is" scores are higher than what the respondents think it should be. Why? For one thing the Nordic leadership model in general puts little emphasize on the role of the leader or the manager. Sundt (2014) has labelled the Nordic form of leadership "post heroic leadership", and Grenness (2012) quoted several Norwegian managers who characterized their style as "warm and friendly". Hetland and Sandal (2010), in a comparative study of Transformational leadership in USA and Norway, found that "warmth" emerged as the strongest personality trait of transformational managers, and that this trait is especially important in Norway due to the strong cultural value put on (stereotypically) feminine qualities (Hofstede, 1980). Assertiveness then seems to be "out of tune" with the dominant features of the Nordic management model where management is stronger linked to "softer" qualities like care, warmth, and trust.

A plausible explanation of the higher scores of "as is" could therefore be found in the focus on gender equality and an obvious lack of female managers and thus female qualities in business. The strong value of (gender) equality across the Nordic countries could easily have influenced the higher "as is" scores. When the respondents (males or females) confront their perceptions of how things are, with how they want things "should be", they perceive that reality is not up to what is looked upon as desirable. As we have discussed above, the number of female managers are low compared to males, meaning that in spite of the value put on feminine qualities, Nordic

management still have a way to go before the level of assertiveness match how it "should be" according to the GLOBE respondents.

Across the Nordic countries we also find high "as is" as well as high "should be" scores for Institutional Collectivism and Humane Orientation. In many ways the Nordics can be labelled collectivistic societies where equality between men and women are high. A predictor of the high scores is the promotion of collective interests representing by the labor unions. Across the four countries, the unionization rate is high – between 50 and 80%. Another predictor is the high tax rate, making the tax system a key institution for the realization of political goals regarding collective interests, and a third is the almost equal labor force participation between men and women, not least thanks to the above mentioned generous maternity (and paternity) leave across all countries. Consequently, the rather unique institutional setting in the Nordics holds strong explanatory power for why we see these high scores.

As for the negative correlations for Uncertainty Avoidance, Institutional Collectivism, and Power Distance, the institutional settings may offer some more general explanations. Although the Nordic model of welfare and industrial relations is still an important pre-condition to management, it is perhaps less so today than in previous times. Byrkeflot (2003) points out that the business game has changed. The causes being the rise of stock markets and the business press, and the associated strengthening of public relations and consulting profession. These changes, he claims, have an impact on the balance between management and democracy. It is, for example, possible that the more American-like type of remuneration for top- management, i.e. high salaries, stock-options and the like, may have led to the gap between "as is" and "should be" as most middle-managers feel that a smaller power distance is needed. At the same time Kalleberg and Rognes (2000) claim that the relationships between employers and employees can be explained by the social democratic tradition that emphasizes equality, welfare and government intervention. This view is supported by Elgvin and Hernes (2014) who argue that the tripartite cooperation is also widely present at the micro level, i.e. the workplace.

The Nordic countries are built in such way as to avoid uncertainty for its inhabitants. If you are on sick leave or lose your job, the welfare state sees to it that you do not have to worry about what's going to happen. Hence, the reason why Uncertainty Avoidance is less valued is probably

not the result of a reduced support for the welfare state, but rather due to a more knowledge-based economy where the enthusiasm for compressed wages and universal social insurances is to a certain degree replaced by a system based on individualized wages and insurance (Schramm-Nielsen et. al., 2004). Still, a recent study (Schøyen and Aarbu, forthcoming) demonstrates that Norwegians are less risk-averse than e.g. Italians and North Americans, due to the safety net provided by a universal welfare system.

Even if we find a negative correlation for Institutional Collectivism, the difference is not very large – indicating that social arrangements at the societal level that promote conformity and interdependence among individuals, and a concern for collective rather than individual interests still is valued as important. As we have mentioned above, a good indicator is represented by the high unionization rate in the Nordic countries. The fact that "should be" is somewhat lower than "as is" can thus be (at least partly) explained by the fact that the level of union membership has fallen in all the Nordic countries during the last decade. Another possible explanation is the debate over the tax systems. The tax system is a key institution for the realization of political goals regarding collective interests. The fact that taxes have been reduced, the welfare system are reviewed, and more focus has been on how to boost entrepreneurship, not least in order to make the transition towards a "green economy", may explain the negative gap in Institutional Collectivism - aspiring to 'more' collective sustainability as a country cluster.

