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ARTICLE
The Government Supporting Policy for Sustainable Development of Small and Medium Industrial Enterprises in Vietnam

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ABSTRACT

In recent years, the issues of sustainable development in general and enterprise’s sustainable development have always been given special attention by government management agency, including small and medium-size industrial enterprises. The study conducted a survey of 316 industrial SMEs in three regions of the North, Central and South of Vietnam with the main survey subjects being managers in enterprises. The main purpose of the study is to assess the impact of the government support policies compared to other factors developed in the research model affecting the sustainable development of small and medium-sized industrial enterprises (SMEs) in Vietnam. In this research, the authors employed exploratory factor analysis to identify 4 factors affecting the sustainable development of SMEs. The research results show that the government support policies have an important role but not strongly influence human resource factors, financial factor and social responsibility (SR) policies of enterprises in their sustainable development for industrial SMEs in Vietnam.

1. Introduction

With the international integration movement getting deeper and wider, the issues of sustainable development in general and enterprise’s sustainable development in particular in recent years have always been given special attention by government management agency. Implementation of sustainable development is the responsibility of the whole society, including the contribution of the business community. However, in order to further promote the development of businesses towards sustainability, the role of local support policies should be considered.

In Vietnam, according to the annual report of Vietnam Enterprises 2018/2019 of Vietnam Chamber of Commerce and Industry (VCCI) in terms of classification of SMEs according to the Government’s Decree No. 39, according to the labor tissue: Medium-sized enterprises are with the number of 8,518 enterprises, accounting for 1.58%; small-sized enterprises are with the number of 115,235 enterprises, accounting for 21.35%; and micro-sized enterprises are with the number of 415,835 enterprises, accounting for 77.07%. The proportion of SMEs currently accounts for 97.8% of the total number of enterprises in Vietnam. In particular, the total number of industrial SMEs in all sectors is 76,158 enterprises, accounting for 97.8% of the total number of enterprises across the country, by the end of the second quarter of 2019 [1]. The number of enterprises in the manufacturing industry always accounts for a large proportion of the total number of industrial SMEs with 69,716 enterprises (accounting for 91.5%). In contrast, the number

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of enterprises concentrated in the electricity and gas distribution industry is still low, in 2018, there were 1,415 enterprises, accounting for only 1.85% [1].

The characteristics of industrial SMEs come from the characteristics of the industry and the size of the business. Comparable to other industrial SMEs in the world, being the small size, Vietnam’s industrial SMEs also have similar characteristics with other countries [3]. At present, industrial SMEs in Vietnam belong to many economic sectors with many forms of business organizations such as foreign-invested enterprises, government-owned enterprises, private enterprises, limited liability companies, joint stock companies, etc. For a long time, businesses of different sectors were not treated equally and discriminated. As a result, it affects the way businesses do business, and also creates a starting point of unequal access for resources (in bank loans or in land allocation, etc.); industrial SMEs have a limited volume of products, mainly based on manual labor, often providing only a few products and services that match the qualifications and experience of the business owner as well as the financial capacity of the enterprise; The business capital of industrial SMEs is mainly owned by the business owner, or the investment borrowed from relatives and friends, and the ability to access capital from credit institutions is low; Industrial SMEs have flexibility due to low initial investment, low labor use and local resources utilization. Therefore, industrial SMEs can easily change their production plans, business premises, business types and even easily dissolve their businesses; The industrial SMEs were established and operated mainly based on the capacity and experience of the business owners themselves, so the organization’s structure is very simple, the management decisions are also quickly implemented [3].

Based on the characteristics of industrial SMEs in Vietnam today, it can be seen that, in the long run, the sustainable development of industrial SMEs in Vietnam is necessary and consistent with the universal development movement of the world as the international integration is taking place in countries deeper and wider. The inherent characteristics of the current industrial SMEs in Vietnam mentioned above such as: limited capital, backward manufacturing technology, poor infrastructure will greatly affect the productivity or problems in addressing environmental pollution and contribution to the overall development of society [3]. These obstacles need to be overcome thoroughly to promote industrial SMEs in Vietnam towards the sustainable development in the near future.

The development of enterprises, in addition to the dependence on available resources, is supported by government policies and development assistance from government management agencies directly to the localities where enterprises’ operation is really necessary for businesses, including industrial SMEs [4]. Over the past years, the central to local political system has paid special attention to and introduced a series of supportive policies to promote SMEs in Vietnam, especially the SMEs who developing towards sustainability such as: Implementing a variety of credit packages with preferential interest rates for industrial SMEs; The Law on Supporting SMEs was passed by the National Assembly and came into effect on January 1, 2018, including 4 chapters and 35 articles, providing principles, content and resources to support SMEs; responsibilities of agencies, organizations and individuals related to supporting activities, etc. with many preferential policies, supporting SMEs in production and business. This is an important legal corridor for all sectors of the economy to join hands to support the strong development of SMEs [4]. However, from the perspective of the role and the degree of influence of the government supporting policy compared to other factors, the impact on the sustainable development of the industrial SME sector needs to be assessed and considered more thoroughly to come up with more specific, practical and feasible solutions in the coming time.

2. Literature Review

Apparently, SMEs play an important role in economic growth, job creation and innovation in each country; therefore, a SME in general is regarded as one of the important factors in the national innovation and sustainable development strategy (UN, 2017, p. 8). However, in reality, SMEs have to face many difficulties and challenges ranging from access to finance, scale, resources, technologies, etc., to environmental impacts [5][6]. Most SMEs are more concerned about economic growth than environmental protection; however, economic sustainability is required because production is highly dependent on the resilience of natural resources [7]. Sustainable development of SMEs continues to become a topic of discussion in many studies. According to the World Business Council for Sustainable Development [8], sustainable businesses can be interpreted as corporate commitment to conduct ethically and contribute to economic development, while improving workforce’s quality of life, their families, local and global communities in both the present and future. Therefore, in respect to SME sustainability, it covers most aspects of economy, social attitudes, safety and the environment [9].

However, a question is raised related to whether SMEs can afford sustainable development or not [10]. This depends not only on efforts from the business but also on government supporting policies. Most planning policies at the international, national and local levels play an im-
important role in achieving the enterprise’s sustainable development goals. With government and local participation, economic, technical and social conditions will be ensured. SMEs and new jobs are formed, and producers benefit from the supportive State subsidies’ policies \[11\]. In order for SMEs to achieve both economic growth and higher satisfaction for customers and the community, it is necessary to improve their business competitiveness \[13\]. However, the major difficulty for SMEs is the capability to access to capital \[13\]. As a result, many countries have issued financial policies to support SMEs (World Bank, 2009).

According to Amit Bouri (2011), SME’s access to capital in many countries is mainly from the banking system, but banks can often seek high profits in their core markets; therefore, they have few reasons to accept the risk of lending to SMEs \[14\]. The World Bank (2009) also argued that many SMEs in emerging markets often relied on informal investment such as borrowing from relatives. In view of this fact, in order to facilitate SMEs’ access to capital, International Finance Institutions (IFIs) have shown strong interest in SMEs when developing donor programs. For SMEs, it combines three IFI development priority areas: developing private sectors, promoting access to finance and growth for SMEs \[14\]. In addition, governments have adopted a variety of measures to support SMEs to access finance, such as reducing existing legal / regulatory obstacles, applying measure to set up supportive financial market for SMEs, intervening in the direct market to promote or encourage financial support activity for SMEs (World Bank, 2009).

In order to promote SMEs’ sustainable development, each country issues policies which are appropriate to its economic development conditions (UNEP, 2007). For example, in Africa, government policies often focus on three important areas of capital, capacity and knowledge as most SMEs in this region are changing their development model to pay attention to meeting the needs of low-income customers. This is why most public policies direct their Investment Funds to support investment in businesses that provide clean water, housing, health care and energy to the community with low income (UNEP, 2007). In terms of this issue, Barbara James (2007), proposed the need to educate investors about how to access financial resources; in addition, it is necessary to build the capacity and participation of local banks when developing SME supportive projects as well as training local managers in identifying, investing and promoting sustainable development for SMEs \[15\].

Many countries also pay attention to environmental and social policies to support SMEs for sustainable development. G. Trufil and K. Hunter (2006) refer to the Project of developing a sustainable development framework which is implemented in Scotland and based on a number of initiatives such as: supporting SMEs to build and comply with the provisions of the law on different environments and sustainability to improve business opportunities; Developing reporting systems for SMEs to participate in their sustainability effectiveness assessment and identify key gaps to be addressed; and Supporting the modernization of SMEs \[16\]. Several European governments have also implemented a number of initiatives and policies to support SMEs for sustainable development through improving competitiveness and resource efficiency. Firstly, in order to stimulate the application of sustainable development measures, governments in these countries are suggested to work with business and trade associations to clarify the rules and encourage the adoption of green practices, as well as understanding the needs of SMEs. Secondly, often when seeking support for environmental issues, SMEs often turn to local authorities, so they are well prepared to give guidance and advice to SMEs about sustainability and regulations to be executed seriously. Many essential measures are put in place by local authorities such as advertising support, information dissemination, web-based tools and direct capacity building to provide advice and guidance for SMEs to carry out “green” activities \[17\].

Actually, small and medium – sized industrial enterprises are often seen as one of the drivers of economic growth, job creation and poverty reduction in developing countries. They are critical means to accelerate the economic and industrialization to be quickly achieved. In order to contribute to the overall development of small and medium – sized industrial enterprises in countries and territories, the government should provide necessary infrastructure and incentives to enhance and encourage SMEs development. They should provide more financial support to loosen strict and contradictory policies that allow SMEs to operate with fewer barriers for greater development opportunities \[4\].

Kamunge et al. (2014) used the EFA factor analysis method via a questionnaire with 274 samples, selected 5 factors that affect the development of small industrial enterprises and including Government Policy factors beside other factors namely Market information services; Financial resource; Management capabilities; and infrastructural \[18\]. A research by Gholamhossein.H and Ali Ramezani (2016) identified factors affecting the maintenance of entrepreneurship in small and medium-sized food industry enterprises in Iran. Researchers of the study conducted in-depth interviews with 12 managers/owners of enterprises, then conducted a broad survey with 130 enterprises through questionnaires. Research findings show that social factors including customer orientation and environmental
factors include: product recycling activities, production emissions; elements of government policies have the biggest impact on maintaining entrepreneurship among small and medium-sized food industry enterprises in Iran [19]. In line with Gholamhossein.H and Ali Ramezani (2016), Umar Ibrahim (2008) with the scope of research space is a small and medium-sized industry in Nigeria’s Borno state analyzed about factors affecting the performance of this industry. The study emphasized that, in order for small and medium-sized industrial enterprises to achieve production goals and to optimize efficiency, the core element is to have a suitable workforce with a refined attitude [20]. The country has a good working environment, good infrastructure and financial resources, along with the support for government policies and a fair competitive environment. The support of state management policies is necessary for small and medium-sized industrial enterprises in addition to environmental factors, business strategies and internal resources of enterprises. These enterprises are limited in resources and competitive capacity in the market compared to other large enterprises, so the support of policies given by local State management agencies is necessary and viewed as an important leverage that helps businesses achieve their long-term sustainability goals [21].

In addition to the positive aspects from the supportive policies of the government and local authorities, some studies also point out the limitations of the supportive policies being ineffective, creating major obstacles in the sustainable development of small and medium industrial enterprises. A research by Peng Tong et al. (2019) pointed out that the existing shortcomings aimed at the sustainable development of small and medium enterprises in China in the context of low carbon economy (reduction of greenhouse gas emissions), which emphasized dissatisfaction with the Government’s supportive policies because of cumbersome administrative procedures, high informal costs and inadequate financial support for credit [22]. A research by Nuong.L (2018) used a linear structure model (SEMs) to identify and evaluate the influence of factors that are barriers affecting the development of small and medium-sized industrial enterprises. In Thai Nguyen, a province of Vietnam, the study found that the local Supportive Policy factor creates a larger barrier than the enterprise’s human resources and raw material factors, in addition to factors related to financial capability and competence to access to finance [23]. Ghosh et al. (2011) combined the analysis of key success factors for small and medium-sized industrial enterprises and the factors hindering SMEs’ development in Singapore / Malaysia and Australia/New Zealand. The research results indicate that the factor hindering the success of businesses in both Singapore and Australia is the high cost of doing business due to lack of support from the Government. However, the level of the impact level in Singapore is greater [24]. Or the study of Mashenee et al. (2014) with the scope of research in African countries, using multivariate regression models that showed the growth and development potential of SMEs depending on convenient business environment. However, most countries in Africa are facing many challenges that may hinder their growth potential, including the bureaucracy factor in business registration at the State management agencies in the locality. The study also emphasizes that the Government needs to be more transparent in facilitating the resolution of business procedures for SMEs in order to create a better competition in the market [25].

In general, basic studies have highlighted the role of government support policies for the sustainable development of SMEs industrial enterprises in particular. Considering the scope of research in Vietnam, this issue has not been reviewed and evaluated in detail. Therefore, this study is necessary to assess the role and impact of the government supporting policy in reality from the locality compared to other factors affecting the sustainable development of small and medium-sized industrial enterprises in Vietnam.

3. Methodology

3.1 Data Collection Methods

Collecting secondary data through published articles and research works related to domestic and foreign research topics to clarify the urgency of the topic.

Collecting primary data through in-depth interviews with experts and managers in small and medium-sized industrial enterprises in Vietnam to develop an official questionnaire, then use a convenient sampling method to survey collected feedback data of business managers on the impact of corporate social responsibility activities on industrial SMEs sustainable development in Vietnam. The questionnaire uses the Rennis Likert scale (also known as the Likert scale), the Likert scale with 5 levels of low to high scores, ranging from 1-5 as follows: 1. Strongly disagree; 2. Disagree; 3. Normal; 4. Agree; 5. Strongly agree.

The total number of votes issued was 350, collecting 331 votes. The number of valid votes for data processing was 316 votes.

3.2 Data Processing Method

Primary data, after being collected, was processed in SPSS 23.0 software. The study tested the reliability of a scale using Cronbach’s Alpha coefficient, which is a
<table>
<thead>
<tr>
<th>Scale</th>
<th>Encode</th>
<th>Question</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>CS1</td>
<td>Accessing the production premises easily</td>
<td>Nuong.L (2018) and Hai Hung.D (2020)</td>
<td></td>
</tr>
<tr>
<td>CS2</td>
<td>Supported to participate in social activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CS3</td>
<td>No difficulty in handling administrative procedures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CS4</td>
<td>Preferential tax policies in production and business activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CS5</td>
<td>Enterprises are informed the change of environmental protection policy promptly</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CS6</td>
<td>Accessing credit resources supported by the Government easily</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TN2</td>
<td>Participating in construction of clean water and sanitation programs for the community</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TN3</td>
<td>Participating in training, improving capacity and social knowledge for the workers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TN4</td>
<td>Participating in contribution of social activities in the locality</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TN5</td>
<td>Focusing and paying attention on issues of environmental pollution treatment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TN6</td>
<td>Complying with the provisions of the law on ensuring food and environmental safety</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NL1</td>
<td>Current financial resources are sufficient to expand business activities</td>
<td>Umar Ibrahim (2008) and Hai Hung.D</td>
<td></td>
</tr>
<tr>
<td>NL2</td>
<td>Current financial resources are sufficient to sustain the business activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NL3</td>
<td>Human resources in enterprises have good working capacity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NL4</td>
<td>Annually, the number of qualified employees in the enterprise is becoming higher and higher</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NL5</td>
<td>After training, labor is more productive</td>
<td></td>
<td></td>
</tr>
<tr>
<td>QL1</td>
<td>The management apparatus of the enterprise has all the skills of business administration</td>
<td>Mujahid .A (2014)</td>
<td></td>
</tr>
<tr>
<td>QL2</td>
<td>The management apparatus of the enterprise is fully qualified to manage and run the business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>QL3</td>
<td>Every year, managers participate in training programs to improve management capacity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>QL4</td>
<td>Enterprises have access to training programs to support management capacity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BV1</td>
<td>Enterprises always have high profits and grow steadily every year</td>
<td>Dan.P.V (2012) and Hai Hung.D (2020)</td>
<td></td>
</tr>
<tr>
<td>BV2</td>
<td>Enterprises can expand production and business markets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BV3</td>
<td>Enterprises are recorded for environmental protection in production</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BV4</td>
<td>Enterprises have made positive contributions to local environmental protection activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BV5</td>
<td>Enterprises are always highly appreciated by local agencies for their contribution to local social activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BV6</td>
<td>Enterprises always create motivation to work for labor</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Source: Summary of the author.)
statistical test of the degree of rigor with which the items in the scale correlate. Then, conduct Exploratory Factor Analysis (EFA) to check the unidirectionalness of the scales in the study. Finally, the study uses multivariate regression methods to evaluate the impact of the operational factors of government supporting policy compared to the following factors: Corporate social responsibility of enterprises; Enterprise management capacity and resources of enterprises to the sustainable development of small and medium industrial enterprises in Vietnam.

3.3 Research Models

Hypothesis H1: The government supporting policy element has a positive influence on the sustainable development of industrial SMEs in Vietnam.

Hypothesis H2: Factors of enterprise management capacity, positively affecting the sustainable development of industrial SMEs in Vietnam

Hypothesis H3: Operational factors of corporate social responsibility have a positive influence on the sustainable development of industrial SMEs in Vietnam

Hypothesis H4: The resources of enterprises have a positive influence on the sustainable development of industrial SMEs in Vietnam.

3.4 The Scale

The scales in the study are described in detail in Table 1.

4. Research Results

4.1 Descriptive Statistics Research

The number of industrial SMEs by geographic area after collecting survey data can be seen that the enterprises participating in the survey are available in the Northern, Central and Southern regions. The percentage of feedback collected in the North accounted for the largest proportion (39.6%), followed by the South (32.9%) and the Central (27.5%).

Survey results of industrial SMEs in Vietnam by in-

<table>
<thead>
<tr>
<th>Geographical Area</th>
<th>Size</th>
<th>Micro</th>
<th>Small</th>
<th>Medium</th>
<th>Density by Region (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern region</td>
<td>56</td>
<td>45</td>
<td>24</td>
<td>39,6</td>
<td></td>
</tr>
<tr>
<td>Central region</td>
<td>35</td>
<td>37</td>
<td>15</td>
<td>27,5</td>
<td></td>
</tr>
<tr>
<td>Southern region</td>
<td>40</td>
<td>41</td>
<td>23</td>
<td>32,9</td>
<td></td>
</tr>
<tr>
<td>Total number of Enterprises</td>
<td>131</td>
<td>123</td>
<td>62</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Source: Research sample statistics of the authors

<table>
<thead>
<tr>
<th>Geographical Area</th>
<th>Size</th>
<th>Micro</th>
<th>Small</th>
<th>Medium</th>
<th>Total</th>
<th>Density by Industry (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining</td>
<td>19</td>
<td>23</td>
<td>15</td>
<td>57</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>Processing and manufacturing</td>
<td>59</td>
<td>71</td>
<td>35</td>
<td>165</td>
<td>52,2</td>
<td></td>
</tr>
<tr>
<td>Producing and distributing electricity and gas</td>
<td>16</td>
<td>21</td>
<td>25</td>
<td>62</td>
<td>19,6</td>
<td></td>
</tr>
<tr>
<td>Water supply, water treatment and waste disposal</td>
<td>11</td>
<td>12</td>
<td>9</td>
<td>32</td>
<td>10,2</td>
<td></td>
</tr>
<tr>
<td>Total number of Enterprises</td>
<td>105</td>
<td>127</td>
<td>84</td>
<td>316</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Density by Size (%)</td>
<td>32,3</td>
<td>54,8</td>
<td>12,9</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Research sample statistics of the authors)
Industry and size are presented in detail in Table 3. Out of 316 valid surveys, the number of SMEs in the industry processing and manufacturing accounted for the largest proportion (52.2%); the number of enterprises in the water supply, water treatment and waste disposal industry accounts for the least proportion (10.2%).

4.2 Verify the Reliability of the Scale

The scales are assessed for reliability through Cronbach’s Alpha coefficient. The results of calculating this coefficient indicate that 4 groups of factors have Cronbach’s Alpha coefficient greater than 0.6 (Table 3). All observed variables have correlated-total variables > 0.4. Therefore, the factor scales affecting the sustainable development of small and medium enterprises in Vietnam are eligible for EFA analysis.

4.3 Exploratory Factor Analysis EFA

The results of the EFA discovery factor analyse all factors affecting the sustainable development of SMEs in Vietnam for the value of KMO (Kaiser-Meyer-Olkin) = 0.7128 > 0.6. Therefore, factor analysis is consistent with the research data obtained. The Bartlett’s test value with the hypothesis (H0) is “non-correlated variables” with the value Sig = 0.00 <0.05.

After conducting EFA discovery factor analysis, 6 fac-

| Table 4. EFA factor analysis results and assessment of reliability of the scale |
|-----------------------------------|---------|---------|---------|---------|---------|---------|
| Factors                          | 1       | 2       | 3       | 4       | 5       | 6       |
| Cronbach’s Alpha                 | 0.761   | 0.724   | 0.753   | 0.699   | 0.817   | 0.778   |
| QL3                              | 0.811   |         |         |         |         |         |
| QL2                              | 0.775   |         |         |         |         |         |
| QL1                              | 0.754   |         |         |         |         |         |
| QL4                              | 0.706   |         |         |         |         |         |
| CS2                              |         | 0.781   |         |         |         |         |
| CS3                              |         | 0.772   |         |         |         |         |
| CS1                              |         | 0.741   |         |         |         |         |
| CS4                              |         | 0.702   |         |         |         |         |
| CS6                              |         | 0.682   |         |         |         |         |
| CS5                              |         | 0.665   |         |         |         |         |
| TN2                              |         |         | 0.816   |         |         |         |
| TN3                              |         |         | 0.785   |         |         |         |
| TN1                              |         |         | 0.767   |         |         |         |
| TN6                              |         |         | 0.752   |         |         |         |
| TN5                              |         |         | 0.712   |         |         |         |
| TN4                              |         |         | 0.684   |         |         |         |
| NL1                              |         |         |         | 0.725   |         |         |
| NL2                              |         |         |         | 0.672   |         |         |
| NL3                              |         |         |         |         | 0.845   |         |
| NL4                              |         |         |         |         | 0.826   |         |
| NL5                              |         |         |         |         | 0.785   |         |
| BV1                              |         |         |         |         |         | 0.826   |
| BV3                              |         |         |         |         |         | 0.801   |
| BV4                              |         |         |         |         |         | 0.778   |
| BV2                              |         |         |         |         |         | 0.762   |
| BV5                              |         |         |         |         |         | 0.725   |

(Source: Results of data analysis through SPSS 23.0 of the authors).
tor groups were extracted from 26 indicators. The result of data processing for Eigenvalues value = 1,162 > 1, so it can be confirmed that the number of factors extracted is appropriate. Total Variance Explained of factor analysis is 58,241% > 50%. This means that the extracted factors account for 58,241% of the observed variables included in the EFA analysis.

The results of EFA analysis show that the enterprise resource factor group is extracted into 2 separate groups of factors: NL1, NL2: financial resources and NL3, NL4, NL5: human resources.