Conclusions and future research

The objective of this paper has been to supplement the current explanations of the negative practices-values gaps of the GLOBE-study by incorporating the institutional dimension as an additional variable. The main reason why we believe that the institutions of a society or a region may shed new light over the much debated practices-values gaps is rooted in the findings of e.g. Bardi and Schwartz (op.cit) which demonstrated that only when external pressure is absent will personal values have a direct influence on behavior. Following DiMaggio and Powell (1983), pressure from social institutions are key elements to understand behavior which is sometimes described as a response to the environment. In other words, in order for individual (as well as organizational) practice to be perceived as desirable, proper or appropriate, it is necessary to act

in accordance with some socially constructed system of norms, values, beliefs and definitions (Suchman, 1995). This is in line with North's (1990) definition of informal institutions as those constraints that people in a society impose upon themselves. Unlike formal institutions, i.e. explicit rules such as laws and regulations, informal institutions have their source in the values of a society. The strong relationship between culture and institutions is demonstrated in citing Hofstede et. al (2002:800) who suggests that culture is "a substream of institutional arrangements". This relationship between culture and institutions have obvious implications on the behavior of individuals. The example given above of the Nordic value of equality, and the effect on practices of one of its institutionalized counterparts, the highly regulated and universal maternity leave, underpins our argument that in order to get a better understanding of the relationship between practices and values, it is necessary to include an institution-based view.

No study is without its limitations and such is the nature of our discussion paper. We have applied secondary data from project GLOBE (House et al., 2004) which is over a decade old. Nevertheless, culture is slow to change, thus we argue that as the Nordics is a country cluster which has not experienced dramatic cultural shifts in the last seven decades, that the data is most representative, as the cultural environment is stable (Hofstede, 1980, House et al., 2004).

The debate over the relationship between behavior (practices) and values will continue. For one thing, there is no doubt that one of the most fundamental steps in research is the estimation of relations among variables. The challenge, however, is that the goal of such research is not the estimation of relations among measures or scales, but the estimation of relations or correlations among constructs – where constructs are defined as the underlying dimensions of interest (Schmidt et. al., 2013). One problem with the theory concerning the relationship between practices and values, i.e. that values are supposed to drive practices, is, as we have already briefly mentioned, that this theory lacks sufficient empirical support. As Eysenck (1979) has shown, all measurement in science is theory dependent. In order for constructs such as values to have actual existence in a real world, the theory underpinning the construct has to be well supported. The theoretical concept of the values used in the GLOBE study (and otherwise) could possibly benefit from further empirical studies. Another challenge is how to tackle the issues of endogeneity. For example, to what extent might possible negative correlations between the value of e.g. gender equality and the societal practices reflect unobserved third variables such as masculinity or

femininity which might fuel both the predictors and the outcomes? Even though our contribution has not solved the puzzling problem related to the negative gaps between practices compared to values, we still think that altogether, our framework advances the body of literature on practices-values gaps. We extend this literature by theorizing how institutions, formal and informal, may constrain values.

We have consequently offered an overview of not only the extant literature from microeconomics, marketing, and statistics literature in building this analytical framework, but have also presented institutional based argumentation. Hence we aimed to contribute to this important debate by introducing new institutional setting explanations. We see this as a possibly stronger explanatory factor within a Nordic context as we 'dig a little deeper into the GLOBE data'.

Our methodology is not without limitations. Most notably, our approach builds primarily upon earlier research findings and observations. Hence, our approach is of an interpretive, conceptual nature. The empirical setting also limits the generalizability of the findings to the Nordic region, and its applicability to other regions and national settings is therefore unclear, yet holds potential. We believe that extending the scope allows us to better capture the complex and manifold issue of the relationship between practices and values. Overall, a growing number of scholars have come to realize that institutions matter in de-coding our implicit and explicit cultural values. Organizational and individual activities take place within an institutional context; they are enabled and constrained by "the rules of the game". Ignoring institutions when analyzing the relationship between values and societal practices will therefore leave out a vital piece in the practices-values puzzle.