4.4. Regression Analysis

Regression analysis results in the value of R = 0.612 and adjusted R2 is 0.604. This means that the relationship between the independent variables explains 60.4% of the dependent variable as “Sustainable development of small and medium industrial enterprises in Vietnam”. Through ANOVA analysis results, the value of F = 60,412 with statistical significance Sig = 0.001 <0.05. It can be confirmed the existence of relationships between independent variables and dependent variables. Thereby, showing that the research model ensures reliability.

Based on the Beta coefficient in Table 5, it can be seen that the factors in the research model, the human resources factor (NL) have the largest Beta standardization factor = 0.256. The policy support element of the Government (CS) has the lowest Beta coefficient = 0.165. Sig value of all variables <0.05. Therefore, the hypotheses H1, H2, H3 and H4 proposed in the research model are all accepted.

The non-standardized regression model of the factors affecting the sustainable development of small and medium enterprises in Vietnam is determined as follows:

\[ BV = -1,312 + 0.256 \times NL + 0.235 \times TC + 0.189 \times TN + 0.223 \times QL + 0.165 \times CS (1) \]

Based on the regression equation (1), it can be seen that the human resource factor (NL) has the greatest impact on the sustainable development of small and medium industrial enterprises in Vietnam. Next are the factors of enterprise management capacity (QL), factor of financial resources (TC), Activities of social responsibility (TN) and finally the support policy of the Government (CS). It can be explained here that, for the industrial SME sector, the incentives from government support policies have a direct impact and clearly affect the existing limitations of the industrial SME sector. For example, business strategies, access to finance or unnecessary bureaucratic procedures which increase costs, creating barriers for businesses towards sustainable development in the long term. However, compared with the factors of internal resources of the enterprises, the support from the government policies is not really strong. Enterprises need to have large enough resources to absorb maximum support from the government to be able to develop sustainably in the long term.

4.5 Testing Statistical Hypotheses

Using Anova’s variance analysis to determine the differences of types of businesses and industries participating in the survey. In this analysis, the coefficient of concern is the Sig coefficient. The hypothesis H0 poses is that there is no difference in the sustainable development of enterprises by business sector and type of enterprise. If the Sig coefficient is > 0.05, reject the H0 hypothesis, which means that there is a difference in the type of business and business lines in the field of SMEs development in Viet-

<table>
<thead>
<tr>
<th>The coefficient is not standardized</th>
<th>Standardized coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Standard error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>-1,312</td>
</tr>
<tr>
<td>CS</td>
<td>0,471</td>
</tr>
<tr>
<td>NL</td>
<td>0,535</td>
</tr>
<tr>
<td>QL</td>
<td>0,126</td>
</tr>
<tr>
<td>TC</td>
<td>0,112</td>
</tr>
<tr>
<td>TN</td>
<td>0,248</td>
</tr>
</tbody>
</table>

(Source: Results of data analysis through SPSS 23.0 of the authors).
The testing results of all groups of enterprises by type and business lines give Sig value <0.05. Specifically, testing the differences by type of enterprise has a value of Sig = 0.018; Testing difference by business lines has value of Sig = 0.005. Therefore, reject the H0 hypothesis.

5. Conclusions

The research results show that the government support policies factor has the weakest on the 5 factors affecting the sustainable development of industrial SMEs in Vietnam with a coefficient of $\beta = 0.165$. This proves that supportive policies from the government, in particular relevant agencies and agencies, and the local SME association play an important role in promoting industrial SMEs towards sustainable development. Therefore, through the research results, the author proposes a number of solutions and recommendations to the state management agencies to promote the industrial SMEs in Vietnam towards sustainable development, specifically as follows:

Firstly, maintain and improve the quality of the investment environment in localities, especially local planning for industrial development. Create mechanisms for relevant policies for industrial SMEs in a more open manner such as administrative procedures, tax policies, land use policies, etc. to ensure transparency and accountability in public administration. In addition, People’s Committees at all levels in localities need to develop specific land planning to create favorable conditions for industrial SMEs to deploy construction and manufacturing in areas with favorable transportation, separating from residential areas but still ensure satisfactory service infrastructure.

Secondly, strengthening the deployment of training support activities to improve labor productivity for businesses. Specifically, relevant government departments such as: Department of Labor, War Invalids and Social Affairs, Department of Planning and Investment, etc. in provinces and cities must be a bridge between businesses and quality education & training institution in the local area to coordinate the deployment of knowledge and skills training courses for employees and managers in businesses to gain access to advanced technology to apply in manufacturing.

Thirdly, strengthen the role of the SME Association in localities and other business associations in the area to promote the development and cohesion among SMEs, including industrial SMEs. Supporting and promoting the operation of the SME association is necessary in the current highly competitive market economy. In addition, through these associations, businesses can timely access to new policies, new legal documents of the Government on sustainable development.

Fourthly, actively propagandize, encourage and honor industrial SMEs to deploy, apply sustainable business and production models, use clean production technology, and effectively use natural resources and environmental protection.

Fifthly, there are mechanisms and policies to support preferential credit sources for new businesses going into operation but producing clean, environmentally friendly products, applying advanced technology in production. Need to diversify capital access channels for industrial SMEs. Encouraging associated credit institutions to create a database system for SMEs in general and industrial SMEs in particular, and at the same time need to be transparent about necessary criteria on access to credit for businesses.

References


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ARTICLE
The Root Cause of the Anti-globalization Movement in the United States: the Erosion of the Level-standard Economy

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1. Introduction
“He is considered to be one of the greatest historians and philosophers of 20th-century China.” [1] Here he is Mu Qian (1895-1990), who is dubbed master of sinology and master of history in China. Mu Qian proposed the concept and thought of level-standard economy during his study of China’s economic history.

Qian Mu has not been recognized as an economist, so his level-standard economic concept and thought have little influence in the field of economics, but I think his level-standard economic concept and thought are still very valuable, at least they can be used to explain the phenomenon of anti-globalization movement in the United States.

2. Literature Review
Tonelson (2003) listed some flaws and harms of globalization to the United States as the following: (1) trade agreements devastated the USA’s manufacturing base and workforce; (2) tens of thousands of technology jobs had lost to cheaper workers abroad in several years; (3) 1980s the relocation of manufacturing jobs to Southeast Asia and Latin America has led to the Rust Belt; (4) both the wage growth of white-collar workers and the wage growth of blue-collar workers were suppressed. [2]

Richter (2010) thought the United States might be the nation to lose the most in the globalization competition. [3]

At the early of 21th century, the people believed the world would be flat, but at the age of Trump, there have
massive claims for retreat from globalization, Ghemawat (2017) thought that both views are exaggerated [4], in recent years, globalization activities have stagnated, but without a significant decline, globalization strategies and practices will move forward in innovation, and the retreat from globalization will not benefit mankind.

Cherkaoui (2018) argued that Trump represents the “white conservatives with a dominant European ancestry, and the least representative of the multi-racial and colored America” [5], those WASP are frustrated people of globalization, nostalgia for the mythical past and old good days that have disappeared. Trump pullbacks from the globalization using the measures as follows: “evidently stigmatized a well-celebrated virtue of engagement and collaboration among nations and international institutions”; “associated globalization with the negative connotations of ‘ideology’”; “deliberate ideological exploitation of the gap between the political elite in Washington and ordinary Americans”; “an extension to his demagogy in playing the card of identity politics”. [3]

Milanovic defined three definitions of globalization inequality concept at 2005: (i) unweighted international inequality; (ii) population-weighted international inequality; (iii) global interpersonal inequality [6]. A computation (Bourguignon, 2011) showed that unweighted international inequality increased, while global interpersonal inequality declined, between 1989 and 2006, however, some countries’ inequality has increased. Nevertheless, mankind should not retreat from globalization. Bourguignon (2011) thought that social protection, improving international redistribution instruments, and a greater level of development policy coherence may be the answer to the issue of increased inequality within some countries. [7]

Lakner and Milanovic (2013) published a graph dubbed elephant chart due to elephant shape of this chart, which has been used to support argue who are the beneficiaries of globalization. [9] The elephant chart shows that: (i) the top 1 percent, i.e. the global elite, capturing a large share of global income growth which can be seen as raised trunk; (ii) the global upper middle class, showing income stagnate with zero growth over two decades for the 80th which can be seen as the depth of the trough at the base of the elephant’s trunk, who are the frustrated of globalization; (iii) the global middle class of some developing countries have begun to converge toward rich countries, which can be seen in the graph’s peak as the elephant’s torso; (iv) the global extreme poor, having largely been left behind, which can be seen as the elephant’s slumped tail. Alvaredo, et al. (2018) report new estimates of global inequality; the global top 1 percent has captured twice as much total growth than the global bottom 50 percent between 1980 and 2016. [9]

Mendieta-Muñoz, Rada, and von Arnim (2019) analyze the sources of the decline in the United States labor share in the post-war period. [10] They use Log Mean Divisia decomposition method to measure the labor share by fourteen sectors from 1948 to 2017. Their main conclusions are as follows: (i) manufacturing plays an important role in the decline of the labor share; (ii) relative prices of services are increasing; (iii) employment shifts towards service sectors with higher labor shares.

Mendieta-Muñoz, Rada, Santetti, and Von Arnim (2020) use an SVAR model to derive and quantify the effects of four structural shocks on the US labor share of income, the model results show that, in descending magnitude, productivity, aggregate demand, and shocks to wages affect the labor share of income significantly during the immediate post-war era; and shocks to wages, productivity and, aggregate demand affect the labor share of income significantly during the neoliberal era. [11] Their main conclusion is that wage setting is the most fundamental reason for the decline of the US labor share of income during the neoliberal period.

3. The Connotation of Level-standard Economy Concept and Its Relationship with Ricardo and Marx’s Subsistence Minimum Wage Concept and Price Demand Elasticity Theory in Neoclassical Economics

3.1 The Connotation of Level-standard Economy Concept

In a lecture on the research methods of Chinese economic history in 1961, Qian said: “Economy is necessary for life, but this necessity also has a limit. It can also be said that life is not infinite in terms of economic needs. As economic necessity has a limit, then I call this limit an economic level-standard economy. If the economic level-standard exceeds this necessary limit, it is not necessary for life. I call this unnecessary economy a super level-standard economy. As it has exceeded the necessary limit of life, this means not limit here, that is, there is no level-standard at all.” (Qian, 2005, p.16) [12]

The concept of level-standard economy proposed by Qian (2005) is a new concept, and how to correctly understand this new concept becomes critical. Although Qian (2005) used the term economy in this concept, in fact, level-standard economy just mainly involves people’s aspect of survival needs or wants. [12] so that I infer that the concept of level-standard economy is greatly related to the concept of Maslow’s physiological needs,
but they are not the same. Abraham Maslow divided the needs of human beings hierarchically into five levels at the beginning of his career and six levels during his later years: (a) physiological, (b) safety, (c) social belonging, (d) esteem, (e) self-actualization, and (f) self-transcendence.

“Economics is the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses.”[14] (Robbins, 1935, p. 15), this means that economic theory has a premise, i.e., for human beings, economic resources are limited, but human wants/needs are unlimited. Based on this premise in economics we can logically infer that Maslow’s hierarchy needs theory is flawed, because Maslow assumes that after the lower hierarchy of needs for people are met, then higher hierarchy of needs for people pop up. But because of the limit of economic resources and the infinity of wants, how can the lower hierarchy of needs for people be met? If the lower hierarchy of needs for people couldn’t be met, how can people pursue the higher hierarchy of needs? The concept of level-standard economy solves the shortcomings in Maslow’s hierarchy of needs theory, that is, every need for a person has a level-standard, and need/want beyond this level-standard is not necessary. Therefore, the goal of satisfying people’s needs is to reach this level-standard. After reaching this level-standard, one can enter the pursuit and realization process of a higher hierarchy of needs.

3.2 The Relationship between the Level-standard Economy Concept and Ricardo and Marx’s Subsistence Minimum Wage Concept

Ricardo (1817) expressed his iron laws of wages as the following: “The natural price of labour is that price which is necessary to enable the labourers, one with another, to subsist and to perpetuate their race, without either increase or diminution.”[15] Ricardo’s subsistence minimum wage theory is based on the Malthus’s population theory. When the wage level of workers rises above the subsistence minimum wage level, a worker is able to raise more children, then a greater supply of labor power will normally entail a decline in wages, vice versa. So that When the wage level deviates from the subsistence minimum wage level, there is an inherent tendency to return again to the natural price, i.e. the subsistence minimum wage level.

Marx accepted Ricardo’s labor theory of value, i.e. “the value of a good could be measured by the labor that it took to produce it.”[16] Marx also thought the wages paid by capitalists to workers barely keep the workers alive, i.e., subsistence minimum wages. However, Marx subscribed to a subsistence theory of wages for a different reason:

“Ricardo compares the fluctuations of market prices around value with the fluctuation of the population, which also displays rises and falls. Marx, on the other hand, makes these fluctuations dependent on fluctuations in the capitalist economy.”[17] (Manuel and Ábalos, 1997-98, p.97). In Marx’s view, the existence of large numbers of unemployed workers drove wages to the subsistence level.

The subsistence minimum wage is equal to the minimum cost of survival of the worker plus the cost of raising children. Qian’s level-standard economy is an individual’s moderate survival cost, excluding the cost of raising children. The individual’s moderate cost of survival should be slightly higher than the individual’s minimum cost of survival. Therefore, comparing the subsistence minimum wage with level-standard economy, I would like to infer that the two data about the subsistence minimum wage and level-standard economy are similar in size, or the data about the standard economy is slightly lower than the subsistence minimum wage.

3.3 The Relationship between the Level-standard Economy Concept and Price Demand Elasticity Theory in Neoclassical Economics

Concept of price elasticity of demand is one of the core concepts in Neoclassical economics, which is to measure the change in the quantity demanded or purchased of a product in relation to its price change. Expressed mathematically, it is: \[ e(p) = \frac{dQ/Q}{dP/P} \] where \( e(p) \) is a numerical value, which can be divided into three situations with 1 as the dividing line: \( e(p) = 1 \), \( e(p) > 1 \), \( e(p) < 1 \). If \( e(p) > 1 \), it means consumer’s demand for a certain commodity is elastic; if \( e(p) < 1 \), it means consumer’s demand for a certain commodity is inelastic. Inelastic products are necessities and usually do not have substitutes they can easily be replaced with, so that when the price goes up or down, consumers will not change their buying habits. Therefore, it can be inferred that the level-standard economy generally includes goods with inelastic demand and goods with demand elasticity values around 1.

3.4 the relationship between the level-standard economy theory and Maslow hierarchy of needs theory

Qian divides the whole life into three hierarchies: the first hierarchy is called natural life or economic life, which is relative to material, so that all clothing, food, shelter, and transportation, fall into this hierarchy; the second hierarchy is called social life or political life, or group life, which at this time is mainly in the relationship between...
many people, only since then people begin to live in the human world, in this human world, human needs to face and involve into family organization, national system, ethnic classification, etc.; the third hierarchy is called spiritual life or psychic life, which is relative to the concept, reason, fun, taste, such as religious life, moral life, literary life, artistic life and so on, the third hierarchy life is the most long-term retention, long-term existence. [19]

These three hierarchies of life which are divided by Qian are also ordered. Human enter the first hierarchy of life firstly, from the first hierarchy of life enter the second hierarchy of life, and from the second hierarchy of life enter the third hierarchy of life. Therefore, the theory of Qian’s three hierarchies of life can be corresponded to Maslow’s five/six hierarchies of needs division.

Qian’s first hierarchy of life is focusing on the relationship between people and materials, so that Qian’s first hierarchy of life could be corresponded to Maslow’s physiological need; Qian’s second hierarchy of life is focusing on the relationship between people and people, so that Qian’s second hierarchy of life could be corresponded to Maslow’s safety need, social belonging need, and esteem need; Qian’s third hierarchy of life is focusing on the spirit and mind, which is an intangible cumulative life and super-epoch life, so that Qian’s third hierarchy of life could be corresponded to Maslow’s self-actualization need and self-transcendence need.

3.5 Extension of Qian’s Level-standard Economy Concept

From Qian’s definition of level-standard economy, it can be seen that Qian defines level-standard economy from the perspective of demand. A complete economy includes both supply and demand. Therefore, the concept of level-standard economy can be extended to the supply side from a logical perspective. So, how to define the level-standard economy from the perspective of supply? I try to give the following definition.

What is the level-standard supply or the supply of the level-standard economy? The supply corresponding to the demand of the level-standard economy is the level-standard supply or the supply of the level-standard economy. For example, all things pandemic belongs to the level-standard supply or the supply of the level-standard economy.

In Mar 20, 2020 President Donald Trump said he can compel American companies to suspend their normal production schedules and begin manufacturing particular materials needed in response to the deadly coronavirus pandemic. [19] However, “What the federal government — the president or secretaries possessing delegated au-

4. The Erosion of the Level-standard Economy of the United States in the Context of Globalization

4.1 Who are the Winners of American Globalization in the Neoliberal Era Viewing from Level-standard Economy Perspective?

Who are the beneficiaries and winners of globalization in the United States and who are the losers of globalization in the United States? Lakner and Milanovic’s elephant curve actually gives a clearer answer: the top 1 percent, i.e., the global elite, capturing a large share of global income growth which can be seen as raised trunk; the global upper middle class, showing income stagnate with zero growth over two decades for the 80th which can be seen as the depth of the trough at the base of the elephant’s trunk, who are the frustrated of globalization. [8] So, the biggest winners of American globalization are global elites. “The overall outcome was thus that 44% of the increase of global income between 1988 and 2008 went to the top 5% of world population.” [8] (Lakner and Milanovic, 2013, p. 30).

Table 1. average annual incomes per capita (in 2005 PPP-adjusted USD), by percentiles

<table>
<thead>
<tr>
<th>Percentile</th>
<th>Top 1%</th>
<th>P95-P99</th>
<th>P90-P95</th>
<th>P80-P90</th>
<th>P70-P80</th>
<th>P60-P70</th>
<th>P50-P60</th>
<th>P40-P50</th>
<th>P30-P40</th>
<th>Bottom 10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988</td>
<td>43896</td>
<td>39601</td>
<td>46583</td>
<td>51641</td>
<td>64213</td>
<td>620</td>
<td>715</td>
<td>642</td>
<td>217</td>
<td>203</td>
</tr>
<tr>
<td>1993</td>
<td>39601</td>
<td>46583</td>
<td>51641</td>
<td>64213</td>
<td>620</td>
<td>715</td>
<td>642</td>
<td>217</td>
<td>203</td>
<td>21161</td>
</tr>
<tr>
<td>1998</td>
<td>46583</td>
<td>51641</td>
<td>64213</td>
<td>620</td>
<td>715</td>
<td>642</td>
<td>217</td>
<td>203</td>
<td>217</td>
<td>21161</td>
</tr>
<tr>
<td>2003</td>
<td>51641</td>
<td>64213</td>
<td>620</td>
<td>715</td>
<td>642</td>
<td>217</td>
<td>203</td>
<td>217</td>
<td>203</td>
<td>217</td>
</tr>
<tr>
<td>2008</td>
<td>64213</td>
<td>620</td>
<td>715</td>
<td>642</td>
<td>217</td>
<td>203</td>
<td>217</td>
<td>203</td>
<td>217</td>
<td>203</td>
</tr>
<tr>
<td>Change (%)</td>
<td>26.9</td>
<td>26.9</td>
<td>26.9</td>
<td>26.9</td>
<td>26.9</td>
<td>26.9</td>
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<td>26.9</td>
</tr>
</tbody>
</table>

Source: Lakner and Milanovic, 2013, p. 25

DOI: https://doi.org/10.30564/jbar.v4i2.2763
The income base of the top 1% group is very large, and the growth rate of 64.8% is also very high, viewing from Table 1, so they are the beneficiaries of globalization. The ensuing question is who belong to the global elite group? Multinational consortia, Wall Street, Silicon Valley, and Hollywood belong to the global elite group obviously, their income is partly realized overseas, “Biden-Voting Counties Equal 70% Of The U.S. Economy”, [21] that means 477 counties won by Biden generated 70 percent of the US GDP in 2018, and 2497 counties won by Trump generated 29 percent of the US GDP in 2018 [21]. Biden won virtually all of the U.S. counties with the biggest economies and “Trump was the candidate of choice in small towns and rural communities with correspondingly smaller economies.” [22]

Top 10 donors to Biden 2020 campaign are (1) Paloma Partners, $9 Million; (2) Euclidean Capital, $7 Million; (3) Deborah Simon, $6.1 Million; (4) Marcus & Millichap Co., $4 Million; (5) Sequoia Capital, $3.5 Million; (6) Arista Networks, $3 Million; (7) The Baupost Group, $3 Million; (8) Greylock Partners, $2.5 million; (9) Lone Pine Capital, $2.5 million; (10) Intersystems Corporation, $2.5 Million [23].

Top 10 donors to Trump 2020 campaign are (1) Pan Am Systems, $10 million; (2) Energy Transfers, $10 million; (3) G.H. Palmer Associates, $6 million; (4) America First Action, $4.5 million; (5) Philanthropist/Entrepreneur, $3 million; (6) The Blackstone Group, $3 million; (7) Uline, $2 million; (8) ABC Supply, $2 million; (9) Stephens Inc., $1.5 million; (10) Hawaiian Gardens Casino, $1.3 million [24].

Judging from the composition of Biden’s donations, Biden has received support from international consortia, and Trump has received support from companies that are localized in the United States.

4.2 Who are the Losers of American Globalization in the Neoliberal Era Viewing from Level-standard Economy Perspective?

It is said that most of the country-deciles between the 81st and 90th percentile in 1988 belong to the group of lower halves of national income distributions in mature economies [8]. Viewing from Table 1, we can find that the average income of this group has only increased by 4.6% in 20 years, and in some years their income has obviously declined. Therefore, the group of lower halves of national income distributions in the United States are the losers of American globalization.

Professors Mendieta-Muñoz, Rada, and von Arnim (2019) use Log Mean Divisia decomposition method to measure and analyze variance reasons of the USA’s labor share by fourteen sectors from 1948 to 2017 [10]. They divide the post-war period after World War II into two periods: the first is called Golden Age, which is from 1948 to 1979, and the second period is called Neoliberal Era, which is from 1979 to 2017, BLS data show that the labor share is increasing during the Golden Age, while the labor share is decreasing during Neoliberal Era. Professors Mendieta-Muñoz, Rada, and von Arnim (2019) firstly attribute the cause of the variance of the USA’s labor share to four elements, [10] i.e., sectoral real wage (ω), sectoral labor productivity (ε), the structure of the economy (λ), and the structure of market (p); then measure the contribution of these four elements to the variance of the USA’s labor share. I think their data calculation results can be further explored to see who are the losers of American globalization.

Table 2. Changes in the values of the four indicators during the Golden Age

<table>
<thead>
<tr>
<th>Sector</th>
<th>Variation of labor share</th>
<th>Variation of employment share</th>
<th>Variation of value added share</th>
<th>The average annual growth rate of labor productivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry and fishing</td>
<td>8.0</td>
<td>-3.8</td>
<td>-7.5</td>
<td>3.2</td>
</tr>
<tr>
<td>Mining</td>
<td>-1.8</td>
<td>-1.1</td>
<td>-0.7</td>
<td>0.0</td>
</tr>
<tr>
<td>Utilities</td>
<td>-7.7</td>
<td>-0.2</td>
<td>0.8</td>
<td>2.3</td>
</tr>
<tr>
<td>Construction</td>
<td>0.3</td>
<td>0.7</td>
<td>1.3</td>
<td>1.1</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>2.4</td>
<td>-8.7</td>
<td>2.5</td>
<td>3.0</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>1.6</td>
<td>0.4</td>
<td>0.5</td>
<td>3.3</td>
</tr>
<tr>
<td>Retail trade</td>
<td>12.6</td>
<td>2.8</td>
<td>-2.2</td>
<td>0.6</td>
</tr>
<tr>
<td>Transportation and warehousing</td>
<td>1.1</td>
<td>-3.1</td>
<td>-2.0</td>
<td>2.8</td>
</tr>
<tr>
<td>Information</td>
<td>-14.2</td>
<td>-0.3</td>
<td>1.8</td>
<td>3.9</td>
</tr>
<tr>
<td>Finance and insurance</td>
<td>-3.0</td>
<td>2.1</td>
<td>3.3</td>
<td>1.0</td>
</tr>
<tr>
<td>Professional and business services</td>
<td>8.1</td>
<td>4.4</td>
<td>3.8</td>
<td>1.1</td>
</tr>
<tr>
<td>Education, health and social services</td>
<td>20.7</td>
<td>6.0</td>
<td>3.8</td>
<td>-0.8</td>
</tr>
<tr>
<td>Arts, entertainment and recreation</td>
<td>-0.6</td>
<td>2.1</td>
<td>0.3</td>
<td>-0.3</td>
</tr>
<tr>
<td>Other services</td>
<td>-8.6</td>
<td>-1.4</td>
<td>-0.6</td>
<td>1.3</td>
</tr>
</tbody>
</table>

Source: Mendieta-Muñoz, Rada, and von Arnim, 2019, p. 37
Use the data in Table 2 as a reference to analyze the information shown in the data in Table 3, we can find that:

(1) Manufacturing sector is the biggest loser, then the manufacturing industry’s most workers should be the biggest losers, as the employment share of manufacturing sector falls the most among the 14 sectors, with a drop of 15.8 percentage point. And the value added’ share of manufacturing sector falls the most among the 14 sectors, with a drop of 13.5 percentage point. Then the labor share of manufacturing sector falls greatly too, with a drop of 23 percentage point.

(2) The information sector’s workers are the second biggest loser, as since the 1990s has been an era of great development in the information industry, but the share of value added of information sector with just an increase of 1.4 percentage point does not show such a big development; the employment share of information sector falls greatly too, with a drop of 13.5 percentage point. Then the labor share of information sector falls the most among the 14 sectors, with a drop of 24.8 percentage point.

(3) Because the US manufacturing sector is the loser of globalization, the transportation and warehousing sector, which is highly related to manufacturing industry, will naturally become the loser too.

(4) The data in Table 3 show that the US Agriculture, forestry and fishing sector, Professional and business services sector, Education, health and social services sector, Arts, entertainment and recreation sector should be the winners of globalization. The employment shares of these sectors increase -1.0 percentage point, 8.0 percentage point, 9.2 percentage point, 4.8 percentage point respectively; the shares of value added of these sectors increase -2.4 percentage point, 9.1 percentage point, 5.6 percentage point, 1.4 percentage point respectively; the labor shares of these sectors increase 15.3 percentage point, 6.1 percentage point, -1.9 percentage point, 3.0 percentage point respectively.

### Table 3. Changes in the values of the four indicators during the Neoliberal Era

<table>
<thead>
<tr>
<th>Sector</th>
<th>Variation of labor share</th>
<th>Variation of employment share</th>
<th>Variation of value added’ share</th>
<th>The average annual growth rate of labor productivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry and fishing</td>
<td>15.3</td>
<td>-1.0</td>
<td>-2.4</td>
<td>4.4</td>
</tr>
<tr>
<td>Mining</td>
<td>2.4</td>
<td>-0.7</td>
<td>-0.8</td>
<td>3.0</td>
</tr>
<tr>
<td>Utilities</td>
<td>-4.9</td>
<td>-0.4</td>
<td>-0.7</td>
<td>1.0</td>
</tr>
<tr>
<td>Construction</td>
<td>-4.3</td>
<td>-0.4</td>
<td>-0.5</td>
<td>-0.7</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-23.0</td>
<td>-15.8</td>
<td>-13.5</td>
<td>3.6</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>-13.4</td>
<td>1.3</td>
<td>-0.5</td>
<td>3.4</td>
</tr>
<tr>
<td>Retail trade</td>
<td>-7.5</td>
<td>-1.2</td>
<td>-2.1</td>
<td>1.7</td>
</tr>
<tr>
<td>Transportation and warehousing</td>
<td>-6.0</td>
<td>0.2</td>
<td>-1.0</td>
<td>0.7</td>
</tr>
<tr>
<td>Information</td>
<td>-24.8</td>
<td>-0.7</td>
<td>1.4</td>
<td>3.9</td>
</tr>
<tr>
<td>Finance and insurance</td>
<td>-4.9</td>
<td>0.0</td>
<td>4.2</td>
<td>2.7</td>
</tr>
<tr>
<td>Professional and business services</td>
<td>6.1</td>
<td>8.0</td>
<td>9.1</td>
<td>0.5</td>
</tr>
<tr>
<td>Education, health and social services</td>
<td>-1.9</td>
<td>9.2</td>
<td>5.6</td>
<td>-0.8</td>
</tr>
<tr>
<td>Arts, entertainment and recreation</td>
<td>3.0</td>
<td>4.8</td>
<td>1.4</td>
<td>-0.2</td>
</tr>
<tr>
<td>Other services</td>
<td>7.8</td>
<td>-0.8</td>
<td>-0.1</td>
<td>0.7</td>
</tr>
</tbody>
</table>

Source: Mendieta-Muñoz, Rada, and von Arnim, 2019, p. 37

DOI: https://doi.org/10.30564/jbar.v4i2.2763
respectively.

4.3 Further Analysis of the Winners and Losers of American Globalization in the Neoliberal Era

Table 4 can be constructed as below:

<table>
<thead>
<tr>
<th>Sector</th>
<th>Sum (2)</th>
<th>Sectoral real wage (ω) (3)</th>
<th>the structure of the economy (λ) (4)</th>
<th>Sectoral labor productivity (ε) (5)</th>
<th>the structure of market (p) (6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sum</td>
<td>-100</td>
<td>775</td>
<td>121</td>
<td>-1049</td>
<td>54</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-111</td>
<td>156</td>
<td>28</td>
<td>-472</td>
<td>177</td>
</tr>
<tr>
<td>Information</td>
<td>-52</td>
<td>35</td>
<td>8</td>
<td>-132</td>
<td>38</td>
</tr>
<tr>
<td>Transportation and warehousing</td>
<td>5</td>
<td>12</td>
<td>0</td>
<td>-18</td>
<td>1</td>
</tr>
<tr>
<td>Agriculture, forestry and fishing</td>
<td>16</td>
<td>9</td>
<td>10</td>
<td>-48</td>
<td>45</td>
</tr>
<tr>
<td>Professional and business services</td>
<td>58</td>
<td>145</td>
<td>22</td>
<td>-36</td>
<td>-74</td>
</tr>
<tr>
<td>Education, health and social services</td>
<td>43</td>
<td>77</td>
<td>29</td>
<td>40</td>
<td>-102</td>
</tr>
<tr>
<td>Arts, entertainment and recreation</td>
<td>9</td>
<td>30</td>
<td>4</td>
<td>6</td>
<td>-30</td>
</tr>
</tbody>
</table>

Source: Mendieta-Muñoz, Rada, and von Arnim, 2019, p. 36

Further analysis of the data in the Table 4:

(1) viewing the last column data, i.e., the index of structure of market p, in the Table 4, we can find that the index of structure of market p of the losers (i.e., manufacturing industry, information industry, and transportation and warehousing industry) during the process of American globalization in the Neoliberal Era are all greater than zero, which is due to the industrial transfer and job transfer. The above-mentioned sectors transfer low-end and low-value-added industries and jobs to other countries and regions, and retain high-end, high-value-added industries and jobs in the United States; the index of structure of market p of the winners (i.e. Professional and business services sector, Education, health and social services sector, and Arts, entertainment and recreation sector) during the process of American globalization in the Neoliberal Era are all smaller than zero, which is relative to the elas-
ticity of demand for goods and services. Professional and business services sector, Education, health and social services sector, and Arts, entertainment and recreation sector all belong to the sector with elastic demand. For goods and services with elastic demand, lowering the price level can expand market share and increase turnover. Agriculture, forestry and fishing belong to the sector with inelastic demand, by increasing the price level, the market share can be expanded and the turnover can be increased, so, the index of structure of market p of Agriculture, forestry and fishing sector during the process of American globalization in the Neoliberal Era is greater than zero.

(2)viewing the third column data, i.e., the index of sectoral real wage \( \omega \), in the Table 4, we can find that the index of the sectoral real wage \( \omega \) are all greater than zero for all sectors, that means that the real wages are increased in all sectors in the Neoliberal Era. The losers of American globalization in the Neoliberal Era increase the real wages by transferring the jobs and low-end and low-value-added industries; the winners of American globalization in the Neoliberal Era increase the real wages by their gains.

(3)viewing the fourth column data, i.e., the index of the structure of the economy \( \lambda \), in the Table 4, we can find that the index of the structure of economy \( \lambda \) are all not smaller than zero for all sectors, that means that the effect of the structure of economy of all sectors on labor share are all not negative in the Neoliberal Era. The losers of American globalization in the Neoliberal Era increase the labor share by decreasing their employment; the winners of American globalization in the Neoliberal Era increase the labor share by increasing their employment.

4.4 Solutions to the Dilemma of U.S. Globalization in the Neoliberal Era

From a logical point of view, higher tax rates should be imposed on the winners of American globalization in the Neoliberal Era, and more subsidies should be given to the losers of American globalization in the Neoliberal Era.

Higher tax rates should be imposed on the winners of American globalization in the Neoliberal Era. I think Biden’s future economic policies include the idea of imposing high taxes on winners of American globalization. It is said Biden will implement the following tax plan: ① raise the top income tax rate back to 39.6% from 37%; ② tax capital gains and dividends at ordinary rates for those with annual incomes over $1 million; ③ tax unrealized capital gains at death; ④ apply Social Security payroll tax for those earning over $400,000 a year; ⑤ close the stepped-up basis loophole; ⑥ raise the top corporate income tax rate to 28% from 21%; ⑦ impose a 15% minimum tax on book income of large companies (at least $100 million annual net income); ⑧ tax profits earned from foreign subsidiaries of U.S. firms at 21%. [25]

The argument in this article provides theoretical support for Biden’s economic policy. “The highest-income 20% of households (who will make about $170,000 or more) would bear nearly 93% of the burden of Biden’s proposed tax increase, and the top 1% nearly three-quarters.” [24] What Trump implemented is a policy of reducing taxes for the rich, and the policy of reducing taxes for the rich is not consistent with the argument in this article. Hope and Limberg’s research on 18 advanced economies shows that the massive tax cuts imposed on the rich over the past 50 years have increased inequality, which impact on economic growth or unemployment is statistically indistinguishable from zero. [27]

More subsidies should be given to the losers of American globalization in the Neoliberal Era. This paper has argued that the manufacturing sector, the information sector, and the transportation and warehousing sector are the losers of American globalization in the Neoliberal Era. These sectors and their workers are relative to the demand and supply of level-standard economy. Due to relative to the demand and supply of level-standard economy, these related losses have a great impact on the foundation of the U.S. economy, as well as the living standards and welfare standards of the relevant people. So, first, financial subsidies must be provided to these directly related groups. In fact, the principle of subsidizing the losers of American globalization in the Neoliberal Era demonstrated in this article is similar to the principle of UBI project. “Universal basic income (UBI) is a government program in which every adult citizen receives a set amount of money on a regular basis. The goals of a basic income system are to alleviate poverty and replace other need-based social programs that potentially require greater bureaucratic involvement.” [23] The idea of providing a regular, guaranteed payment to citizens has been around for centuries, which can be traced back to at least the 16th century work “Utopia”, written by English philosopher and statesman Thomas More. Martin Luther King, Jr. proposed “guaranteed income” concept and idea in 1967 which expressed an idea similar to UBI. [29] Andrew Yang proposed such a plan in his 2020 president campaign platform: his Freedom Dividend would give every American over the age of 18 a $1,000 check every month. [30]

U.S. manufacturing and other industries need a moderate return. U.S. manufacturing and information industry, etc. belong to level-standard economy, which have been hurt due to industries transfer and work outsourcing during the Neoliberal Era. For example, the Rust Belt: “The Rust Belt is a colloquial term used to describe the
geographic region stretching from New York through the Midwest that was once dominated by the coal industry, steel production, and manufacturing.” [31] The outsourcing of these industries and work outsourcing have not only affected the supply of products in these industries, but also affected the wages of workers in these industries, which in turn affected the demand for workers in these industries. Therefore, from a logical point of view, these industries need to be moderate return to America. By vowing to revitalize the U.S. manufacturing workforce, Trump’s path to the Oval Office was paved by his victory in this factory-intense region in 2016, Trump’s goal of revitalizing the manufacturing industry is too ambitious, which is both unnecessary and impossible to achieve. So that “Trump has been all in on this huge resurgence of manufacturing employment, and that has not materialized.” [32]

Transnational cooperation needs to be further strengthened. The erosion of the level-standard economy of the United States in the context of globalization and Trump’s America First strategy provide a breeding ground for the populist backlash against globalization. However, when you look at globalization from economic, political, and military perspectives, you will find that transnational cooperation has become an integral part of today’s global landscape. Globalization presents an unstoppable trend, so further transnational cooperation is the most correct way. Scholar Francis Fukuyama still believe globalization is the end of history and “what the future ought to look like is something I once labeled multi multilateralism where you have a dense layer of very disparate types of international organizations they’re used for different purposes they can interact you can pick and choose between them to some extent and I think that’s really the kind of international cooperation that we can actually realistically hope to achieve even on another generation.” [33]

5. Conclusions

This paper uses the level-standard economy approach to analyze the losses and gains of American globalization in the Neoliberal Era, and draw the following conclusion: the US manufacturing sector, information sector, and the transportation and warehousing sector are the losers of American globalization in the Neoliberal Era; the US Agriculture, forestry and fishing sector, Professional and business services sector, Education, health and social services sector, Arts, entertainment and recreation sector are the winners of American globalization in the Neoliberal Era. That means level-standard economy’s sectors are the losers during the process of American globalization in the Neoliberal Era; and super level-standard economy’s sectors are the winners during the process of American globalization in the Neoliberal Era. The failure and loss of level-standard economy’s sectors have great harm and impact on related parties, so that the USA emerges the movement of populist backlash against globalization, the solutions to this dilemma are to impose higher tax rates on the winners of American globalization in the Neoliberal Era, to subsidize more to the losers of American globalization in the Neoliberal Era, to moderately relocate manufacturing and other industries back to the U.S., to further strengthen transnational cooperation.

References

[9] Alvaredo, F., Chancel, L., Piketty, T., Saez, E., and


ARTICLE
Ownership Structure and Earnings Quality of Listed Financial Firms in Nigeria

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ABSTRACT

The study determined the effect of ownership structure on earnings quality of listed financial firms in Nigeria. The study employed secondary data. The study population comprised all the 16 listed financial firms on the Nigerian Stock Exchange. Purposive sampling technique was adopted to select top 10 banks whose shares are consistently traded on the stock market. Data for ownership structure and earnings quality were sourced from the audited financial statements of the selected firms and the Nigerian Stock Exchange Factbook over a period of 10 years (2009-2018). Collected data were analyzed using pooled ordinary least square, fixed effect and random effect estimation techniques. The result from the study showed that institutional ownership ($t=4.3$, $p<0.05$) had a positive and statistically significant relationship with earnings quality while ownership concentration ($t=-2.5$, $p<0.05$) had a negative and significant relationship with earnings quality. The study recommended that the institutional ownership which shows a positive relationship with earnings quality enables improved earnings of the sampled listed banks. More institutional participation should be allowed in the Nigerian listed banks as it was proved that they have the power to monitor the affairs of managers as this will have a positive impact on earnings. Concentration ownership gives managers incentives to manage earnings to achieve short term opportunistic interest; therefore it should not be encouraged.

1. Introduction

Since the end of the 20th century the issue of corporate governance has become the topic of significant discussion in the business environment around the globe. The widely-believed view, that corporate governance determines firm performance, perpetuity and protect the shareholders’ interest has led to increasing global attention of its importance. One of the most desirable mechanisms of corporate governance for reducing agency cost and mitigate earnings management incentives relates to the structure of ownership of a firm. Ownership structure is defined as the sharing of the equity of a company with respect to asset contribution, rights to vote and the identification of equity contributors.

In line with the agency theory, increase in the accuracy of financial reports is expected to be greatly influenced by the components of corporate governance with a resulting effect on the quality of earnings reported to users of financial information [37]. However, investors have lost confi-
2. Literature Review

2.1 Theoretical Framework

The theoretical framework for this study is centered on the agency theory. The agency theory simply deals with the operational relationship existing between one party, the principal, who delegates work to another party referred to as the agent. According to the agency theoretical framework, this study includes the composition ownership structure to provide evidence of their monitoring role as a main agent of corporate governance systems to reduce agency costs and thus enhance the quality of earnings. As corporate governance varies across institutional environments and reflects differences in ownership patterns, this study includes ownership structure to present institutional characteristics of governance to provide evidence of their impact on earnings quality.

In line with this framework, the ownership structure was examined from three dimensions: institutional ownership, managerial ownership and ownership concentration while the earnings quality which was proxied by: accrual quality and earnings persistence.

2.2 Ownership Structure

Ownership structure is the distribution of a company stock among its major shareholders. Agency theory suggests that ownership concentration which is a form of ownership structure will enhance the monitoring system installed in an organization thereby leading to eradication of principal-agent problem [36]. The separation of ownership and control gives rise to the clash of interest between owners and those charged with the responsibility of managing the affairs of a business. [36], explained that agents who are the managers control the activities of an organization in the place of the principals who are the owners of the organization. This association gives managers the liberty to direct the affairs of an organization and the exclusive power to make decisions on behalf of the owners. It is evident in literature the structure of ownership can be viewed in two directions; one, when managers of an organization also own some shares in the organization. Secondly, when the shareholders of an organization are most dominated by outside owners who have power to influence and monitor the activities of the managers which will cause a reduction in earnings management practices. As such, ownership structure is expected to have a positive relationship with earnings quality.

2.3 Managerial Ownership

Managerial ownership can be viewed as the proportion of shares attributed to insiders and block holders of a company to the total number of shares issued. Managerial ownership is viewed as a relevant tool of ownership structures used to control the differences between owners of
business and their managers. Also, when managers of a firm possess a significant amount of share in that firm, the tendencies of managers acting in their self-interest will reduce because their focus will be on the attainment of the overall organizational. The use of information not yet made public by managers for their own advantage will be reduced since the interests of both parties have been aligned. Prior studies have shown that organizations where significant numbers of shares are owned by managers seem to be associated with reduced earnings management practices (11, 47). (55) (2005) asserts that the quality of earnings information is enhanced when insider owners account for a larger portion of the total shares. Likewise, observed that increased insider ownership will cause an improved quality of earnings information.

In line with the agency theory, managers tend to act in line with other shareholders to achieve an organizational goal when they themselves are also shareholders. A closer relationship can be achieved between owners and managers when the CEO is also a shareholder. Therefore, it is expected that managerial ownership will help to align the interest of owners with that of the managers and as such reduces earnings management practices. The findings of [2, 8, 23, 25, 39 and 56] show that management shareholdings are negatively related with earnings management.

When the owner-agent relationship are not well bonded, managers may tend to sideline the organizational goal for their own personal objectives without fright of sanction in spite of owning shares in the organization. Therefore, based on the above statement, what motivates earnings management practices might increase despite the CEO’s shares ownership thereby giving managers more opportunity to pursue personal interest. Based on these researches, it was suggested that CEOs act in their own self-interest and not in the overall organization’s interest. Even managers with a high number of shares might profit from smoothing of earnings to achieve an increased share price and their worth. Therefore, an increase in managerial shareholdings might enhance earnings management practices. Hence, the following hypothesis is developed:

Ho1: There is no significant relationship between managerial ownership and earnings management.

2.4 Institutional Ownership

Institutional ownership is referred to as the proportion of institutional involvement in the overall shares of an organization. Institutional ownership was viewed as the proportion of shares owned by the largest corporate investors to the total number of shares issued. In addition, to this explanation and in order to have a clear view on the type of institutional investors classified them into three:

(a) Transient institutional investors: these are class of institutional owners with large asset and manage different investment portfolios in various entities. They are mostly interested in brief period investment where the result of the investment can be quickly achieved. Overseeing the affairs of managers is not what motivates them to invest and they are not bordered about issues related to achieving long-term organizational goals.

(b) Quasi-indexers: these are different class of institutional owners with small assets but they are interested to hold their investment for a long period of time. Their motivation is toward achieving the long-term goal of an organization including increase in its value and success. This class of investors is commitment to monitoring the affairs of the manager of organizations they have invested.

(c) Active institutional ownership: this is referred to as the proportion of shares active institutional owners possess. They usually invest averagely and are usually interested in the long term value of an organization. They are dedicated to oversee the activities of managers and interested in the future prospects of the organization.

Consistent with the agency theory, institutional owners’ monitoring activities seem to be a relevant component of governance. According to [3] adequate overseeing function can be achieved from institutional owners which might be less possible inactive or smaller investors. Thus, the opportunistic behaviour of managers can be curbed to some extent with the presence of institutional owners. The efficient overseeing hypothesis show that there exists a negative association between institutional shareholdings and earnings management practices. Likewise, prior research revealed that earnings management is reduced with the involvement of institutional investors.

However, few studies do not agree that the presence of institutional investors will help to oversee the affairs of managers. Institutional investors in most cases are inactive and might dispose their shares when they perceive low performance rather than contributing to the organization. Institutional owners might not be able to adequately oversee the activities of managers or take actions against them because it might lead to an undesired business relationship with the organization. Accordingly, institutional investors may collude with management. Some studies revealed that institutional owners are more concerned with the short term goals and therefore, incapable of overseeing the activities of managers. As such, achieving short term income will be highly prioritized by managers. The above reveal that institutional owners might increase incentives for managers to manage earnings which will result in negative effect on earnings.
quality. Therefore, the following hypothesis is also developed:

Ho2: There is no significant relationship between institutional ownership and earnings management.

2.5 Ownership Concentration

Ownership concentration is a measure of the existence of large block holders in a firm. Normally, a shareholder who holds 5% or more of a corporation common stock is considered a major shareholder or block holder. The shareholding of an owner should be significant enough to provide for monitoring the action of the management. The major shareholder can be an individual, a domestic foreign corporation, an institutional investor and or the state. Large block holders are more motivated to oversee the activities of managers because they tend to gain more from monitoring in comparison to the cost involved. [21 and 52] found that large block holders have the incentive to bear fixed cost of gathering information and to perform oversight functions on management. On the contrary, mixed ownership results in poor monitoring system. That is in a situation where the shareholders hold lower stock in a firm the motivation to oversee is low because the costs involved in monitoring outweigh the benefits to be derived.