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Appendix 1: GLOBE constructs

Table 1. *Summary of GLOBE dimensions (adapted from Bertsch & Warner-Søderholm, 2013)*

Description	Continuum	Culturally preferred leadership
Performance Orientation	High scores indicate a perceived emphasis on societal values of high performance. The degree to which an organization or society encourages and rewards group members for performance improvement and excellence. On the other hand tend to focus on tradition, family, affiliation and social ties	Explicit performance goals often communicated openly, both verbally and in non-verbal communication by leaders
Humane Orientation	High scores indicate a perceived value placed upon compassion for others: People are urged to provide social support for each other. Lower scores on the other hand indicate self interest is more important. Values of pleasure, comfort, self enjoyment have high priority	A more nurturing, paternal style of leadership
Gender Egalitarianism	High scores indicate a perceived acceptance of egalitarianism: as Gender Egalitarianism is defined as the degree to which an organization or society minimizes gender role differences while promoting gender equality	Gender balance in communication, leadership teams and gender equality regarding who makes and disseminates decisions
Assertiveness	High scores indicate that more aggressive attitudes are perceived as valued: as Assertiveness is the degree to which individuals in organizations or societies are assertive, confrontational and aggressive in social relationships. Lower scores indicate that more reserved, face-saving behaviour is valued.	More openly competitive style of interaction, both verbally and non-verbally

Description	Continuum	Culturally preferred leadership
Future Orientation	High scores indicate a perceived emphasis on future thinking: the degree to which individuals in organizations or societies engage in future-oriented behaviours such as planning, investing in the future, and delaying individual or collective gratification	Leadership approach will take future planning into consideration of strategy and communication time lines
In-Group and Institutional Collectivism	High scores indicate a perceived higher level of in-group and institutional orientated value systems and inter-related support and obligation	Higher level of trust and openness with 'in-group' and trust in interdependent relations at macro and micro levels in leadership
Power Distance	High scores indicate perceived value placed upon clear power distance in a society as Power Distance is defined as the degree to which members of an organization or society expect and agree that power should be stratified and concentrated at higher levels of an organization or government	Hierarchies are expected and clearly communicated, both explicitly and implicitly
Uncertainty Avoidance	The extent to which members of an organization or society strive to avoid uncertainty by relying on established social norms, rituals and bureaucratic practices. People in high uncertainty avoidance cultures actively seek to decrease the probability of unpredictable future events that could adversely affect the operation of an organization or society,	How risk management is factored into leadership strategies

Appendix 2: Methodological arguments in the extant literature for negative Practices-Values correlations

The review of the extant literature suggests that methodological explanations for negative practices-values correlations can be explained by the following five arguments:

Value - practice negative

However, economic modeling, such as marginal utility theory, may not be applicable to psychological behavior (Weber, 1975). Brewer and Venaik (2010) demonstrate that the GLOBE values survey does not elicit marginal preferences, but in fact values, by looking closely at the items in the questionnaire. 33 of the 38 items in the GLOBE values survey do not reflect changes, which is the subject of marginal preferences, as they do not use words such as “more” or “less”. The only cultural value dimension measuring marginal utility with items using “more” or “less” formulations is gender egalitarianism. However, gender egalitarianism is the only dimension in GLOBE that has a significant positive correlation between values and practices. This is incompatible with the argumentation of marginal utility. Brewer and Venaik (2010) suggest that the explanation for the negative correlation between GLOBE cultural practices and values lies in the nature of each cultural dimension, and in the precise content and meaning of the questions. Thus, they imply that the rationale is possibly different for each dimension, requiring multiple logics of explanation. This claim is compatible with the fact that not all the GLOBE dimensions have negatively correlated practices and values. They suggest that the practice-value relationship is more complex than Maseland and van Hoorn (2009) claim. Some Globe dimensions are positive, meaning they are valued in all societies, whereas some are negative, meaning that all societies aspire to low scores, and others are mixed.

Vas Taras et al (2010) offer a critique of the above mentioned arguments in the GLOBE values-practices debate, in addition to a list of possible alternative interpretations and explanations for the conflicting results in the GLOBE study. Firstly, they note that marginal utility theory has extensive empirical support beyond economics (i.e. Kahneman & Tversky, 1979; Steel & König, 2006). Secondly, they argue that even though the GLOBE questionnaire only has a limited number of items containing words such as “more” or “less”, it appears that these words are implied in all the GLOBE value items. Still, Vas Taras et al (2010) agree that marginal utility

cannot alone rule out competing explanations. Indeed, the explanation for the negative relationship between values and practices is probably complex. There is little support for this argument in the Nordic data, as the wording in the items used , both in English and Scandinavian languages , use very little comparative. The two exceptions would be for Power Distance and Gender Egalitarianism (please see appendix 1 for list of all items), For these two constructs, the wording is value loaded. This is because in societies where social justice and egalitarianism are prioritized, it would be expected to want more shared power in relation for example to one of the Power Distance questions listed below:

Practices

In this society, power **is**: (reverse-coded)

Concentrated at the top				Shared throughout society		
1	2	3	4	5	6	7

Values

In this society, power **should be**: (reverse-coded)

Concentrated at the top				Shared throughout society		
1	2	3	4	5	6	7

Anchoring and priming

Furthermore, context effects of the GLOBE questionnaires, such as anchoring and priming mechanisms (Biemer, Gloves & Lyberg, 2004; Lavrakas, 2008), may also have influenced the practices-values relationship findings (Vas Taras et al, 2010). The GLOBE survey starts with the practice items, which set an anchor in the respondents' minds and primes them to evaluate the following values items in relation to this anchor. Hence, results on the values items may rather represent beliefs in relation to the anchor or prime set by the preceding practices questions. Vas Taras et al (2010) postulate that manipulating the sequence of the practices and values items could help account for the anchoring and priming effects contributing to the negative correlations

between GLOBE values and practices. There is no evidence to support this claim in the Nordic data as respondence in the pilot study experienced no such mechanisms.

Referent shift

Hofstede (2006) argues that because the GLOBE study items start with "in this society…", they shift the focus from the individual to the country. Vas Taras et al (2010) further argue that this referent shift might limit the accuracy of the assessment. They suggest that if this referent shift affects perceptions of values differently than it does to practices, it may be a possible explanation for the negative value-practices correlation. At the individual level of analysis, the relationship between values and practices is well established and consistently positive (i.e. Kashima, Siegal, Tanaka & Kashima, 1992; Moorman & Blakely, 1995; Verplanken & Holland, 2002). Different relationships at different levels of analysis do occur (Chen et al., 2004; Klein & Kozlowski, 2000). Vas Taras et al (2010) suggest that future research should use both items that inquire about individual and national phenomena to account for the effect of the referent shift in the GLOBE study. We appreciate Hofstede's arguments yet we cannot see any referent shift to be a strong argument in the Nordic data collection. There is no evidence to support the negative consequences of asking a respondent to consider his or her own society as the context of the survey.

Data analysis methods

Vas Taras et al (2010) questions whether simple correlation analyses are sufficient to determine the nature of the causational relationship between practices and values in GLOBE. A data set may misrepresent the true relationship between values and practices with correlation coefficients. Problems of this kind are likely when one or more variables in the data set are truncated or censored (Vas Taras et al, 2010). This may suggest that since some of the GLOBE varables are "positive" and some are "negative", then GLOBE value-practices correlations may be misleading. For instance, all GLOBE countries score high on humane orientation, and all countries scored low on power distance, thus more sophisticated analysis may be needed in the future. We would argue that such critique of values surveys are as old as the surveys themselves. Such criticisms include arguments made against the methodology used, robustness of data and even more critically, the debate as to whether fuzzy constructs such as culture can ever be

measured quantitatively. We acknowledge this argument as being very valid for both the complete dataset and the Nordic dataset. Nevetheless, the discussion of the merits of more interpretive research as an alternative to this etic approach will have to be saved for another day. In summary Data analysis methods have strong explanatory factors in such comparative analyses.

Response set bias

A final argument presented by Vas Taras et al (2010), is that a possible cross-cultural difference in response styles may explain some of the negative values-practices correlations in the GLOBE study. Such differences are especially pronounced in items that ask for evaluative and prescriptive responses, such as values items interpreted as being a critical evaluation of existing practices and suggested course of action for improving the situation. Some cultures may lean towards middle responses, while others may tend toward more extreme answers. Thus, the values items may not be indicative of the true values, but rather reflect the difference in response styles. In relation to the Nordic dataset, this would be a weak argument, as there is little to document differences in response bias in the Nordic cluster, which could jeopardize the validity of the study. If we were to compare the data from the Chinese respondents however, to the data from let's say our Italian respondents, we might see a greater use of the whole scale in the Italian data.

As can be seen from the review of the extant literature above, the debate on negative values-practices correlations in the GLOBE study is on-going. Some say that we are not measuring values at all, some say that there are different moderating variables, some are about methodological aspects, and some are about practices affecting values and not the other way around.