Divergence of interest may arise between major shareholders and other shareholders when block holders are predominant in an organization. In most cases, large block holders seem to use their power to create opportunities for their own advantage which can deprive holders with few shares of their rights. Likewise, they go to the extent of prioritizing their own interests at the expense of other shareholders [49]. Consequently, large block holders might be highly involved in management affairs thereby creating avenues for managers to manage earnings for their personal interest [35]. Incentives to manage earnings are provided for managers due to fear of expected adverse result if the options from large shareholders are downturned. Also, the following hypothesis is equally necessary:

Ho3: There is no significant relationship between ownership concentration and earnings management.

2.6 Earnings Quality

Earnings quality is referred to as an increased level in the quality of earnings which make available more detailed financial information about an organization to its individual users in decision making (SFAC No. 1). From the above explanation three characteristics that defines earnings quality are pointed out: earnings quality is centered around the provision of important decision by the an organization to the investors and other users: the second part is related to the informativeness of the figures presented to capture the financial performance of an organization and the third part look into how relevant are these information in decision making and if it actually represent the actual performance of the organization. Also, [43] view earnings quality as that earnings stated on the financial statement, before identifying the extraordinary items, is regarded as an adequate signal for futuristic earnings. Therefore, it is assumed that a high level of earnings quality relates to a desired sustainability of earnings while unsustainability is related to a low level of earnings quality. According to the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) did not define earnings quality in their common Conceptual Framework, but rather itemized a number of qualitative features expected in earnings to be regarded as of a high quality, amongst them are relevance, faithful representation, comparability, verifiability, timeliness, and understandability [34].

Earnings quality will be of no meaning if its decision application is not well defined because important characteristics of individual firm’s earnings method are quite distinctive in making resolutions [30]. There are two pre-texts from which earnings quality can be viewed; essential characteristics and fiscal characteristics. When earnings is being observed from the important characteristics, it is viewed as accounting viability to access the firm’s future performance while from the other perspective, earnings shown on the face of the financial statement are not too good indicators of the actual performance of a firm. Earnings quality is regarded as the level of exactness by which the book value of earnings shows the real earnings; as earnings increases, so also do reported earnings swiftly express the current worth of expected dividend [60].

Present and previous operational performance of a firm can be truthfully shown by high quality of earnings. Earnings quality reveals expected operational performance produce consistent estimation for a firm notwithstanding the level of earnings. The presence of low earnings quality is not always indicative of earnings smoothing practices; it might be as a result weakened essential factors in prior years. [19], state that the factors that determine the quality of earnings include the size of a firm, percentage of loss, unpredictability of cash flow and operating cycle. [51], note that qualitative financial statement should depict the true and whole information concerning an organization’s financial performance and potential future risk. Also, information pertaining to anticipated earnings and cash movements of an organization should be adequately revealed through a quality financial report. [25], maintains that due to the fact that financial statements are influenced by dis-
creation of the management, their opportunistic behaviour is reflected in the reporting process. [38] investigated bank manager’s use of discretion in estimating loan loss provision to reduce earnings variability while [62] asserts that managers of banks in the Gulf Cooperation Council (GCC) region use the loss provision among other things to smooth earnings to achieve certain objectives.

Earnings quality is also viewed as the ability of reported earnings to be useful for decision making. There are diverse determinants of the quality of financial information, majority of which arises as a result of request of such information to access some important financial benefits and also from other factors that motivate managers to smooth earnings. The need to unnecessarily maintain high earnings leads many managers into trying to manage their earnings.

3. Empirical Studies

3.1 Ownership Structure and Earnings Quality

[6] conducted a study entitled: “the relationship between ownership structure and earnings quality in the French context”. The study explores the association among diverse types of ownership structure and earnings quality proxied earnings management and informativeness in the French companies belonging to SBF 250. The study sample consists of 117 French companies excluding all the financial companies because they are characterized by specific regulations related to financial statement presentation and governance. The finding of the study shows that there exists a negative relationship between managerial ownership and earnings management and also revealed that ownership concentration has a significant positive relationship with earnings informativeness. The study only used two indicators of earnings quality based on earnings management and informativeness, it would have been interesting to extend the study by incorporating other components of earnings quality which includes accrual quality, persistence, predictability, conservatism and timeliness.

[30], conducted a study entitled: “institutional monitoring and earnings quality in Malaysia”. The purpose of the study was to investigate the association between institutional ownership and earnings quality of Malaysian firms. The sample consists of 592 non finance related firms quoted on the Malaysia’s exchange. The study proxied earnings quality with accrual quality model. It also revealed that institutional owners which mainly dominate the structure of ownership, give greater monitoring opportunity. The finding shows that institutional owners tend to assume monitoring duties due to their large investment. The focus of this study was based only on institutional ownership; the study would have been more interesting if other forms of ownership structure: management ownership, foreign ownership family ownership and ownership concentration which affects earnings quality were considered.

[50] conducted a study entitled: “the relationship between equity ownership concentration and earnings quality: evidence from Brazil”. The purpose of the study was to examine the effect of ownership concentration in Brazilian companies on earnings quality. Earnings persistence and asymmetric timeliness (conservatism) were the two proxies used to measure earnings quality. The sample of the study comprises of firms quoted on the Sao Paulo stock exchange excluding financial firms between 1999 and 2014. The results of the study indicated that accounting conservatism has a positive and significant relationship with ownership concentration. It also showed that as the ownership concentration has a negative relationship with earnings persistence. However, the impact of institutional ownership was not clearly captured in the study.

[33], conducted a study entitled “the influence of corporate governance in Chinese companies on discretionary accruals and real earnings management”. The purpose of the study was to investigate ownership structure and board characteristics on discretionary accruals and real earnings management. The sample comprises of 1858 firms quoted on the Chinese shanghai and Shenzhen stock exchange securities market from 2000-2012. The findings of the study revealed that firms with high ownership concentration tend to provide motivation for managers to manage earnings so as to achieve short-term goals. Increase in managerial ownership can adequately control their earnings management activities which is harmful to the value of the firm. The establishment of independent directors on the board has not been able to monitor the opportunistic behaviour of managers. High rate of earnings management activities will be experienced with the presence of CEO duality. Board size seems to have a significant negative relationship with earnings management.

[5], conducted a study entitled: “the impact of institutional ownership structure on earnings quality of food/beverages and tobacco firms in Nigeria”. The study sampled 16 food/beverage and tobacco firms in Nigeria between 2005 -2013. The regression analysis technique was used to estimate the model. The findings of the study showed that the variable institutional ownership is significant while firm size is insignificant. Since institutional investors help in monitoring managers activities, it was recommended by the study that SEC should encourage more institutional participation in the food/beverage and tobacco companies in Nigeria. The sample size used in the study is small compared to the number of food/beverage
and tobacco in Nigeria and also the study neglect other forms of ownership structure but rather focused solely on institutional ownership. [41], conducted a study entitled “influence of ownership structure on earnings quality in listed firms of Tehran stock exchange”. The aim of the study was to investigate the relationship between ownership concentration, institutional ownership and earnings quality. The sample of the study comprises of quoted companies in the Tehran stock exchange between 2006 and 2010. Six criteria were used for measuring earning quality: operating cash ratio to operating earnings, accruals volume, persistent growth rate of earning, gross earnings ratio, earning persistence, receivable accounts quality. The results of the study revealed that there is a significant relationship between ownership concentration and persistent growth rate of earning. There is also a significant relationship between earning consistent and institutional ownership. However there is no significant relationship between ownership concentration and institutional ownership with the other criteria for evaluating earning quality. Although the study observed two forms ownership structures but there are other forms (managerial ownership, foreign ownership and family ownership) which could as well be considered in relation to earnings quality. Also a wider period coverage in the study would have enhanced the result of the study. [42], conducted a study entitled “institutional ownership and discretionary accruals: empirical evidences from Pakistani listed non-financial firms”. The aim of the research was to investigate the relationship between institutional ownership and discretionary accruals. The sample selected for the study was 68 non-financial quoted firms on the Karachi stock exchange between 2006 and 2010. The finding of the study showed a negative and insignificant relationship between institutional ownership and discretionary accruals. The study considered only one form of ownership structure, whereas other forms are also important. [43], conducted a study entitled “the effects of chairman independence and ownership structure on Earnings Management”. The aim of the study was to examine the effects of chairman independence, ownership structure and earnings management. The sample of the study consisted of 91 largest firms by market capitalization quoted on the London stock exchange in 2005. Earnings Management was measured by Modified Jones Model. The results of the study revealed that there is a negative relationship between chairman independence and Earnings Management, institutional ownership is negative and significant and managerial ownership is negative but not significant. The time frame considered in the study is small; a wider time frame would produce more viable result.

4. Methodology

The data for this study were obtained from secondary source. This study used panel data to establish the relationship between ownership structure and earnings quality in Nigerian financial firms, therefore, the population of this study consisted of all the 16 deposit money banks in Nigeria as at 31st December, 2019. The purposive sampling techniques were adopted in selecting the top 10 deposit money banks whose annual reports were adequately available over a period of 10 years (2009-2018).

The model to capture the relationship between ownership structure and earnings quality of deposit money banks in Nigeria was specified as follows:

\[ EQ = \beta_0 + \beta_1 \text{INTOWN}_i + \beta_2 \text{MANOWN}_i + \beta_3 \text{OWNCON}_i + \beta_4 \text{FIRMSZ}_i + \beta_5 \text{LEV}_i + \mu_i \]

Where:

- \[ EQ = \text{Earnings Quality} \]
- \[ \text{INTOWN} = \text{Institutional Ownership} \]
- \[ \text{MANOWN} = \text{Managerial Ownership} \]
- \[ \text{OWNCON} = \text{Ownership Concentration} \]
- \[ \text{FIRMSZ} = \text{Firm Size} \]
- \[ \text{LEV} = \text{Leverage} \]

5. Results and Discussions

The variables (managerial ownership, institutional ownership and ownership concentration) used in estimating ownership structure are tested to check the problem of multi-collinearity. From the result in Table 1, it was
Variable Measurement

<table>
<thead>
<tr>
<th>Variables</th>
<th>Measurement</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings Quality (EQ)</td>
<td>Earnings Quality measured by discretionary loan loss provision (DLLP), $LLP_t + \beta_0 + \beta_1NPL_{it-1} + \beta_2\Delta NPL_{it} + \beta_3\Delta TL_{it} + \mu_t$</td>
<td>[10]</td>
</tr>
<tr>
<td>Institutional Ownership (INTOWN)</td>
<td>Measured using proportion of shares owned by institutional investors to total number of shares issued, expressed in percentage.</td>
<td>[5]</td>
</tr>
<tr>
<td>Managerial Ownership (MANOWN)</td>
<td>Measured using proportion of shares owned directly (shares own by the director only) or indirectly (When the director represents the interest of others) by directors to total number of shares issued, expressed in percentage.</td>
<td>[41]</td>
</tr>
<tr>
<td>Ownership Concentration (OWNCON)</td>
<td>Herfindal index is used to determine the ownership concentration. It is approximated by the sum of squares of all reported holdings, $HHI = \sum_i f_i^2$</td>
<td>[41]</td>
</tr>
<tr>
<td>Firm Size (FRSIZ)</td>
<td>Natural log of total assets</td>
<td>[57]</td>
</tr>
<tr>
<td>Leverage (LEV)</td>
<td>Ratio of total debt and total equity</td>
<td>[7]</td>
</tr>
</tbody>
</table>

Source: Author’s Compilation, 2020

Table 1. Correlation Matrix of Ownership Structure and Earnings Quality

<table>
<thead>
<tr>
<th>Correlation</th>
<th>Probability</th>
<th>EQ</th>
<th>FSIZE</th>
<th>INTOWN</th>
<th>LEV</th>
<th>MANOWN</th>
<th>OWNCON</th>
</tr>
</thead>
<tbody>
<tr>
<td>EQ</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FSIZE</td>
<td>-0.00</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.97</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INTOWN</td>
<td>-0.26</td>
<td>0.07</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.04</td>
<td>0.58</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LEV</td>
<td>-0.09</td>
<td>0.69</td>
<td>0.30</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.46</td>
<td>0.00</td>
<td>0.01</td>
<td>0.01</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MANOWN</td>
<td>0.18</td>
<td>-0.35</td>
<td>-0.69</td>
<td>-0.59</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.14</td>
<td>0.01</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OWNCON</td>
<td>0.09</td>
<td>-0.37</td>
<td>-0.10</td>
<td>-0.28</td>
<td>0.31</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.48</td>
<td>0.00</td>
<td>0.40</td>
<td>0.02</td>
<td>0.01</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Author’s computation, 2020.

DOI: https://doi.org/10.30564/jbar.v4i2.2903
evident that low degree of correlation exists between managerial ownership and firm size showing a correlation of 0.01. Ownership concentration also showed a low level of correlation with firm size with a correlation figure of 0.00. In addition, low degree of correlation of 0.02 was observed between leverage and institutional ownership. The result of the correlation shows that the variables (ownership concentration, managerial ownership, leverage, institutional ownership and firm size) observed exhibited low degree correlation among each other which suggested that the effect of multi-collinearity is insignificant.

Table 2 shows the empirical results of the relationship between ownership structure and earnings quality among the selected listed banks in Nigeria. The three models of fixed effect, random effect and ordinary least square were estimated. The result of the Hausman test (0.71, p>0.05) (Table 3) indicates that the fixed effect will not be the most appropriate model and the Lagranger multiplier test (0.31, p>0.05) (Table 4) showed that the ordinary least square is better than the random effect. The explanatory power of the model showed that 67.61% of the variation was captured by the explanatory variables, while 60.83% (Table 3) was captured by the variables after adjusting for the loss in degree of freedom.

The results showed that institutional ownership has a positive and significant relationship earnings quality, with coefficient of 7.18 (t-value=4.3, p<0.05), this signified that a unit increase in the number of institutional ownership will increase earnings quality by 7.18%. In addition, it was revealed in prior studies that institutional involvement helps to curb earnings management practices as a result of high level of monitoring emanating from them. This finding is consistent with the works of [18, 30, and 40 but contrary to the work of 46].

Managerial ownership did not exhibit statistical relationship with earnings quality (t=-0.11, p<0.05). This implied that management ownership does not influence the earnings quality of the selected listed banks at 5% level of significance. The coefficient of 0.53 showed that managerial ownership contributes positively towards earnings quality, however not significant. As expected, the presence of management in the ownership structure of a firm should positively affect the quality of earnings in that firm. The empirical result is consistent with the empirical work of [40] which revealed the existence of a positive association between managerial ownership and earnings quality but not significant. However, this was not in accordance with the findings of [6] and [18] which found a significant and negative relationship between managerial ownership and earnings quality.

Ownership concentration negatively affects earnings quality with coefficient of -0.019 (t=-2.59, p<0.05). Thus, the coefficient of -0.019 implied that a unit increase in ownership concentration causes earnings quality of the selected listed banks to reduce by 2.5%. This goes in the direction of the empirical works of [50, 57 and 1] which found a negative and significant relationship between ownership concentration and earnings quality but in contrast with the work of [41] and [6] whose findings maintained that ownership concentration positively influence the quality of earnings.

The result of the leverage ratio exhibits a positive and statistically significant relationship with earnings quality.

### Table 2. Model Estimate of the Relationship between Ownership Structure and Earnings Quality

<table>
<thead>
<tr>
<th>Dependent Variable: Earning Quality</th>
<th>Pooled OLS</th>
<th>Fixed Effect</th>
<th>Random effect</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Coefficient</td>
<td>t-statistics</td>
<td>Coefficient</td>
</tr>
<tr>
<td>INTOWN</td>
<td>7.18*</td>
<td>4.4</td>
<td>2.49</td>
</tr>
<tr>
<td>MANOWN</td>
<td>-0.53</td>
<td>-0.1</td>
<td>7.26</td>
</tr>
<tr>
<td>OWNCON</td>
<td>-0.01*</td>
<td>-2.6</td>
<td>-0.02</td>
</tr>
<tr>
<td>FSIZE</td>
<td>-5.46</td>
<td>-1.5</td>
<td>-12.57</td>
</tr>
<tr>
<td>LEV</td>
<td>1.41*</td>
<td>2.3</td>
<td>0.09</td>
</tr>
<tr>
<td>C</td>
<td>9.38</td>
<td>0.1</td>
<td>18.89</td>
</tr>
</tbody>
</table>

Source: Author’s Computation, 2020

DOI: https://doi.org/10.30564/jbar.v4i2.2903
(t=2.3, p<0.05). This implied that a unit increase in debt to asset ratio of the selected banks will lead to increase in earnings quality. In addition, banks tend to reduce their earnings management practices due to the fact that a high level of disclosures will be required in order to access debt facilities and this will in turn boost and improve the quality of their earnings. This is consistent with the findings of [31].

Table 3. Model Estimate of the Relationship between Ownership Structure and Earnings Quality

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTOWN</td>
<td>7.182258</td>
<td>1.645583</td>
<td>4.36457</td>
<td>0.0001</td>
</tr>
<tr>
<td>MANOWN</td>
<td>-0.531202</td>
<td>4.506258</td>
<td>-0.11788</td>
<td>0.9066</td>
</tr>
<tr>
<td>OWNCON</td>
<td>-0.019402</td>
<td>0.007491</td>
<td>-2.59012</td>
<td>0.0076</td>
</tr>
<tr>
<td>FSIZE</td>
<td>5.464651</td>
<td>3.754871</td>
<td>1.45535</td>
<td>0.0807</td>
</tr>
<tr>
<td>LEV</td>
<td>1.413101</td>
<td>0.605734</td>
<td>2.33288</td>
<td>0.7405</td>
</tr>
<tr>
<td>C</td>
<td>9.380819</td>
<td>120.2006</td>
<td>0.07804</td>
<td>0.9381</td>
</tr>
<tr>
<td>R-squared</td>
<td>0.676103</td>
<td>Mean dependent var</td>
<td>-28355.80</td>
<td></td>
</tr>
<tr>
<td>Adjusted R-squared</td>
<td>0.608350</td>
<td>S.D. dependent var</td>
<td>777121.2</td>
<td></td>
</tr>
<tr>
<td>S.E. of regression</td>
<td>780359.1</td>
<td>Akaike info criterion</td>
<td>30.06754</td>
<td></td>
</tr>
<tr>
<td>Sum squared resid</td>
<td>3.29E+13</td>
<td>Schwarz criterion</td>
<td>30.27697</td>
<td></td>
</tr>
<tr>
<td>Log likelihood</td>
<td>-896.0261</td>
<td>Hannan-Quinn criter.</td>
<td>30.14946</td>
<td></td>
</tr>
<tr>
<td>F-statistic</td>
<td>94.92281</td>
<td>Durbin-Watson stat</td>
<td>1.904465</td>
<td></td>
</tr>
<tr>
<td>Prob(F-statistic)</td>
<td>0.000450</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4. Lagrange Multiplier Tests for Random Effects

<table>
<thead>
<tr>
<th>Test Hypothesis</th>
<th>Cross-section</th>
<th>Time</th>
<th>Both</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breusch-Pagan</td>
<td>0.022169</td>
<td>0.292447</td>
<td>0.314616</td>
</tr>
<tr>
<td></td>
<td>(0.8816)</td>
<td>(0.5887)</td>
<td>(0.5749)</td>
</tr>
<tr>
<td>Honda</td>
<td>-0.148894</td>
<td>-0.540784</td>
<td>-0.487676</td>
</tr>
<tr>
<td>King-Wu</td>
<td>-0.148894</td>
<td>-0.540784</td>
<td>-0.495618</td>
</tr>
<tr>
<td>Standardized Honda</td>
<td>0.396903</td>
<td>-0.330020</td>
<td>-3.743344</td>
</tr>
<tr>
<td></td>
<td>(0.3457)</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Standardized King-Wu</td>
<td>0.396903</td>
<td>-0.330020</td>
<td>-3.742611</td>
</tr>
<tr>
<td></td>
<td>(0.3457)</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Gourierioux, et al.*</td>
<td>--</td>
<td>--</td>
<td>0.000000</td>
</tr>
</tbody>
</table>

6. Summary and Conclusions

A significant positive relationship was established between institutional ownership and earnings quality and this is consistent with findings of [30]. However, the association between ownership concentration and the quality of earnings was found to be significantly negative. This is in line with findings of [50]. Managerial ownership was found to be statistically insignificant with earnings quality. This conforms to the findings of [6].

It was concluded from the findings of this work that the presence and the increase of institutional ownership will enhance and improve earnings quality. Earnings management practices were observed to be geared with the increase in the number of ownership concentration. Managerial ownership does not however affect earnings quality.

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ARTICLE
The Influence of Career Plateau on Knowledge Hiding of Knowledge Workers

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ABSTRACT

This study takes the cognitive-affective system theory of personality as the whole logic, integrates resource preservation theory and cooperation and competition theory to investigate the influence mechanism of Career Plateau on knowledge workers' knowledge hiding. The results show that career plateau (including its three dimensions: hierarchical plateau, work content plateau and inclusive plateau) has a significant positive impact on status anxiety and knowledge hiding of knowledge workers, and status anxiety plays a complete mediating effect between career plateau (including hierarchical plateau, work content plateau and inclusive plateau) and knowledge hiding of knowledge workers. Cooperative goal dependence positively moderates the relationship between hierarchical plateau and status anxiety, and negatively regulates the relationship between work content plateau and status anxiety. In addition, cooperative goal dependence positively moderates the indirect effect of hierarchical plateau on the knowledge workers' knowledge hiding through status anxiety, and negatively moderates the indirect effect of work content plateau on the knowledge workers' knowledge hiding through status anxiety. The results of this paper provide theoretical support and management enlightenment for further exploring the mechanism of career plateau and knowledge hiding in Chinese enterprises.

1. Introduction

When career plateau and boundless career are widely accepted in western countries, career plateau has become a challenge in China and other emerging markets [1]. In China, due to the popularity of higher education and the greater mobility of the labor market, the supply of qualified labor is relatively sufficient, including many high-quality talents such as masters and doctors. At the same time, in order to cope with the market competition, domestic enterprises should streamline their organizations and reduce their levels to maintain flexibility, which means that candidates for positions in organizations must compete fiercely for limited senior positions and stay in the same position for a long time. Because Chinese society is famous for its high power distance and differential communication, knowledge-based employees in Chinese enterprises may face not only hierarchical career plateau [2], but also centralized or inclusive career plateau [3], this makes the career plateau have a negative impact on knowledge workers’ work attitude (e.g., job satisfaction, organizational emotional com-

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In order to make the organization successful and competitive, the organization hopes knowledge workers to share knowledge and makes a lot of efforts to promote knowledge sharing among employees. However, the success of such efforts depends on the willingness and intention of knowledge workers to share knowledge and various events in the organization. Knowledge is one of the important assets that knowledge workers use to improve their position in the organization. Many knowledge workers are more willing to hide knowledge, improve their importance and make them indispensable. Because the organization does not “own” the knowledge assets of employees, knowledge hiding has a serious impact on the organization, the relationship between employees and individuals. It leads to the decrease of creativity and personal performance, and the deterioration of interpersonal relationship.

Existing studies have explored the influencing factors of knowledge hiding from the perspectives of knowledge characteristics, individuals, teams and organizations, but few studies have explored the influence of individual career development on knowledge concealment. It is common in many organizations that most employees reach a career plateau before reaching their career goals. In the limited study, Yang et al. discussed the direct effect of the career plateau of knowledge employees on knowledge rent-seeking behavior, but it is not known whether the career plateau of knowledge employees and negative knowledge behavior such as knowledge hiding behavior are affected by mediating variables and moderating variables, which undoubtedly weakens the practical guidance.

In order to explore the influence of career plateau on knowledge hiding of knowledge workers, this study takes the cognitive-affective system theory of personality as the whole logic, integrates resource preservation theory and cooperation and competition theory, constructs a mediating model of career plateau on knowledge hiding through status anxiety, and explores the moderating role of cooperative goal dependence in the model (see Figure 1). The results of this study will provide theoretical support and management enlightenment for exploring the action mechanism of career plateau and the generation mechanism of knowledge hiding in Chinese enterprises.

First of all, the cognitive-affective system theory of personality holds that the final individual behavior depends not only on the situation, but also on the organization of the activated cognitive and affective network. The concept of career plateau emphasizes individual perception. In addition to testing the direct impact of career plateau on knowledge hiding of knowledge workers, this study also introduces emotional variable to construct the mediating path between career plateau and knowledge hiding of knowledge workers based on the logic of “situation-cognition-emotion-behavior”. Career plateau is a stressful career experience, which easily leads to status anxiety. Status anxiety reflects the damaged state of the stock of individual positive psychological resources, according to the resource preservation theory, employees will hide knowledge to protect their own resources. Therefore, this study examines the mediating role of status anxiety between career plateau and knowledge hiding of knowledge workers.

Secondly, according to the theory of cooperation and competition, people’s beliefs about goal dependence affect the dynamics and results of interaction. When cooperative goals depend on each other, people solve problems involving common interests by promoting common goals, integrating ideas and sharing rewards, which may reduce knowledge hiding behavior. In addition, the basic psychological process of cooperative goal dependence may affect the effect of career plateau on knowledge hiding of knowledge workers through the logic of “situation-cognition-emotion-behavior”. Therefore, cooperative goal dependence may be an important boundary condition for career plateau on affect knowledge hiding of knowledge workers through status anxiety, this study will test the moderating effect of cooperative goal dependence.

Figure 1. Theoretical Model

2. Theoretical Basis and Research Hypothesis

2.1 Career Plateau and Knowledge Hiding of Knowledge Workers

Following Bardwick, existing studies generally treat career plateau as two dimensions: hierarchical plateau and job content plateau. Hierarchical plateau is defined as a state in which employees are unlikely to be promoted in the future in their career. When the work has been mastered and the work is no longer challenging, the plateau of work content will occur. Combined with Schein’s three-dimensional model, Xie et al. believed that besides the hierarchical plateau and work content plateau, the stagnation of organizational centralization (inclusive plateau) is another dimension of career plateau, and inclusive pla-
teau refers to a state in which the possibility of obtaining a central position in employees’ career stagnates. The key to defining career plateau is the individual’s perceptions of his career future. Shon put forward the concept of perceived career plateau. Therefore, this study adopts the concept of subjective career plateau and believes that career plateau includes three dimensions: hierarchical plateau, job content plateau and inclusive plateau.

Knowledge hiding is defined as “an individual intentionally retains or conceals the knowledge required by others”, which is mainly a negative work behavior. Knowledge hiding can not be simply expressed as the lack of knowledge sharing, because knowledge hiders intentionally retain knowledge. Employees who fail to share knowledge may not be aware that their colleagues are seeking knowledge, or they may not know the required information at all. Therefore, knowledge hiding constitutes a reactive behavior (that is, it is a response to knowledge requests).

The flattening of the organizational structure reduces the promotion space of employees, intensifies the hierarchical plateau phenomenon of employees, and in turn affects employees’ sense of belonging to the organization. The breaking of long-term employment mode and the lack of challenge and small learning opportunities under the plateau of work content will reduce the employability and job satisfaction of employees. According to Schein, centralization refers to the degree to which employees are more or less “inside” in an organization. When employees have access to more important and sensitive information, greater power and authority, and greater decision-making power, they will be regarded as the center of the organization. Chinese society is famous for its high power distance and differential communication. Knowledge workers in an inclusive career plateau perceive the differential atmosphere in the workplace, which will reduce the organizational affective commitment. According to the resource conservation theory, individual resources include material resources (such as houses), conditional resources (such as qualifications), personal trait resources (such as self-esteem) and energy (such as knowledge). Whether it is organizational belonging, organizational affective commitment or job satisfaction, it reflects the basic psychological needs of individuals and belongs to personal trait resources. Lower employability means less conditional resources, and small learning opportunities will threaten the value of energy resources. Because the career plateau brings loss and threat to the individual’s condition resources, personal trait resources and energy resources, when facing the pressure of resource loss and threat, the theoretical model of resource conservation predicts that individuals will strive to minimize the net loss of resources. Therefore, when colleagues seek knowledge, knowledge workers may hide their knowledge in order to save their limited energy resources. In addition, social exchange theory holds that, in essence, organizations and employees are part of the social exchange relationship. Employees agree to provide time and energy for the organization in return for compensation, job security and career development. Employees who are in the state of career plateau are prone to the psychological imbalance of exchange relationship. When the work contribution lacks equal return, people will develop knowledge ownership and hide knowledge. Intensifying competition is one of the reasons for career plateau. According to social comparison theory, Career plateau employees who tend to compete with colleagues are more likely to hide their knowledge when they face their colleagues’ knowledge requests. Therefore, this study infers that career plateau has a positive impact on knowledge hiding. Yang et al. verified the direct effect of knowledge workers’ career plateau (hierarchical plateau and work content plateau) on knowledge monopoly behavior. As for the inclusive plateau, this study also infers that it has a positive impact on knowledge hiding. When employees facing the inclusive plateau recognize that knowledge is the source of power, they will hide knowledge for political or competitive purposes. Therefore, the hypothesis is put forward:

\[ H1: \text{Career plateau has a positive effect on knowledge hiding.} \]

\[ H1a: \text{Hierarchical plateau has a positive effect on knowledge hiding.} \]

\[ H1b: \text{Work content plateau has a positive effect on knowledge hiding.} \]

\[ H1c: \text{Inclusive plateau has a positive effect on knowledge hiding.} \]

\[ 2.2 \text{ Mediating Role of Status Anxiety} \]

Status refers to the position of a group or individual relative to other groups or individuals in a social hierarchy. Anxiety refers to a subjective emotional state with inner anxiety, and in a more extreme state, it is a sense of fear or panic. Thus, status anxiety describes a worry about position or value in a hierarchy. de Bottom believes that status anxiety is “a worry that we may not conform to the ideal of success established by society and may be deprived of dignity and respect; a worry that the status we currently occupy is too low or will fall to a lower level”.

Status, whether it is lost or not in line with the wishes of individuals, will produce anxiety. There is an implicit assumption in the literature of career plateau that career plateau is a stressful career expe-
Anxiety is an emotional state. In addition to emotional reactions, anxiety is also related to unpleasant cognitive and physiological aspects, such as the arousal of the nervous system (such as tension or chest tightness). This kind of situation and internal stimulation are expressed in the form of thoughts and ideas that are dangerous to individuals [34]. These types of thoughts may be disproportionate to threats because they are subjective [35]. A series of symptoms and disorders relating to anxiety include headache, eating disorders, drug and alcohol consumption/abuse, breakdown of family and social relationships, decreased immunity, severe depression and post-traumatic stress disorder [36]. Status anxiety, as a negative emotion [16], belongs to the category of personal trait resources, which is reflected in the reduction or threat of the stock of positive psychological resources. When facing the pressure of resource loss and threat, the resource conservation theory model predicts that individuals tend to take actions to prevent resource loss. At the same time, anxiety is also related to unpleasant cognitive and physiological aspects, which can be expressed in the form of dangerous thoughts and thoughts for individuals. When individuals in a state of status anxiety face colleagues’ knowledge requests, they will limit the instantaneous thinking and action system, weaken the freedom of thinking and action [37] and hide knowledge, regardless of the possible deterioration of interpersonal relationships [38]. Knowledge hiding behavior may help gain control over knowledge and influence on the organization. Therefore, the hypothesis is put forward:

H3: Status anxiety has a positive effect on knowledge hiding.

According to the cognitive-affective system theory of personality [13], the situation activates a series of individual internal reactions, which are not only cognitive but also affective. The cognitive and affective units are not unconnected and isolated reaction units, but interact and influence each other dynamically. It is a unique network formed by the organization of their relationship that guides and restricts the activation of specific cognition, emotion and potential behavior. Therefore, under the influence of the cognitive-emotional system of personality, knowledge workers perceive that they are in the state of career plateau in the organization, and make negative evaluation on their career development and career success, engender uncertainty of career development, sense of threat and frustration, and then cause status anxiety [16]. Therefore, the hypothesis is put forward:

H2: Career plateau has a positive effect on status anxiety.

H2a: Hierarchical plateau has a positive effect on status anxiety.

H2b: Work content plateau has a positive effect on status anxiety.

H2c: Inclusive plateau has a positive effect on status anxiety.

Anxiety is an emotional state. In addition to emotional reactions, anxiety is also related to unpleasant cognitive and physiological aspects, such as the arousal of the nervous system (such as tension or chest tightness). This kind of situation and internal stimulation are expressed in the form of thoughts and ideas that are dangerous to individuals [34]. These types of thoughts may be disproportionate to threats because they are subjective [35]. A series of symptoms and disorders relating to anxiety include headache, eating disorders, drug and alcohol consumption/abuse, breakdown of family and social relationships, decreased immunity, severe depression and post-traumatic stress disorder [36]. Status anxiety, as a negative emotion [16], belongs to the category of personal trait resources, which is reflected in the reduction or threat of the stock of positive psychological resources. When facing the pressure of resource loss and threat, the resource conservation theory model predicts that individuals tend to take actions to prevent resource loss. At the same time, anxiety is also related to unpleasant cognitive and physiological aspects, which can be expressed in the form of dangerous thoughts and thoughts for individuals. When individuals in a state of status anxiety face colleagues’ knowledge requests, they will limit the instantaneous thinking and action system, weaken the freedom of thinking and action [37] and hide knowledge, regardless of the possible deterioration of interpersonal relationships [38]. Knowledge hiding behavior may help gain control over knowledge and influence on the organization. Therefore, the hypothesis is put forward:

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H4: Status anxiety plays a mediating role between career plateau and knowledge hiding.

H4a: Status anxiety plays a mediating role between hierarchical plateau and knowledge hiding.

H4b: Status anxiety plays a mediating role between work content plateau and knowledge hiding.

H4c: Status anxiety plays a mediating role between inclusive plateau and knowledge hiding.

2.3 The Moderating Effect of Cooperative Goal Dependence

Goal interdependence refers to the subjective evaluation made by group members on the relationship between each other’s goals. It will affect interpersonal trust, performance, innovation and resource exchange. The theory of cooperation and competition believes that in the interdependence of cooperative goals, the goals are considered to be positively related. When one person is moving towards achieving his own goal, others are also moving towards achieving their goal. By believing that their goals are consistent, people expect them to be interdependent, because it’s good for everyone to help each other act effectively. Therefore, they have established a relationship of mutual trust and mutual help, and they are confident that they can work together.

According to the cognitive-emotional system theory of personality, by influencing the coding of situational stimuli, or by focusing on selected mental representations, it can promote the change from “hot processing system focusing on emotion” to “cold processing system focusing on cognition”. Because the hot processing system triggers impulsive response, while the cold processing system triggers rational behavioral response, this change can inhibit the problematic emotion, cognition and behavior, as well as the dynamics related to situational stimuli. Behavioral substitutability, emotional concentration and cognitive inducibility are the key elements to explain the basic psychological process of goal interdependence. When the knowledge workers in the career plateau state are dependent on the cooperative goals, because of the good substitutability, the high emotional concentration and the strong cognitive inducement of the cooperative goal dependent behavior, this interdependence based on information, emotion and behavior can promote the individuals facing the plateau state to change from “hot processing system focusing on emotion” to “cold processing system focusing on cognition”, realize the self-regulation of cognition, emotion and behavior, and then help to reduce the uncertainty of career development, the sense of threat and frustration, alleviate the status anxiety. Therefore, the hypothesis is put forward:

H5: Cooperative goal dependence negatively moderates the relationship between career plateau and knowledge hiding.

H5a: Cooperative goal dependence negatively moderates the relationship between hierarchical plateau and status anxiety.

H5b: Cooperative goal dependence negatively moderates the relationship between work content plateau and status anxiety.

H5c: Cooperative goal dependence negatively moderates the relationship between inclusive plateau and status anxiety.

In conclusion, this study further proposes a moderating mediating model, that is, cooperative goal dependence may also moderate the indirect effect of career plateau on knowledge hiding behavior through status anxiety. Status anxiety plays a mediating role in the influence of career plateau on knowledge hiding, and the mediating effect is influenced by the dependence of cooperative goals. When the cooperative goal dependence is relatively high, the indirect effect of career plateau on knowledge hiding through status anxiety is relatively small. Therefore, the hypothesis is put forward:

H6: Cooperative goal dependence negatively moderates the mediating role of status anxiety between career plateau and knowledge hiding.

H6a: Cooperative goal dependence negatively moderates the mediating role of status anxiety between hierarchical plateau and knowledge hiding.

H6b: Cooperative goal dependence negatively moderates the mediating role of status anxiety between work content plateau and knowledge hiding.

H6c: Cooperative goal dependence negatively moderates the mediating role of status anxiety between inclusive plateau and knowledge hiding.

3. Research Method

3.1 Sample and Data Collection

From May 2020 to September 2020, this study used a questionnaire survey method to complete data collection in three times. The first survey mainly collected the data of enterprise characteristics (such as enterprise scale, etc.), participant characteristics (gender, age, etc.) and career plateau; the second survey (2 months later) paired collected the data of status anxiety and cooperative goal dependence; the third survey (2 months later) paired collected the data of knowledge hiding. The survey sample is 15 enterprises’ knowledge employees located in Jiangsu, Zhejiang and Shanghai in China, involving culture, sports and entertainment, real estate, machinery manufacturing and other industries, including 3 state-owned enterprises, 9...
private enterprises and 3 Foreign-funded enterprises. With the assistance of the human resources department and the consent of the knowledge workers to be investigated, the data collection was completed through on-site distribution and collection of questionnaires. The data collection process is strictly confidential to avoid being contacted by other colleagues.

A total of 471 questionnaires were distributed in this survey. After eliminating the invalid questionnaires, the final number of valid questionnaires was 328, and the effective recovery rate was 69.63%. The data of sample structure shows that: 57.93% of the subjects are female; 51.22% of the subjects are 26-35 years old and 27.44% of the subjects are under 25 years old and 6.71% of the subjects are above 46 years old; 56.71% of the subjects are bachelor’s degree and 19.51% of the subjects are master’s degree, 21.95% of the subjects are college degree and 1.83% of the subjects are doctor’s degree; among them, 29.88% have worked for less than one year, 38.41% have worked for 4-6 years, 16.46% have worked for 7-10 years, 8.54% have worked for 11-15 years, 6.71% have worked for more than 16 years; grassroots employees accounted for 42.68%, grassroots managers accounted for 24.39%, middle managers accounted for 24.39%, top managers or one of the owners accounted for 8.54%; employees of state-owned enterprises accounted for 25.00%, employees of private enterprises accounted for 50.61%, and employees of foreign-funded enterprises accounted for 24.39%.

3.2 Variable Measurement

This study uses mature and authoritative scales at home and abroad to measure variables. In order to avoid the middle effect (i.e. choosing the middle point) when the subjects answer the questions [41], the scale adopts Likert 6-level scoring method, 1 is “very disagree”, 3 is “relatively disagree”, 4 is “relatively agree”, 6 is “very agree”.

Career plateau was measured by the scale developed by Xie et al. [3], including 16 items such as “my present job can further enrich my work skills”. Knowledge hiding is measured by the scale developed by Peng [42], including three items such as “I will not transform my knowledge and experience into the knowledge and experience of the organization”. Based on the STAI and referring to the research of Wang and Zhu [33], the measurement of status anxiety includes four items such as “I am so depressed about my current social status in the work unit that I can’t exclude them from my mind”. Cooperative goal dependence was measured by the scale developed by Alper et al. [39], including five items such as “my colleagues’ goal achievement contributes to my success”. Previous studies have shown that employee’s subjective characteristics and organizational environment are important factors affecting employee’s knowledge hiding [9]. Demographic variables and job characteristics can affect career plateau and related outcome variables [43]. Therefore, this study takes six categorical variables of employee’s gender, age, education, working years, position level and enterprise nature as the main control variables.

4. Research Results

4.1 Reliability and Validity Analysis and Homologous Error Test

Table 1. Results of Reliability and Validity Analysis

<table>
<thead>
<tr>
<th>Latent Variable</th>
<th>Items</th>
<th>Factor Loading</th>
<th>CR</th>
<th>AVE</th>
<th>Cronbach's α</th>
</tr>
</thead>
<tbody>
<tr>
<td>Career Plateau (CP)</td>
<td>CP1</td>
<td>0.812</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CP2</td>
<td>0.746</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CP3</td>
<td>0.728</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CP4</td>
<td>0.771</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CP5</td>
<td>0.786</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CP6</td>
<td>0.769</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CP7</td>
<td>0.842</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CP8</td>
<td>0.874</td>
<td>0.891</td>
<td>0.544</td>
<td>0.916</td>
</tr>
<tr>
<td></td>
<td>CP9</td>
<td>0.865</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CP10</td>
<td>0.780</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CP11</td>
<td>0.793</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CP12</td>
<td>0.850</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CP13</td>
<td>0.831</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CP14</td>
<td>0.840</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CP15</td>
<td>0.878</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CP16</td>
<td>0.868</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SA1</td>
<td>0.820</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Status Anxiety (SA)</td>
<td>SA2</td>
<td>0.682</td>
<td>0.873</td>
<td>0.637</td>
<td>0.869</td>
</tr>
<tr>
<td></td>
<td>SA3</td>
<td>0.760</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SA4</td>
<td>0.896</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>KH1</td>
<td>0.928</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Knowledge Hiding(KH)</td>
<td>KH2</td>
<td>0.875</td>
<td>0.921</td>
<td>0.795</td>
<td>0.921</td>
</tr>
<tr>
<td></td>
<td>KH3</td>
<td>0.873</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>KG1</td>
<td>0.742</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cooperative Goal Dependence (CGP)</td>
<td>CGI1</td>
<td>0.787</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CGI2</td>
<td>0.787</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CGI3</td>
<td>0.807</td>
<td>0.847</td>
<td>0.532</td>
<td>0.820</td>
</tr>
<tr>
<td></td>
<td>CGI4</td>
<td>0.781</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CGI5</td>
<td>0.721</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

DOI: https://doi.org/10.30564/jbar.v4i2.3012
Before the hypothesis is verified, the reliability and validity of each variable are tested. The results are shown in Table 1. It can be seen from the data in Table 1 that the Cronbach’s α of the four variables are all above 0.80, indicating that the reliability of each scale is high. The CR value of each variable is greater than 0.8, AVE is greater than 0.5, and the square root of AVE is greater than the direct correlation coefficient of each variable (see Table 2), indicating that the scales have good convergent validity and discriminant validity.

The measurement of all variables are from the same subject, which is easy to cause homology error, and may affect the research results. Therefore, this study uses the Harman one-way test to check the size of homology error. The results of Harman one-way test show that the variance explanation rate of the first common factor obtained without rotation is 28.243%, the total variance explanation rate of all factors with eigenvalues greater than 1 is 69.640%, and the variance explanation rate of the first common factor is not more than 50%, and it is not more than half of the total variance explanation amount. The results show that the homologous errors exist but are not serious.

4.2 Descriptive Statistics and Correlation Analysis

The descriptive statistics of the variables are shown in Table 2. It can be seen from Table 2 that there is a significant positive correlation between career plateau and knowledge hiding (r=0.283, P < 0.01), and H1 has been preliminarily verified. Career plateau was positively correlated with status anxiety (r=0.390, P < 0.01), and negatively correlated with cooperative goal dependence (r= -0.542, P < 0.01). Status anxiety was positively correlated with knowledge hiding (r=0.513, p < 0.01), and negatively correlated with cooperative goal dependence (r= -0.202, P < 0.01).

4.3 Hypothesis Test

4.3.1 Direct Effect and Mediation Effect Test

In this study, hierarchical regression and bootstrap analysis were used to test the direct effect and mediating effect. Firstly, from model 1-1 in Table 3-1, model 1-2 in Table 3-2, model 1-3 in Table 3-3 and model 1-4 in Table 3-4, it can be seen that career plateau (β=0.360, P < 0.001), hierarchical plateau (β=0.239, P < 0.01), work content plateau (β=0.267, P < 0.01) and inclusive plateau (β=0.218, P < 0.001) have significant positive effects on knowledge hiding. Hypothesis 1, 1a, 1b and 1C are all valid.

From model 4-1 in Table 3-1, model 4-2 in Table 3-2, model 4-3 in Table 3-3, and model 4-4 in Table 3-4, career plateau (β=0.485, p < 0.001), hierarchical plateau (β=0.457, p < 0.001), work content plateau (β=0.353, p < 0.001), inclusive plateau (β=0.224, p < 0.01) have significant positive effects on status anxiety. Hypothesis 2, 2a, 2b, and 2c are all valid.

From model 2-1 in Table 3-1, model 2-2 in Table 3-2, model 2-3 in Table 3-3, and model 2-4 in Table 3-4, status anxiety (β=0.521, p < 0.001) has a significant positive impact on knowledge hiding, hypothesis 3 holds.

From the models 1-1, 2-1 and 3-1 in Table 3-1, it can be seen that after adding status anxiety into the model, status anxiety (β=0.485, P < 0.001) has a significant positive effect on knowledge hiding, and career plateau (β=0.125, ns) has no significant effect on knowledge hiding. It can be proved that status anxiety has a complete mediating effect between career plateau and knowledge hiding. Hypothesis 4 holds. Similarly, suppose 4a, 4b, 4C are all true.

Table 2. Descriptive Statistical Results and Correlation Coefficients

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean Value</th>
<th>SD</th>
<th>Career Plateau</th>
<th>Status Anxiety</th>
<th>Cooperative Goal Dependence</th>
<th>Knowledge Hiding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Career Plateau</td>
<td>3.04</td>
<td>0.74</td>
<td>(0.738)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Status Anxiety</td>
<td>2.82</td>
<td>0.63</td>
<td>0.390**</td>
<td>0.798</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cooperative Goal Dependence</td>
<td>3.22</td>
<td>0.74</td>
<td>-0.542**</td>
<td>-0.202**</td>
<td>(0.729)</td>
<td></td>
</tr>
<tr>
<td>Knowledge Hiding</td>
<td>2.42</td>
<td>0.59</td>
<td>0.283**</td>
<td>0.513**</td>
<td>-0.337**</td>
<td>(0.892)</td>
</tr>
</tbody>
</table>

Note. ***, * *, * respectively indicated significant correlation at 0.001, 0.01 and 0.05 levels (bilateral). The same is below. The values in brackets in the table are the square root of AVE of each variable.

DOI: https://doi.org/10.30564/jbar.v4i2.3012
### Table 3-1. Results of Hierarchical Regression Analysis I

<table>
<thead>
<tr>
<th>Variable</th>
<th>Knowledge Hiding</th>
<th>Status Anxiety</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Model 1-1</td>
<td>Model 2-1</td>
</tr>
<tr>
<td>Gender</td>
<td>0.025</td>
<td>-0.037</td>
</tr>
<tr>
<td>Age</td>
<td>-0.086</td>
<td>-0.115</td>
</tr>
<tr>
<td>Education</td>
<td>0.104</td>
<td>0.135</td>
</tr>
<tr>
<td>Working Years</td>
<td>0.024</td>
<td>0.031</td>
</tr>
<tr>
<td>Position Level</td>
<td>-0.013</td>
<td>-0.021</td>
</tr>
<tr>
<td>Enterprise Nature</td>
<td>-0.097</td>
<td>-0.063</td>
</tr>
<tr>
<td>Career Plateau</td>
<td>0.360***</td>
<td>0.125</td>
</tr>
<tr>
<td>Status Anxiety</td>
<td></td>
<td>0.521***</td>
</tr>
<tr>
<td>Cooperative Goal Dependence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Career Plateau*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ΔR2</td>
<td>0.108</td>
<td>0.256</td>
</tr>
<tr>
<td>F</td>
<td>2.666**</td>
<td>8.797***</td>
</tr>
</tbody>
</table>

### Table 3-2. Results of Hierarchical Regression Analysis II

<table>
<thead>
<tr>
<th>Variable</th>
<th>Knowledge Hiding</th>
<th>Status Anxiety</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Model 1-2</td>
<td>Model 2-2</td>
</tr>
<tr>
<td>Gender</td>
<td>0.036</td>
<td>-0.037</td>
</tr>
<tr>
<td>Age</td>
<td>-0.098</td>
<td>-0.115</td>
</tr>
<tr>
<td>Education</td>
<td>0.090</td>
<td>0.135</td>
</tr>
<tr>
<td>Working Years</td>
<td>0.023</td>
<td>0.031</td>
</tr>
<tr>
<td>Position Level</td>
<td>-0.041</td>
<td>-0.021</td>
</tr>
<tr>
<td>Enterprise Nature</td>
<td>-0.103</td>
<td>-0.063</td>
</tr>
<tr>
<td>Hierarchical Plateau</td>
<td>0.239**</td>
<td>0.007</td>
</tr>
<tr>
<td>Status Anxiety</td>
<td>0.521***</td>
<td>0.503***</td>
</tr>
<tr>
<td>Cooperative Goal Dependence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hierarchical Plateau*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ΔR2</td>
<td>0.077</td>
<td>0.256</td>
</tr>
<tr>
<td>F</td>
<td>1.841**</td>
<td>8.797***</td>
</tr>
</tbody>
</table>
### Table 3-3. Results of Hierarchical Regression Analysis III

<table>
<thead>
<tr>
<th>Variable</th>
<th>Knowledge Hiding</th>
<th>Status Anxiety</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Model 1-3</td>
<td>Model 2-3</td>
</tr>
<tr>
<td>Gender</td>
<td>0.021</td>
<td>-0.037</td>
</tr>
<tr>
<td>Age</td>
<td>-0.080</td>
<td>-0.115</td>
</tr>
<tr>
<td>Education</td>
<td>0.097</td>
<td>0.135</td>
</tr>
<tr>
<td>Working Years</td>
<td>0.048</td>
<td>0.031</td>
</tr>
<tr>
<td>Position Level</td>
<td>-0.082</td>
<td>-0.021</td>
</tr>
<tr>
<td>Enterprise Nature</td>
<td>-0.088</td>
<td>-0.063</td>
</tr>
<tr>
<td>Work Content Plateau</td>
<td>0.267**</td>
<td>0.094</td>
</tr>
<tr>
<td>Status Anxiety</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cooperative Goal Dependence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work Content Plateau* Dependence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R2</td>
<td>0.097</td>
<td>0.256</td>
</tr>
<tr>
<td>ΔR2</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>F</td>
<td>2.357**</td>
<td>8.797***</td>
</tr>
</tbody>
</table>

### Table 3-4. Results of Hierarchical Regression Analysis IV

<table>
<thead>
<tr>
<th>Variable</th>
<th>Knowledge Hiding</th>
<th>Status Anxiety</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Model 1-4</td>
<td>Model 2-4</td>
</tr>
<tr>
<td>Gender</td>
<td>0.030</td>
<td>-0.037</td>
</tr>
<tr>
<td>Age</td>
<td>-0.089</td>
<td>-0.115</td>
</tr>
<tr>
<td>Education</td>
<td>0.116</td>
<td>0.135</td>
</tr>
<tr>
<td>Working Years</td>
<td>0.019</td>
<td>0.031</td>
</tr>
<tr>
<td>Position Level</td>
<td>-0.001</td>
<td>-0.021</td>
</tr>
<tr>
<td>Enterprise Nature</td>
<td>-0.096</td>
<td>-0.063</td>
</tr>
<tr>
<td>Inclusive Plateau</td>
<td>0.218***</td>
<td>0.106</td>
</tr>
<tr>
<td>Status Anxiety</td>
<td></td>
<td>0.521***</td>
</tr>
<tr>
<td>Cooperative Goal Dependence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inclusive Plateau* Dependence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R2</td>
<td>0.077</td>
<td>0.256</td>
</tr>
<tr>
<td>ΔR2</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>F</td>
<td>1.838**</td>
<td>8.797***</td>
</tr>
</tbody>
</table>

** DOI: https://doi.org/10.30564/jbar.v4i2.3012 **
This study uses bootstrap analysis in process macro to further test the mediating effect of status anxiety. When the sample size was set to 5000, bootstrap analysis showed that the confidence interval of the mediating effect of status anxiety at 95% confidence level did not contain 0, which further verified Hypothesis 4, 4a, 4b and 4C, and the confidence interval of four groups of direct effects at 95% confidence level all contained 0. Therefore, status anxiety played a full mediating role. See Table 4 for details.

4.3.2 Moderating Effect Test

From model 6-1 in Table 3-1 and model 6-4 in Table 3-4, the interaction item has a positive effect on status anxiety, but it is not significant (β= 0.115, NS; β=0.024, NS). Hypothesis 5 and 5C are not valid.

According to model 6-2 in Table 3-2, interaction item has a significant positive impact on status anxiety (β=0.183, P < 0.01); according to model 6-3 in Table 3-3, interaction item has a significant negative impact on status anxiety (β=-0.049, P < 0.01). As shown in Figure 2 and 3 below, hypothesis 5a does not hold and hypothesis 5b holds.

Table 4. Bootstrap Analysis Results of Mediating Effect

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>The Effect on Knowledge Hiding</th>
<th>Effect Value</th>
<th>SE</th>
<th>Bootstrap 95% CI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Career Plateau</td>
<td>Direct Effect</td>
<td>0.127</td>
<td>0.096</td>
<td>[-0.0618, 0.3124]</td>
</tr>
<tr>
<td></td>
<td>Indirect Effect</td>
<td>0.241**</td>
<td>0.056</td>
<td>[0.1355, 0.3584]</td>
</tr>
<tr>
<td>Hierarchical Plateau</td>
<td>Direct Effect</td>
<td>0.003</td>
<td>0.086</td>
<td>[-0.1665, 0.1721]</td>
</tr>
<tr>
<td></td>
<td>Indirect Effect</td>
<td>0.238**</td>
<td>0.057</td>
<td>[0.1353, 0.3588]</td>
</tr>
<tr>
<td>Work Content Plateau</td>
<td>Direct Effect</td>
<td>0.097</td>
<td>0.077</td>
<td>[-0.0562, 0.2492]</td>
</tr>
<tr>
<td></td>
<td>Indirect Effect</td>
<td>0.178**</td>
<td>0.044</td>
<td>[0.0961, 0.2661]</td>
</tr>
<tr>
<td>Inclusive Plateau</td>
<td>Direct Effect</td>
<td>0.101</td>
<td>0.070</td>
<td>[-0.0371, 0.2382]</td>
</tr>
<tr>
<td></td>
<td>Indirect Effect</td>
<td>0.120**</td>
<td>0.041</td>
<td>[0.0428, 0.02018]</td>
</tr>
</tbody>
</table>

It can be seen from Table 5 that when the cooperative goal dependence is high, the conditional indirect effect of career plateau on knowledge hiding through status anxiety is 0.284, the standard deviation is 0.073, and the confidence interval [0.1505, 0.4419] does not contain 0, which indicates that the mediating effect of status anxiety is significant in this case. When the cooperative goal dependence is low, the conditional indirect effect of career plateau on knowledge hiding through status anxiety is 0.187, the standard deviation is 0.067, and the confidence interval [-0.0583, 0.3215] contains 0, indicating that the mediating effect of status anxiety is not significant in this case. At this time, the difference value of conditional indirect effect is 0.097, the standard deviation is 0.047, and the confidence interval [-0.0149, 0.1659] contains 0. It can be seen that the moderated mediating effect of the career plateau on knowledge hiding is not significant. Hypothesis 6 does not hold. Similarly, it can be seen from Table 5 that hypothesis 6c is not true.

It can be seen from Table 5 that when the cooperative goal dependence is high, the conditional indirect effect of
hierarchical plateau on knowledge hiding through status anxiety is 0.281, the standard deviation is 0.078, and the confidence interval [0.1521, 0.4525] does not contain 0, indicating that the mediating effect of status anxiety is significant in this case. When the cooperative goal dependence is low, the conditional indirect effect of hierarchical plateau on knowledge hiding through status anxiety is 0.131, the standard deviation is 0.074, and the confidence interval [0.0048, 0.2798] does not contain 0, indicating that the mediating effect of status anxiety is significant in this case. At this time, the difference value of conditional indirect effect is 0.150, the standard deviation is 0.065, and the confidence interval [0.0071, 0.2532] does not contain 0. It can be seen that the moderated mediating effect of hierarchical plateau on knowledge hiding is significant. However, the conditional indirect effect of cooperative goal dependence at a high value is greater than that of cooperative goal dependence at a low value, which is contrary to hypothesis 6a, so hypothesis 6a does not hold.

It can also be seen from Table 5 that hypothesis 6b holds. Because the difference value of conditional indirect effect is -0.049, the standard deviation is 0.052, and the confidence interval [-0.1182, -0.0672] does not contain 0, the moderated mediating effect of work content plateau on knowledge hiding is significant.

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Conditional Indirect Effect</th>
<th>SE</th>
<th>Bootstrap95% CI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Career Plateau</td>
<td>High Value</td>
<td>0.284**</td>
<td>0.073</td>
</tr>
<tr>
<td></td>
<td>Low Value</td>
<td>0.187</td>
<td>0.067</td>
</tr>
<tr>
<td></td>
<td>Difference Value</td>
<td>0.097</td>
<td>0.047</td>
</tr>
<tr>
<td>Hierarchical Plateau</td>
<td>High Value</td>
<td>0.281***</td>
<td>0.078</td>
</tr>
<tr>
<td></td>
<td>Low Value</td>
<td>0.131***</td>
<td>0.074</td>
</tr>
<tr>
<td></td>
<td>Difference Value</td>
<td>0.150**</td>
<td>0.065</td>
</tr>
<tr>
<td>Work Content Plateau</td>
<td>High Value</td>
<td>0.142***</td>
<td>0.048</td>
</tr>
<tr>
<td></td>
<td>Low Value</td>
<td>0.191**</td>
<td>0.075</td>
</tr>
<tr>
<td></td>
<td>Difference Value</td>
<td>-0.049**</td>
<td>0.052</td>
</tr>
<tr>
<td>Inclusive Plateau</td>
<td>High Value</td>
<td>0.142***</td>
<td>0.057</td>
</tr>
<tr>
<td></td>
<td>Low Value</td>
<td>0.040</td>
<td>0.047</td>
</tr>
<tr>
<td></td>
<td>Difference Value</td>
<td>0.102</td>
<td>0.037</td>
</tr>
</tbody>
</table>

5. Discussion

5.1 Main Findings

This study takes the cognitive-affective system theory of personality as the whole logic, integrates resource preservation theory and cooperation and competition theory to investigate the influence mechanism of Career Plateau on knowledge workers’ knowledge hiding. The results show that career plateau (including its three dimensions: hierarchical plateau, work content plateau and inclusive plateau) has a significant positive impact on status anxiety and knowledge hiding of knowledge workers, and status anxiety plays a complete mediating effect between career plateau (including hierarchical plateau, work content plateau and inclusive plateau) and knowledge hiding of knowledge workers. Cooperative goal dependence positively moderates the relationship between hierarchical plateau and status anxiety, and negatively regulates the relationship between work content plateau and status anxiety. In addition, cooperative goal dependence positively moderates the indirect effect of hierarchical plateau on the knowledge workers’ knowledge hiding through status anxiety, and negatively moderates the indirect effect of work content plateau on the knowledge workers’ knowledge hiding through status anxiety.
5.2 Theoretical Implications

Firstly, this study investigates the mechanism of career plateau on knowledge hiding of knowledge workers from the perspective of career development, which helps scholars and employees to more comprehensively understand the antecedent mechanism of knowledge hiding in the workplace and the scope of potential consequences related to career plateau of knowledge workers. Existing studies have explored the causes of knowledge hiding at the individual level from demographic variables, personality characteristics and cognitive and psychological aspects such as psychological ownership and territory cognition \cite{11}, but few studies have explored the impact of individual career development needs on knowledge hiding. This study undoubtedly broadens the research perspective of antecedent mechanism of knowledge hiding in the workplace. The existing research on career plateau is more related to distal work attitude (e.g. lower job satisfaction and organizational commitment) and withdrawal behavior (e.g. resignation). This study connects career plateau with proximal work behavior (e.g. knowledge hiding of knowledge workers), which undoubtedly enriches the literature on the potential consequences of career plateau of knowledge workers in the workplace.

Secondly, this study enriches the research of structural dimension of career plateau. So far, the research on career plateau and hierarchical plateau has gained overwhelming attention in the literature in this field \cite{1}, while the research on work content plateau and inclusive plateau is relatively lacking \cite{3}. This study explores the influence of work content plateau and inclusive plateau on knowledge hiding of knowledge workers, which undoubtedly enriches and expands the research field of career plateau.

Thirdly, this study proposes and tests the mediating role of status anxiety between career plateau and knowledge hiding of knowledge workers, which enriches our understanding of the mechanism of career plateau. Most of the existing studies on the mechanism of career plateau are from the perspective of attitude \cite{4} and cognition \cite{5}, and most of them are based on social exchange theory \cite{4}, incentive-contribution model \cite{11} or organizational justice theory \cite{9}. In the field of plateau research, few studies focus on the important role of emotion in the impact of career plateau. Based on the cognitive-affective system theory of personality and the cognitive-motivational-relational theory of emotion, this study proposes and verifies the mediating role of status anxiety in the relationship between career plateau and knowledge hiding, which enriches the research content and theoretical basis of career plateau from the perspective of emotion.

Fourthly, this study proposes and tests the moderating role of cooperative goal dependence, which enriches our understanding of the boundary conditions of the mechanism of career plateau. Based on the cognitive-affective system theory of personality, integrating resource preservation theory and cooperation and competition theory, this study verified the negative moderating effect of cooperative goal dependence on the relationship between work content plateau and status anxiety, and the negative moderating effect of the indirect effect of work content plateau on knowledge hiding of knowledge workers through status anxiety. However, the moderating effect of cooperative goal dependence on the relationship between hierarchical plateau and status anxiety, the moderating effect of cooperative goal dependence on the indirect effect of hierarchical plateau on knowledge hiding of knowledge workers through status anxiety are contrary to theoretical reasoning. The reason is not in conflict with the theory of cooperation and competition. Johnson and Johnson\cite{44} believe that the motivation for individuals to take action to achieve their preset goals comes from their internal tension, and the driving force of cooperative behavior comes from people’s desire to achieve their own goals. Goal dependence urges individuals to help each other for the benefit of collective productivity \cite{45}, because as individuals, they will benefit. According to the inducement-contribution model, promotion demand represents the inducement of employees’ expectation, while higher cooperative goal dependence indicates employees’ individual contribution to the organization. Hierarchical plateau is related to hierarchical promotion stagnation, when knowledge workers in the plateau period of hierarchy are faced with higher cooperative goals, it means that they need to complete challenging tasks and take more responsibility, which is prone to inducement-contribution imbalance. Combined with the theory of distracted conflict, when a person tries to pay attention to others and the ongoing task at the same time, the conflict will lead to arousal and pressure, and social barriers will occur in difficult tasks. Therefore, it may aggravate the psychological and status anxiety of being reluctant to seek, and promote knowledge hiding.

5.3 Practical Implications

This study also provides some practical implications for managers. First of all, in order to reduce the adverse impact of employees’ career plateau on the organization as far as possible, it is necessary to strengthen employees’ career management and open up their career development channels. There are many aspects of employees’ career development needs in the organization, such as vertical promotion, knowledge learning and skills training, and
employees’ centralized needs. In addition to promotion, organizations can use flexible compensation design to link with employees’ skills and contributions, so as to alleviate employees’ perception of hierarchical plateau. It can provide learning and skill development opportunities for employees by improving job skill diversity, job rotation and team tasks, and eliminate employees’ plateau perception of work content. Managers can take measures such as empowerment, work autonomy and participation in decision-making to improve employees’ perception of informal power in the organization, so as to eliminate employees’ perception of inclusive plateau.

Secondly, it should strengthen the training of employees and guide them to establish a reasonable outlook of career development. We should not only make employees realize that with the development of their career, hierarchical plateau is an inevitable phenomenon of career development, but also guide them to establish rational success criteria. We should not only measure the success of their career by objective upward promotion, but also treat career development by their own skill development, contribution and Industry reputation.

Thirdly, managers need to create face-to-face communication opportunities for employees in various ways, and fully understand employees’ psychological, career development needs and mental health status. On the one hand, we can adopt personalized flexible countermeasures to meet the needs of employees’ career development; on the other hand, we can pay attention to employees’ mental state and mental health, actively implement humanistic care and timely psychological counseling, so as to avoid employees’ bad psychological and mental distress due to work pressure.

Finally, it should enrich and improve the construction path of knowledge management system. Although the theorists believe that cooperative goal dependence can promote knowledge sharing, this study finds that the promotion of cooperative goal dependence on knowledge sharing is also limited by the situation. Therefore, it is necessary to enrich and improve the construction path of knowledge management system. For example, in addition to making full use of modern information management system, we should formulate and improve the incentive mechanism of knowledge sharing to stimulate employees’ willingness to share knowledge. Establishing a good communication mechanism in the workplace to promote mutual understanding and trust among employees can avoid knowledge hiding and promote knowledge sharing to a certain extent.

5.4 Limitations and Future Research

Like all studies, this study has some limitations. First, the measurement of each variable in this study is self-reported from a single source, which will produce common method bias. In the future, we can try to obtain data from multi-channel and multi-source, such as pairing, in order to improve the authenticity and objectivity of data and reduce common method bias. Secondly, the research samples are from some enterprises in Jiangsu, Zhejiang and Shanghai in China, and the region where the samples are located has certain limitations, which limits the universality of the research results to a certain extent. Future research needs to expand the scope of the samples to test the scientificity of the research conclusions. Third, considering that knowledge workers in enterprises may experience hierarchical plateau, work content plateau or inclusive plateau at the same time, future research can consider the interaction of hierarchical plateau, work content plateau and inclusive plateau, and suggest the introduction and integration of multiple views and theories to understand this phenomenon.

References

[7] Rhee Y W, Choi J N. Knowledge Management Be-


ARTICLE

The Dynamic Model of Intellectual Capital Creation in Family Business: The Dynamic Capabilities Perspective

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ABSTRACT

The purpose of this paper is to examine the role of knowledge and learning as a dynamic capability that leads to competitive advantage in family firms. It further conceptually develops a model showing the relationship between intellectual capital, firm performance, and dynamic capabilities in family firms. This study highlights knowledge accumulation, knowledge integration, knowledge codification, and the preservation of socioemotional wealth (SEW) as a set of dynamic capabilities. Such capabilities allow a family firm to sense and seize business opportunities and gain competitive advantages. Findings from the case applications reveal that family businesses benefit from the accumulation of knowledge through expertise, skills, and employment of non-family members and having family involvement as important strategic assets that lead to increased value in family firms’ performance.

1. Introduction

A family business is an enterprise form that is featured in family involvement, including ownership, inheritance and authority base, and management teaming up between kin and non-kin [1]. These businesses play an essential role in the world economy and most listed companies belong to family businesses. In the world’s most advanced economies, in most countries, family businesses contribute to over 50% of the gross domestic product and have a major role in fulfilling employment [2]. However, family firms have to face certain challenges to succeed across generations. Researchers have studied that only 12 percent of family firms are successfully passed down to the second generation and 4 percent proper to the third generation. The overlap among ownership, management, and family that cannot separate emotion from rational thought leads to bad strategies and makes family firms vulnerable. Therefore, it is quite popular that in a family business, family rules can restrain the logic of business [2]. This challenge becomes even more significant when family firms have to compete and survive in a fast shifting environment that requires them to constantly change and make strategic decisions.

With the increasing intensity in competition and the constant change in the market, firms (either family firms or not) need to continuously create and employ their potentially advantageous resources and capabilities to develop competitive strategies. Such constant development acquires a firm’s engagement in organizational learning and

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specific knowledge accessing and introducing procedures into formal procedures\textsuperscript{[15].} In so thinking, this study introduces the dynamic capabilities view (DCV) as the theoretical fundamentals to explain the sources of competitive advantage for family businesses\textsuperscript{[4]}, but the significance of knowledge and intellectual capital in shaping these sources cannot be ignored.

Dynamic capability refers to an organization’s competencies to purposely create, expand, and revise its resource base\textsuperscript{[5].} Teece argues that organizations should establish, integrate, and reconfigure their resources and capabilities in response to the rapid changes in the environment\textsuperscript{[6].} Since the initiation of the DCV, there has been growing research interest in dynamic capabilities\textsuperscript{[7]}. However, in the context of family businesses, despite being the most common form of businesses\textsuperscript{[8]}, there have been a handful of studies addressing family businesses’ development of dynamic capabilities or the related issue. The purpose of this study aims at developing a model to depict how intellectual capital (IC) affects family businesses’ dynamic capabilities, which in turn boost family businesses’ development of competitive advantages. The model that this study proposed primarily follows the theoretical paradigm, featuring “family business – governance – dynamic capabilities – performance”\textsuperscript{[9]}. This paradigm integrates the agency theory, stewardship theory, and dynamic capabilities into family business governance and performance. Furthermore, this study incorporates the theoretical model of strategic management of family business to develop the dynamic model\textsuperscript{[10]}.

2. Theoretical Underpinnings

Studies into family businesses suggest that survival and succession of family businesses depend on both the resource availability inside and accessibility outside of the firm. Besides, capabilities are unique in family businesses since they result from the interactions within the family, between its members, and the businesses\textsuperscript{[11]}. In addition to firm capabilities in a concrete form (referring to the process development capabilities), a firm’s capabilities in an abstract manner, such as development and exchange for a person’s or a specific group’s knowledge and expertise are identified as an intellectual asset that helps a firm in adapting its resource and asset positions to respond to the environmental dynamics\textsuperscript{[12, 13]}.

For persisting an organization’s competitiveness, it does not seem to be enough if merely having knowledge\textsuperscript{[14].} Still, it also requires a firm’s efforts for creating dynamic capabilities for its better uses and practices on the resource base. As a result, the study integrates the knowledge-based view (KBV) and DCV, and proposes that dynamic capabilities and knowledge creation and application interactively rely upon for IC creation and governance in the family business context. In so doing, the following literature presents the main theory of these constructs.

2.1 Intellectual Capital

Edvinson and Malone\textsuperscript{[15,358]} have been the most significant contributors to the concept of IC as “knowledge that can be converted into value”. It is the possession of knowledge that endows a company to have competitiveness in the marketplace. They argue that why a firm is able to create value lies in its intangible assets, of which the book value is hidden behind\textsuperscript{[15]}. The aftermath of Edvinson and Malone’s contribution saw many researchers studying IC. The increase in awareness of IC in businesses stems from the rapid rise in innovation, technologies, and knowledge-led strategies. Such change has shifted attention of research into value creation and competitive advantage from traditional financial and assets to intangible assets and resources\textsuperscript{[16]}.

IC consists of three main components: Human Capital, Structural Capital, and Relational Capital. The Meritum Project\textsuperscript{[17]} which is a collective guideline for researchers across Europe summarizes IC as the combination of human, structural and relational resources of an organization.

- **Human Capital** - the knowledge that employees possess and use, such as knowledge, skills, and experiences. Human capital is generally unique to individuals and potentially generic\textsuperscript{[17]}

- **Structural Capital** - the knowledge that stays within the firm at the end of the working day. It comprises the organizational routines, procedures, systems, cultures, databases, and so on\textsuperscript{[17]}.

- **Relational Capital** - all resources linked to the external relationships of the firm, with customers, suppliers or R&D partners. It comprises that part of human capital and structural capital involved with the company’s relations with stakeholders\textsuperscript{[17]}.

Other studies also document that IC is the main source of an organization’s competitive advantage\textsuperscript{[18]}, and that it has a significant and substantive impact on performance creation of firms\textsuperscript{[19]}. According to Hosomi\textsuperscript{[20]}, IC must not only be created but also be used to enhance corporate performance as well as corporate value.

In the context of family businesses, IC is generally considered as an outcome based on the strong network ties within a family firm\textsuperscript{[21]}. Where human capital and incorporated internal collective relational capital considerably represent a set of imperfect imitable resources created.
through family influences [22]. Investigations show that the knowledge that family members possess may have been passed on from generation to generation. Through collective understanding, both shared vision and attitude that encourages interactions and information exchange among individuals are gradually established [18, 22].

Moreover, the relational capital dimension consists of the organizational resources created through interpersonal relationships such as trust, norms, obligations, and identity [23, 22]. According to Hoffman [24], a group’s identification reinforces information exchange, communication, and knowledge sharing among members. Besides, family members also possess trust and norms developed through frequent social interaction and interdependence among family members [21]. Norms and trust enhance social control among family members and enable the teamwork of family businesses to be successful and collaborative [23].

2.2 Governance of Family Business

Family firms are governed differently than non-family firms, and it is the governance that presents a capability, which can be used in favor of competitive advantage. As above stated, a family business is a company featuring family involvement in various issues [1]. With governance in heart, family business features four essential natures, such as family ownership and control, family management, multiple families and managers, and family succession [26].

Two theories observe the difference of governance and operational performance in the family businesses: agency and stewardship theories [27]. The agency theory suggests that the separation of ownership and control (the agents) in a family business increases the cost of corporate governance [2]. The information asymmetry between the principal and the agent and their different motivations leads to conflicts between family and nonfamily members, thus causing agency problem and particularly agency costs [26, 20]. Stewardship theory, on the other hand, stresses that in a family business, managers are viewed as dutiful, reliable stewards with high organizational commitment. Into the stewardship theory, research generally argues that industrial managers, who are driven by both social and achievement factors, have a tendency towards collectivism [26].

These two theoretical views are widespread and prevalent in the family business field. The major consideration is that, in general, the superior managers or leaders in a family business are family members or have a tight connection with the family [28]. Miller and Breton-Miller [26] explored the relationship between family business governance and financial performance from agency theory and stewardship theory. They infer the steward behavior of family businesses including specialization, reduction of shortsighted acquisitions or layoffs, increased investment in R&D, training and capital expenditures [20].

2.3 Dynamic Capabilities

As it is widely acknowledged in the strategic management field, the concept of dynamic capabilities was initially defined by Teece [6-516] as “the firm’s ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments.” Since then, strategic management research has provided various theories concerning dynamic capabilities.

In Teece’s sensing-seizing-transforming model [4], sensing refers to an organization’s capacity to continuously scan the organizational environment. Seizing refers to developing and selecting business opportunities that fit with the organization’s environment and its strengths and weaknesses [4]. Seizing fuels better strategic decisions like investments because it creates a bridge between external and internal information and knowledge. Transforming (and reconfiguring) on the other hand refers to the ability to recombine and reconfigure assets and organizational structures as the enterprise grows, and as markets and technologies change [30]. Transforming is necessary because it involves putting decisions for new business models, product or process innovations, improving the infrastructure, ensuring that the workforce has the required skills through training and implementing the required structures and routines.

These processes are considered as firms’ learning mechanisms. However, in family business, learning is not only based on sensing, seizing, and transforming, but also on the preservation of sociemotional wealth (SEW) [31, 32], which refers to the utilities family-owners derive from the noneconomic aspects of the business [32]. Family firms obtain SEW from many sources, for example, family name identified with the firm to enhance the firm’s image, or the feeling of closeness between the family-owners and the firm affecting the firm’s strategic management [31]. The extant literature has indicated that the preservation of family values and culture within the firm promotes capabilities and learning development [33].

Much research into the DCV has pointed out that challenges arise in finding systematic research designs of empirical dynamic capabilities studies [4, 5, 29, 34, 35]. Laaksonen and Peltoniemi argue that a better understanding of operationalization that provides the instruments linking between constructs and their empirical measures would much advance dynamic capabilities research in theoretical building and development [39]. For the family business-related topic, there has been much little into DCV
research [36, 37, 38].

In such a theme, some issues that relate to defining the theoretical essence of dynamic capabilities are revealed for the necessity of DCV theory development from the reviews of this study based on highly cited or influential contributions. First, the dynamic capability constructs consist of a distinction between ordinary and dynamic capabilities (e.g., Eisenhardt and Martin [3]). Secondly, firm performance is considered as indirect (e.g., Zahra et al. [40]) or moderated (e.g., Liao [41]) outcomes of dynamic capabilities. Furthermore, the creation of competitive advantages of firms results from rather than how much of a dynamic capability that firms possess, but the importance is on whether firms possess certain types of dynamic capabilities (e.g., Eisenhardt and Martin [3]; Teece et al. [46]), and focus on change over time (e.g., Winter [42]).

Another important factor is about distinguishing between ordinary capabilities and dynamic capabilities. Ordinary capabilities determine how a firm currently makes its living now and enable operational effectiveness, whereas dynamic capabilities allow firms to change [42, 45] and promote sensing and seizing new business opportunities [4, 29]. Still, in especially empirical investigations, it is essentially difficult to differentiate between ordinary capabilities (that change per se) and dynamic capabilities (that cause the changes in ordinary capabilities). This part of the arguments emerges as the line between these two types of capabilities is “unavoidably blurry” [46:1243], and capabilities per se may have both ordinary and dynamic features and purposes in firms [40]. Still, those theoretical studies (as mentioned above) are significant to provide an instrumental approach to how dynamic capabilities are investigated.

In the context of family businesses, Miller and Breton-Miller emphasize that the growth of dynamic capabilities relies on the IC and governance of family firms [26]. Their contribution encourages this study to explore the learning mechanisms of family firms, where knowing the governance and IC of family firms and the interactions with dynamic capabilities is the crucial foundation.

3. The Development of the Theoretical Model

As presented before in this study, most family business literature has had a focus on family businesses’ possession of unique or inimitable assets, capabilities, or even knowledge (or IC) from their governance or operations. However, such possession much relates to the investigations of family businesses’ ordinary capabilities, instead of dynamic capabilities. While there is some seminal literature, the needs remain indispensable to identify how family businesses generate dynamics and even so dynam-

ic capabilities, and hence it would be applied to take the family businesses closer towards attaining competitive advantage [26].

Teece [47] argues that dynamic capabilities are not typically acquired and imperfectly timetable and that they are generally built incorporated with a firm’s VRIN resources, signature processes, past managerial decisions, and heritage. These include managerial actions, context-specific learning, or investments [41]. To reinforce our concept in linking family businesses’ dynamic capabilities, we treat IC as a special set of knowledge within the family and the business in family businesses. It is the essential core in fostering dynamic capabilities of firms as for permitting skill acquisition, learning, and the accumulation of intangible or invisible assets in the organization [40]. Accordingly, the following proposition is generated:

Proposition 1: Investment in intellectual capital is positively related to family firm dynamic capabilities.

For the exploration of sources of dynamic capabilities in family businesses, this paper applies four learning mechanisms of significant importance for family firms identified by Barros [50]. As learning mechanisms they are, we view them as dynamic capabilities in the proposed framework, including knowledge accumulation, knowledge integration, knowledge codification, and preservation of socioemotional wealth (SEW).

Knowledge accumulation that knowledge could be accumulated along with time and even over generations at home and through an early career in firms or education and experience, enables family members to learn, detect, filter, share, and gauge opportunities [40, 51].

Knowledge integration that is considered as the cornerstone of dynamic capabilities, allows family businesses to take advantage of the opportunities pinpointed in the environment and make them available to the firm [3, 50].

Knowledge codification is the use of the knowledge integrated into a firm to help to generate new proposals in order to change currently available strategies as well as identify the strengths and weaknesses in proposed variations to the current set of strategies [45].

Preservation of SEW is conditioned by the other three learning mechanisms. Family values and culture are adapted to the business condition and evolve. SEW has an intrinsic value for the family. As a result, preserving it has become essential, since it is intimately linked, from a psychological point of view to the family owners, who project their identity onto organizations [52].

All four mechanisms interact with familiness - “the unique bundle of resources a particular firm has because of the systems interaction between the family, its members and the business” [52:111]. These four mechanisms confer
family firms with learning capabilities, and knowledge creation and applications occur in them over generations, hence providing them with potential advantages over non-family firms [53].

The proposed model is developed based on IC (shown in Figure 1), which is viewed as not only the relevant and actionable information linking to human capital, relational capital, and structural capital, but also organizational capabilities in an ordinary form within a family business. These capabilities represent how a family business currently works and has been working over generations. As the environment is dynamic, family businesses need to continuously scan for new opportunities and further adapt through sensing, seizing, and transforming capabilities, closely aligned with their strategies [27]. Family businesses’ survival consequently relies heavily on its history and continuous learning in order to adapt to the dynamic environment.

Through sensing the environment, family businesses can identify opportunities of development in any of the IC components from assessing any technological advancements for efficient production processes (structural capital), improving industry networks, relationships with customers and suppliers including consideration of customer’s needs (relational capital) to providing motivation incentives and training of employee’s (human capital). We detail, as follows, how these learning mechanisms work with other factors in the proposed model, and thus shaping our dynamic view for family businesses.

Knowledge accumulation therefore allows family businesses to perform these processes aimed at developing internal activities, such as R&D, technology monitoring, innovation and implementation. Knowledge accumulation comes from training, education, experience, passed down from generation to generation, attending international conferences, conversing with customers and suppliers to take into account their changing needs. Still, merely acquiring knowledge cannot sustain the evolution of capabilities when the environment changes so after knowledge accumulation. A family firm needs to seize the sensed opportunities by deciding whether some information is of potential value to concrete fit the organization in terms of strengths and weaknesses, and thus making decisions accordingly.

Knowledge integration allows specialized family member knowledge to be integrated into the family firm so it can adapt its capabilities to the shifting environment [45, 53]. Family firms are characterized by socially intense relationships between family members, which also occur informally outside of work and increase interdependence and interactions, thus strengthening family bonds and knowledge integration. Family literature shows that the dependence of family members on each other strengthens their mutual bonds and repeated interactions enhance social relationships [21]. Through such tight bounds either within or outside a family business (with a broad view of
familiness), knowledge integration happens efficiently.

Past research also indicates that family firms need to develop entrepreneurship to redevelop or reconfigure resources that may cause decreased value and become in changing markets [54]. Through transformation, organizations operationalize, implement, and perform renewal activities through the seized opportunities. This process involves reconfiguration which focuses on the consequences of the transformation rather than on the transformation itself [55].

**Knowledge codification**, such as explicit knowledge from family institutions, protocols and guidance, and the use of the family name as a brand [40, 51], confer family businesses with the ability to transform and survive over time. Family firms with issues such as family involvement, sibling rivalry, and on-going conflicts render it hard to integrate and codify knowledge in the business. As a result, family relationships provide the course and the trust base for information exchange and encourage change when this change may decrease mutual understanding among individuals [56]. Therefore, knowledge codification would be an essential work for knowledge integration that transforms the tacit mindsets and knowledge of, and interactions between, family members into systems. Simultaneously, it integrates and externalizes managerial know-how of a family business.

Another essential part of family businesses’ IC is the preservation of SEW - reflecting the value and familiness embedded in the culture and identity of the family. Recent empirical research explains how SEW affects family firm strategy, including diversification decisions, environmental performance and alliance formation [31, 32, 33]. A combination of these mechanisms can promote the evolution of capabilities and the family firm’s ability to respond appropriately to environmental dynamism, generate change strategies and transform themselves to high firm performance through outcomes, such as mergers, new product development, new markets, increase in sales, etc. as per the model. Performance creation results in increased firm value and the achievement of the sought after the generation of competitive advantages. Accordingly, these propositions are generated:

**Proposition 2**: Family firm dynamic capabilities are positively related to family firm performance.

**Proposition 3**: Family firm performance is positively related to family firm value and competitive advantages.

Finally, since the environment is constantly changing, new strategies, processes, technologies, relationships, individual knowledge, and skills become obsolete over time and need renewal. Therefore, family businesses need to continually reinvest in the components of IC to stay ahead of the competition, so the framework is a continuous cycle.

The section below presents case results that highlight how sensing, seizing, and transforming in terms of knowledge acquisition, integration, codification, and preservation of SEW affects the performance of various family businesses in industries.

### 4. Case Implications

In this section, we present two cases to provide empirical meaning for the proposed model. Semi-structured and face-to-face interviews were conducted in the first case study to collect data from 17 family businesses operating in Western Australia [57]. The purpose of the case study was to provide an understanding of how family businesses adapt to the changing business environment. There were five cases where participants recommended that the needs for adaptive measures to the market were given rise by the environmental dynamics that came up with the higher consumer demand.

From the case study of Alonso [57], we extract and extrapolate four cases for the explanations for the model proposed by this study (shown in Table 1). We highlight the most relevant information, including “how does the family business sense the changes in the business environment?”, “In what ways does the family business adapt?”, and “the specific learning mechanism(s) the family business exploits”.

First, Jennie’s example shows that various customers’ demands in the business environment could be turned into potential opportunities. Sensing and seizing are displayed as Jennie scanned the environment and realized an increase in the number of avocado producers resulting in excess of supply. The company seized the opportunity by transforming itself into a packing facility to take advantage of the region’s weaknesses of lacking appropriate logistics and infrastructure.

Secondly, Marie’s example highlights the importance of industry connections that have been continually built and enhanced over time. It underlined the relationship between industrial networks and process innovation. Because Marie had acquired knowledge over the long history in the industry, it could acquire and accumulate market knowledge and skills. Furthermore, the combination of these conferred her with critical insights for the firm to respond to consumer trends, thereby sensing and seizing opportunities. Sensing is also displayed by the ability of the firm to anticipate the environmental trends and potential challenges ahead, which prompted it to produce throughout the year as opposed to seasonally while still preserving SEW in the family brand.
Sam, in fresh fruit production, the third case, demonstrates the importance of process innovation, the introduction of new and considerably improved production, administrative, and supply chain processes. Sam applied a combination of knowledge accumulated through experience in the industry and his intuition (a part of tacit knowledge) in sensing the environment for new opportunities and anticipating upcoming challenges. The results further transformed his business from selling domestically to entering export markets and differentiating itself via environmentally friendly sources of energy.

Finally, Rob’s case shows how Rob had knowledge and expertise in installation of glass materials. However, changes in governmental policies and legislation and consumer trends called for new knowledge accumulation, integration of the knowledge in the firm for product enhancements, compliance and new product designs. Moreover, the firm reinvested in learning and keeping up to date with compliance regulations. The case presents an example involving sensing, seizing and transforming.

The second case study [58] is significant for the implication of the proposed model as it looks into dynamic capabilities and how family businesses’ value is generated across generations (shown in Table 3). As the present study, it considers knowledge as the critical factor, and in turn, how it creates entrepreneurial performance and value creation for family businesses. The investigation focus of the second case study is on the process of product innovation and strategic adaptation to the market, which, in turn, constitutes family businesses’ entrepreneurial performance, including product-line extension, product diversification, expansion to new markets and adoption of new technology.

This case study takes us through four family firms with

<table>
<thead>
<tr>
<th>Participant</th>
<th>How does firm adapt to today’s business environment?</th>
<th>In what ways does it adapt?</th>
<th>The specific learning mechanism(s) the family business exploits</th>
</tr>
</thead>
</table>
| Jennie, avocado producer         | ● Anticipating a future growth  
● Exploring untapped commercial opportunity (development of an application for growers to monitor their production needs)  
● Identifying new trends and consumer wants that led to new product development (used fruits for a baby food line and food for aged care Facilities) | ● Transformation (from an avocado producer to a packing and exporting firm  
● Promoting extensive and deep exchange of knowledge (open culture to changes, valuing the contributions of all firm’s members) | ● Accumulated knowledge  
● Previous experience (became a consulting firm to the local avocado producers)  
● Innovation and differentiation initiatives  
● Investment in equipment and technologies. |
| Marie, fresh fruit producer       | ● Relied industry networks with market agents and their recommendations                                                | ● Produce throughout the year as opposed to seasonally.  
● Changed packaging and started barcoding products                                             | ● Family brand and reputation (long family history and tradition in the fresh produce industry)  
● Process innovation  
● Human component (direct communication and highly personalized service with its clients) |
| Sam, fresh fruit producer         | ● Sensing the environment  
● Anticipating potential challenges ahead  
● Recognizing potential of other markets (Middle East)                                                                 | ● Increase the family business’s involvement in international exports.  
● Less dependent on domestic supermarkets  
● Uniqueness (sell everything at a fixed price to all customers: domestic and international) | ● Intuition and tacit knowledge  
● Experience in rapidly changing fresh produce consumer environment.  
● Technology and equipment related innovations (cold chain)  
● Differentiation (Use more environmentally friendly energy sources, e.g. “70–80% of energy is wind generated) |
| Rob, installation of glass materials | ● Learning new compliance rules  
● Application of knowledge as well as expertise to take on the challenge of compliance. | ● Being up-to-date with compliance requirements  
● Investing in gathering key strategic knowledge  
● (travel to some of the industry events in Germany and China)  
● Differentiation  
● (being first mover) | ● Accumulated valuable knowledge and  
● Expertise in the area of installation of glass materials  
● Invest in training in order to see and experience first-hand new products or designs |

a longitudinal and multiple-case study. Two of the firms are from Apulia (Alpha) and Tuscany (Beta) regions in Italy, and the other two (Gamma and Delta) are private Swiss family firms from Canton Province, China. All firms operate in the beverage sector. The summary of the cases is extracted and presented in Table 3.

The cases show transgenerational value creation in family businesses with knowledge passed on from generations, new knowledge accumulation, family involvement, knowledge codification, and preservation of SEW. For example, the cases of Alfa, Beta, and Gamma attempt to acquire new knowledge or implement the existing knowledge and thus there were no investments in new knowledge accumulation. In turn, there exists rigidity and slow reaction to environmental changes.

Table 2. Case implication 2

<table>
<thead>
<tr>
<th></th>
<th>Alpha (spirits industry)</th>
<th>Beta (wine industry)</th>
<th>Gamma (wine industry)</th>
<th>Delta (wine industry)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Entrepreneurial</strong></td>
<td>● Increase in product-line extension (from one product in G1 to 25 products in G3)</td>
<td>● Adoption of new and different technologies (state of the art control system)</td>
<td>● Expansion to new markets (wine produced according to customers’ demands)</td>
<td>● Both value creation</td>
</tr>
<tr>
<td><strong>performance</strong></td>
<td>● Diversification (adding unrelated products to the core business)</td>
<td>● Product-line extension (adapt to every market)</td>
<td>● Diversification (resources updated every 6 months for obsolete check)</td>
<td>and entrepreneurial</td>
</tr>
<tr>
<td><strong>and</strong></td>
<td>● Expansion to new markets (US, Germany, Ireland, Australia and Japan)</td>
<td>● Expansion to new markets (68 countries)</td>
<td>● Adoption of new technologies, G3</td>
<td>performance remained</td>
</tr>
<tr>
<td><strong>transgenerational</strong></td>
<td>● Adoption of new technology in G2 and G3 (Computer programmed and controlled working</td>
<td>● Increase in Net income (by 400% between 1995 and 2005)</td>
<td>● Increase in Net income, goodwill and sales increased</td>
<td>low in all generations.</td>
</tr>
<tr>
<td><strong>value</strong></td>
<td>cycles and a fully equipped R&amp;D quality control laboratory)</td>
<td></td>
<td>(balance sheet increased by 17 times from G1 to G3 and reinvested in knowledge)</td>
<td>● Launching of new</td>
</tr>
<tr>
<td></td>
<td>● Increase in goodwill (acquisition) and Net Income</td>
<td></td>
<td></td>
<td>products that are</td>
</tr>
<tr>
<td><strong>knowledge</strong></td>
<td>● Increase in knowledge accumulation (knowledge gathered and handed down through generations and acquired from outside)</td>
<td>● Knowledge accumulation (from within and externally)</td>
<td></td>
<td>unrelated to the core</td>
</tr>
<tr>
<td></td>
<td>● Investments in outside knowledge accumulation (universities, suppliers, working with external people, employing non-family member sales director and managing director, training, external experts)</td>
<td>● High level of family members' involvement</td>
<td></td>
<td>family business.</td>
</tr>
<tr>
<td></td>
<td>● Improvement in knowledge</td>
<td>● Experience obtained in US</td>
<td></td>
<td>● Decrease in new</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>markets expansion</td>
</tr>
<tr>
<td><strong>dynamic</strong></td>
<td></td>
<td></td>
<td></td>
<td>G1 to G3</td>
</tr>
<tr>
<td><strong>capabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td>● No investments outside the firm</td>
</tr>
</tbody>
</table>

Table 3. Case implication 2 (continued)

|                   | ● Recombination of internally and externally acquired resources                          | ● Employment of young and brilliant external professionals                           | ● Apply family and outside knowledge (especially in marketing and production)     | ● Hardly developed (resources are not well-acquired, |
|                   | ● Introduction of new products unrelated to core business through customer demands        | ● Owner attended university to accumulate more knowledge                              | ● Recombination of resources (from one product in G1 to 25 products in G3)        | exchanged and transformed for growth) |
|                   | ● Business restructuring                                                                   | ● Social Network around the world created through studying and living abroad.         | ● Continuously updating knowledge (everyday work and learning)                    | ● Increase in knowledge |
|                   | ● Employment of skilled non-family members                                               | ● Good relationship with family members                                               |                                                                                    | from G1-G2 (Carlo, G2, started acquiring new knowledge in business and wine making) |
|                   | ● New product                                                                           |                                                                                      |                                                                                    | ● Share and transfer of knowledge (to cousins)                                    |
|                   | ● Development activities                                                                  |                                                                                      |                                                                                    | ● Low level of trust (between Carlo and his cousins)                             |

5. Conclusions

This study has explored how a family firm can remain ahead of competition while adding values in a competitive and ever-changing environment. By using four learning mechanisms, including knowledge accumulation, integration, codification, and preservation of SEW, this study contributes to the understanding of how family businesses foster their dynamic capabilities based on intellectual capitals, such as human capital, structural capital, and relational capital. Based on the learning cycle of family businesses, this study proposed a framework that links together IC and dynamic capabilities and family businesses’ performance, while we also illustrated how family businesses generate competitive advantage and the critical role of continuous reinvestment as a means of adapting to environmental changes.

With the KBV and DCV in heart, this study maintains and stresses that knowledge-based resources that are embedded in the learning process act as a source to facilitate and boost the development of family businesses’ dynamic capabilities. IC, such as skills, technological assets to make competitive strategies, network relations within and outside the company, creates value and persists competitiveness. In our study context, we propose the ‘theoretical interaction and integration’ between the KBV and DCV referred to as how knowledge boosts a family business’ development of dynamic capabilities. As it is stressed in the DCV for the importance of the learning mechanism in enhancing the dynamic capabilities of a firm \[5, 4, 29, 40, 43, 45\], IC remains poorly managed as most family firms make inefficient investments of IC and learning, hence often failing to manage and transfer valuable practices and capabilities over time. Our findings from the case applications revealed family businesses benefit from their fostering of dynamic-knowledge-based capabilities, such as the accumulation of IC (and knowledge) through expertise, skills and employment of non-family members.

References


REVIEW
Global Standardization and Local Adaptation of Marketing---A Critical Review of the Literature

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ABSTRACT

This paper discusses and critically reviews the causes and consequences of global standardization and local adaptation of marketing strategies. The scope of the literature review is in the fields of international marketing, international trade, and corporate strategic management. It also aims to emphasize finding gaps after reading the literature. Even though the studies’ scope is extensive, this paper limits the reach: firstly, it introduces the standardization and local adaptation, discusses the advantages and disadvantages of both by researchers. At the same time, untangle the relationship between international marketing strategy and marketing mix. Secondly, it is divided into macro and micro to collate and analyze the leading factors affecting international strategy, so that the cross-market fit of global marketing tactic can be realised. Finally, focus on the KPI. The indicators of financial return were selected as the review from the factors representing the intuitive development level of the company. The goal was to concentrate on the mutual feedback and adjustment between the standardization/adaptation and performance of multinational companies. Among them, the diversities between developed and emerging markets are interspersed in each link. As this difference is a trend that scholars have begun to notice in recent years. Although many existed bibliographies are revolved around particular multinational companies or regions to assessment, this paper will focus on the impact of practical research article review and evaluation. It would not involve specific corporate and country.

1. Introduction

Under the background of highly globalization, standardization and adaptation is a controversial topic. As standardization/adaptation would directly affect the performance (Ghauri and Cateora, 2011)\(^1\). It has been a strategic goal for multinational companies to enter the global that international plans could cope with market uncertainties and overcome shortcomings to integrate into the market. Onkvisit and Shaw (2009)\(^2\) identified it was more challenging and stressful to operate across markets than at domestic. Thus, many journals which are in international marketing subject, are deeply analyzed the strengths and weaknesses of the two models. The driving forces behind the implementation of global strategies and discussed the interaction of standardization/adaptation and performance (Cavusgil and Zou, 1994; Zou and Cavusgil, 2002; Theodosiou and Leonidou, 2003; Pauwels and Hanssens, 2007;
Boso et al., 2013). It has a worthy refer for enterprises and managers.

This review is a structured glance and partial intensive reading through more than one hundred academic references to get inspiration from the strategic direction of international marketing. According to the initial part could be a general grasp of the theoretical concepts of international marketing, and the content involved. Under the second module, it is possible to understand what will lead international companies to choose standardization/adaptation. In the sense of management to support enterprises, comprehensively analyze the antecedents and adopt the most favourable strategy. The third part will answer the profit results of marketing plan implementation. Besides how the business situation will change the marketing strategy?

2. Research Methods

In this review, I resolve through critical reading to classification and induction theory, finding the connections and varieties between different publications. Discover the gaps that might be filled according to my considerate of the literature. The search for literature from the Queen’s University Belfast library, Reference list in paper and Google Scholar platforms. Write the thoughts generated during the in-depth browsing of the literature in the research document notes, and then organize the bibliography electronically. There will be creative narrowing in the search scope. The keywords selected based on the subject when consulting publications are international marketing strategy, standardization/adaptation, antecedent factors, key performance indicators, and multinational company. In terms of the time range, for the reliability of the data. The literature on the conceptual background content will be concentrated in the research that is widely cited after the 1990s. Still, for the currency, the journals and publishers mentioned in large parts of this paper have been in the past decade research results. The data come from the top authoritative journals in marketing and management, such as Journal of the Academy of Marketing Science and Journal of Marketing. This allows the authenticity of critical literature review to be verified.

3. Standardization VS Adaptation

3.1 Theoretical Background

Standardization and adaptation have always been the centralize of international marketing research. According to Ghauri and Cateora (2011) stated that globalization had become a trend in the current market. Thus, when a group chooses to operate transnationally, the paradigm of global marketing strategy selection becomes the key to the success or failure of new marketplace development (Kat-sikea et al., 2006; Lages et al., 2008; Schilke et al., 2009). There are two definitions of standardization in the existed literature; the application of the same marketing strategy in global markets. The other is the use of local marketing strategy without any modification in worldwide (Samiee and Roth, 1992; Cavusgil et al., 1993; Zou et al., 1997). Chung (2007) described the basis of standardization as a comparison of domestic and foreign operating mechanisms and market outlines. Ghemawat redefined the global strategic fit in a book published by Harvard in 2018. Among them, Einstein believed that differentiation exists between each region and adapt to localization is an effective way to resolve diversity. Global market adaptation includes marketing mix strategies, business positioning and changes in performance indicators. So far, standardization and adaptation seem to be clearly defined.

The debate about whether the globalization of advertising requires to be standardized or adaptive began around the early 1990s. After that, the ensuing argument expanded to promotion methods and then to the marketing mix (Tan and Sousa, 2013; Westjohn and Magnusson, 2017). The debate over both strategies lists its unique advantages. The argument given for advocating for standardization in the global market is that as the process of worldwide economic integration progresses gradually, the world will become a whole. The basic to the survival of multinational companies is to improve unified to obtain higher profits (Vrontis et al., 2009). Meanwhile, Madden, Roth, and Dillon (2012) analysed that standardized global unified use of brands, large-scale production, and requirements for marketers has become gentler, so labour costs also are reduced. Third, different propaganda methods or slogans not used in the same markets could make consumers psychologically unconvincing and confusion. Standardization just avoids this kind of psychology phenomenon (Backhaus and Van Doorn, 2007). However, Newburry and Yakova (2006) had opposite views on standardization. When multinational companies standardize unconditionally, it could face the situation that the companies expect to do not conform to the actual condition. In the end, it leads the enterprise withdraws from the market due to poor governance or even bankruptcy. From this point of view, the upsides and downsides of standardization in all aspects cannot be ignored.

The reason for support applies adaptation is that standardization could not be appropriately implemented in a short period. The company that chose to adopt a custom-
ized market strategy could also learn from the overseas business philosophy (Hultman et al., 2009; Slangen and Dikova, 2014) [20][21]. In addition, Westjohn and Magnusson (2017) [16] detailed that there are deep-rooted differences in culture, language, education, religion and so on. In each country, those multinational enterprises should respect cultural diversity. At present, business managers are increasingly shifting towards market adaptation to assist companies in cross-border business (Hultman et al., 2009) [20]. Although the literature research on market customization is much less than that on standardization, local adaptation seems to be more integrated into the target marketplace.

According to those kinds of literature, it seems that these two types of thought are dialectically reasonable. It is also based on the point of maximizing corporate interests. In order to avoid the confrontation between the two concepts and extreme thoughts (Gabrielson et al., 2012) [22], Venaik and Midgley (2019) [23] also put forward the hypothesis that if all companies implement locally adapted international marketing strategies. Then there is no difference in the same industry, and it becomes another form of standardization. Marketing standardization is conducive to enterprises to reduce costs and improve performance. On the contrary, localization could alleviate social conflicts (Magnusson et al., 2013) [24]. To avoid the confrontation between the two concepts, some scholars have done related research to prove that these two market models are not individual groups, but two parts of the unified market as a whole. Based on rigorous analysis and estimation of market conditions and the method of operation (Vrontis et al., 2009; Chung et al., 2012) [17][25]. It could be seen that both theories might be practised in a multinational enterprise or even a brand.

Based on the above, there are some of the study limitations. Mostly the academic standardized are conceptual and lack real practice research and actions. At the same time, there does not appear to be a clear definition of the relationship between standardization and adaptation. Split into different systems for evaluation rather than uniform examination. In the research method, most of the current journals used qualitative research methods, such as interviews and other small samples, not statistical purposes. Since directly grasp the main aspects of things, strongly subjectivity and not objective and accurate.

### 3.2 Marketing Strategy and Marketing Mix

Products, pricing, place and promotion in the marketing mix are at the spirit of international marketing. Ozsomer and Simonin (2004) [26] liken marketing strategies to a parent, with the four parts of the marketing mix as branched family members. The so-called marketing mix strategy is to modify and combine the four elements in dissimilar situations (Katsikeas et al., 2006; Lages et al., 2008; Souza and Lengler, 2009) [19][27]. Therefore, the international marketing model is essentially the standardization or adaptation for each module of the marketing mix.

Standardization is the most common and widely used for 4Ps. One definition of standardization for marketing mix is price, place, promotion and price taken the same approach globally (Lim et al., 2006) [28]. As well as, in the handle of the actual situation, most multinational companies prefer a broad range of standardized elements, to achieve maximum profits and obtain a competitive advantage in the market (Zou and Cavusgil, 2002; Katsikeas et al., 2006) [4][8]. The same academic research from Lages et al. (2013) also confirmed that multinationals could utilize higher standardized strategies to save costs and capital. Or take a holistic approach to a marketing mix which is different from the domestic market but applies to the world. However, these concepts have somewhat deviated from the actual. Zou and Cavusgil (2002) [4] had suggested that the fully standardized operability of 4Ps is low because the cultural, political and economic conditions of different countries are generally unlike the same. Furthermore, the essence of marketing strategy is to effectively satisfy the market demand with the development of the eras, to make internal adjustments between marketing mixes (Bahadir et al., 2015) [29]. Therefore, although standardization has the simplicity in real operation, it is necessary to adapt the marketing mix to follow the target market.

Local adaptation has gradually entered the public vision. Due to the integration of the benefits of adaptation and standardization in the marketing mix, so as to achieve the international strategy in line with the objectives of enterprises. Modification is adjusted from two or more aspects, such as prices and promotional systems (Homburg et al., 2012) [30]. Next, it is wise to customize strategy according to the external environment. Because Sheth (2011) [31] elaborated that the diversity of cross-markets and more participants in the market are the crucial drivers of adaptation, which is also the reason for the abandoned standardization. Furthermore, multinationals adapt the resources of their marketing portfolios to address the risks of differentiation. On the other hand, when entering a new market, the high degree of localization of various elements could lose the original appeal of the brand, but also make consumers question the business (Zdravkovic et al., 2010) [32]. Occasionally, adaptation causes a burden on corporate funds. For example, the local adaptation of advertising increases unnecessary financial expenses (Sethuraman et al., 2011) [33]. From this perspective, it seems that the combination
of unification and differentiation is the optimal solution.

So how to associate them? First, identified where is the company is located in the target position, customers and market (Hartmann et al., 2011) [34]. Secondly, studies have confirmed that cross-market operations should be conducted without focusing on one approach. It is better to combine standardization and adaptation to achieve strategic goals (Vrontis, 2003) [35]. In fact, the current combined mode of operation has become the method used by multinational enterprises to enter the target market (Ghauri and Cateora, 2011) [31]. Finally, apply the plan to each part of the marketing mix. But it is noteworthy that rely on the advantages of single standardization then judge blindly. Decision-based on the actual situation.

### 3.3 Application of International Marketing Strategy to 4Ps

There is a focus that researchers are willing to explore concerning the standardization/adaptation of promotion in 4Ps. Although the topic of standardization or adaptation for the global market originated in promotion, it was followed by a discussion of the various elements in the mix (Lages et al., 2008) [32]. At present, from the marketing mix, promotion is still the core preliminary point and continues to be widely evaluated. More research supports localization, Magnusson et al. (2013) [34] explained that advertising and other promotional methods are typically rendered by local religions, cultures and lifestyle habits. The research results also shown that the adaptation of promotional purposes has brought positive benefits to enterprises and reduced variances. Indeed, the behaviour method should comprehensively refer to many factors, such as the ability of the enterprise, the primary conditions of the target country and a series of problems (Powers and Loyka, 2010) [36]. On the contrary, no matter how adapted and promotion matched, rashly adopting localization is not rigorous enough, and may cause managers to lose their rational judgment (Hultman et al., 2011) [37]. In fact, Onkvisit and Shaw (2009) [2] justified that the standardization of promotional activities is worry-free to a certain extent, decrease unnecessary human resources and material consumption. To summaries, it seems that the standardization/adaptation of promotional methods could take the lead in a gradually globalizing world, also the debate might be continuing.

In 4Ps, each element has its characteristics, and companies may use different qualities to combine with the external environment to achieve performance. A book from Bartlett and Ghoshal (1989) [38] argued that there is a high probability that product would be standardized based on its adaptable attributes to the market. Similarly, Onkvisit and Shaw (2009) [2] believed that the product is the most standardized. This allows for high profits in less competitively stressful markets while reducing unnecessary marketing expenditure (Sethuraman et al., 2011) [33]. But there has been a growing opposition, Venaik and Midgley (2019) [21] critically evaluate that in the face of competitive market challenges, product convergence leads to low customer loyalty, small market share and other business problems. Moreover, product innovation is a approach for companies to survive in an uncertain environment. There are data shown that product adaptation benefits increase revenue (Bahadir et al., 2009; Bosco et al., 2013) [7][39]. For emerging markets, existed products seem not to satisfy consumers, so product improvement is properly feasible in such markets (Bahadir et al., 2015) [29]. Compared with other factors, it seems that the product is more suitable for standardization, but it does not rule out adjustment as the internal market conditions change.

The price factor is usually considered to be an uncomplicated issue. On the whole, the impact of price is not to be ignored. Some researchers believed that the importance of price is much higher than any P. It is assumed that the perfect combination of promotion and product could be difficult to overcome the direct impact of price on consumers (Farley et al., 2004) [40]. Traditionally, price standardization is unquestionable (Townsend et al., 2004) [41]. In other words, the global uniform price could ensure the profit deserved by the enterprise would not be lost, nor would it cause damage in trade barriers for import and export trade (Theodosiou and Katsikeas, 2001) [42]. Nevertheles, Zou and Cavusgil (2002) [43] described that it is difficult to achieve uniform global pricing in realistic. Because the tariffs, distances, costs of different countries are different, and prices are greatly affected by losses, amounts should be measured comprehensively. From a modern perspective, multinational companies implement price customization based on the political and market situation. For instance, lower prices and increase sales in undeveloped regions. Increase price in areas with excellent economic momentum. Ultimately, profits could be reach maximized (Chung, 2010) [43]. At that moment, the customization of price factors seems to be conducive to the development of the cross-market and more practical.

The place seems evident because the sales channels could be roughly divided into online and physical stores. Due to the application of sales channels is basically similar in the various areas (Townsend et al., 2004) [41]. Moreover, under the globalization, online shopping platforms used by multiple countries are gradually popularized, and the transportation methods of goods circulation are also accelerating (Newbury and Yakova, 2006) [44]. Con-
versely, in the face of some backward areas, it might be necessary to respond to local sales pattern. All in all, sales channels in most regions seem to be compatible with standardization.

In general, the application of standardization/adaptation in each element requires managers to design with referring to theoretical knowledge. During the period of firm stability, it is advisable to minimize the cost brought by the standardized paradigm (Schmid and Kotulla, 2011) [45]. Yet, it is worth to ponder that adaptation is to increase the capital premium capacity of multinational corporations (Wirtz et al., 2007) [46]. Whether it is to be analysed in conjunction with the drivers that influence international marketing strategies.

Regarding the research gap of the marketing mix in international marketing, it is found that the sample deviation is significant, and most of the theoretical-based recommendations are neither comprehensive nor specific. Also, a large amount of literature and corporate attention to research on marketing strategies focuses on products, while ignoring the impact of price, promotion and place adjustment on performance (Thomas and Jeffrey, 2010) [47]. Not only that, but the current literature also only stays at 4Ps, almost without 7Ps related to the marketing mix. In the future, 7Ps in international marketing would be paid attention.

4. Antecedents Affecting International Marketing Strategies

This chapter focuses on the drivers that lead to global marketing strategy decisions. Since the relationship between strategy and the market conditions, determine the outcome of the company’s development to a certain extent. In the second and third parts, the antecedents are divided into external and internal. Respectively, discuss the value and influence of different factors and find some gaps that might need to be filled.

4.1 International Marketing Strategy Fit

The degree of tacit agreement between the marketing strategy and environment is managers and companies are interested in making a decision. The level of marketing strategy fit caused by the response after evaluated the whole situation. Cadogan (2012) [48] argued that international marketing is more challenging and diverse than domestic marketing. For some countries, global integration is forced to be accepted. As more and more states have opened up the authority of international trade, which means that the marketing strategy is biased towards the standardization of convergence (Laanti et al., 2009) [49].

Driven by global economic integration, Rao-Nicholson and Khan (2017) [50] stated that the standardization strategy has been fully adapted to the global market, and adjustment is unnecessary and wasteful of resources. Conversely, as early as 1987, the theory given by Walker and Ruekert [51] about the core of the market was that the company should timely revise strategic changes in the external environment (customers, policies, economy, culture) to reach the market demand. The writing of market and strategy allows for synthesis of the general ideas within the literature on Day (1999) [52] market-oriented international strategy. In short, the purpose of the marketing strategy is to achieve the maximum degree of fit between the enterprise and the environment.

However, it is hard to obtain a perfect relationship between marketing strategies and external factors. Venaik and Midgley (2019) [23] concluded from experiments that under certain circumstances, it is difficult for multinational companies to successfully achieve the unity and fit of strategic organization with the external environment. Because when multinational companies evaluated the internal and external factors of the target market. It is tough to understand the inner meaning of history and languages. This diversity could be generated in the decision of the marketing strategy (Sheth, 2011) [31]. Moreover, when marketers conduct cross-market strategic deployments, it is determined by scientific analysis and assessment, but in part by the marketing manager’s personal perception of the target market, and even prejudiced problems exist (Maitland and Sammartino, 2015) [153]. Therefore, when making universal marketing decisions, companies would consider various factors and attempt to overcome challenges.

Then the fit of the market and strategy refers to the purpose of the business, the attributes of the background, and the interconnected correlation between other indicators (Simmons and Becker-Olsen, 2006) [154]. Marketing is subject to the rendering of a large social environment. In the field of international marketing, the high probability of results is subject to the degree to which external factors and internal strategies matched (Hultman et al., 2009) [29]. Jain (1989) [155] proposed to standardize or customize the international marketing model with the external environment as the antecedent variable. The factors that affect the marketing strategy model are roughly divided into macro factors and micro factors. The macro factors include the political, economic, cultural and legal conditions of the target market. The micro aspects include customer requirements, competitive pressure, company profitability, and corporate governance (Katsikeas et al., 2006) [8]. It is worth mentioning that Venaik and Midgley (2019) [23]
explored that the laws and regulations in different countries, which seems to be considerable. As the problem of incomplete infrastructure that has not disappeared in emerging markets also needs to be referred to when formulating strategies. The strategic results brought about by macro and micro conditions, and the quantity of influence is what scholars have been emphasizing.

From the real-life point of view of the research gap, it seems that the concept of strategic fit is too idealistic, and the significance for the management implementation might not be visible. In terms of research methods, studies of this type of journals mostly use meta-analysis to integrate and statistics past research. The limitation of meta-analysis is that the conclusion is inaccurate enough and straightforward. It does not combine specific circumstances and lacks context (Pawson, 2002) [56]. Therefore, suggested select cases and in-depth exploration, rather than summarizing.

4.2 Macroscopic Antecedents

Economically, the economic level of the host country, the cost of raw materials, the income of consumers, and consumption power all contribute to the expenditure, and it also reflects the potential level of the domestic market (Samli et al., 1993) [57]. Thus, when the economic situation of the target area and the home country are similar, standardization of marketing strategies is feasible and reliable. In short, economic status and standardization are positively related. For example, the economic similarities of European nations are extraordinary, and the result was borderless markets. Conversely view from Katsikeas et al. (2006) [9] and Hultman et al. (2009) [20], against that the result of the precise calculation study shown economic factors were not strongly related to the choice of standardization/adaptation. In brief, the elements based on the economic circumstances of the host country are not essentially considered for the choice of market strategy, but also consider to be used as a suggestion.

Among the factors of market policy, politics, and law are regular criterion as it is the manifestation of state power. Bahadir et al. (2015) [24] assessed different market conditions, such as differences between developed and emerging countries. There is a distinction between strategic requirements and development directions. Such as the laws and regulations on medicines, tobacco, and food between nations. Sheth (2011) [31] also agreed with the above view that the policy in developed and undeveloped markets are fundamentally different. After repeated revisions in policies and regulations, perfect standards already exist in a developed market. But political factors in emerging economies might be instability. The analysis illustrated that if the target region has the similar market environments, standardization may be feasible. Otherwise, it would be out of date.

In terms of cultural customs, language, and religion which are external factors worth to be explored. The adoption of standardization by multinational companies promoted by Jain (1989) [55] could only be implemented among folks who have the same life philosophy, cultural background, religious beliefs and customs. European countries are apparent evidence. But after all, the reality is that most social backgrounds are not different from the conditions of the host country and are altered (Becker-Olsen et al., 2011) [59]. Actually, the beliefs, festivals and even the customs of life in European countries are not alike. So, Kolk and Margineantu (2009) [59] have been tested to conclude that regulatory policies and human factors account for a large proportion of the causes and weight of marketing strategy customization, which is a direct driver. In summary, standardization and adaptation might be influenced by strong cultural forces, but also in line with specific realities for comprehensive decision-making.

The literature on macro-drivers that is seems to have some analytical gaps, and each factor is isolated in discussion and research, rather than combined to grasp the overall situation. The significant antecedent variables that affect standardization/adaptation lack an accurate definition. For substantive practical behaviours, the separated (rather than combined) analyses for the factors could lead to companies being too one-sided in decision-making and may cause misinterpretation of target zones. Not only that, but the latest literature on emerging markets has also almost ignored the rate of progress in developing countries. For example, the tricky of inadequate infrastructure has been dramatically improved, which means that the research has not kept up with the pace of emerging economies.

4.3 Microscopic Antecedents

In the face of consumer-oriented, the reason for support standardization and local adaptation is dissimilar. According to the traditional theory of Ramani and Kumar (2008) [60], it outlined that the enterprise willing to implement standardization. Due to the manager focus on the conversion rate of customers in the target market, to achieve higher than the planned performance level, while saving the expenses. Three years later, Kumar et al. (2011) [61] has taken the opposite view, argued that the customer-oriented concept is not always practical and feasible. Besides, the latest research results indicated that multinational companies desire to gain a foothold in the world, the method is to interact with consumers efficiently. Follow this concept, and marketing strategies should concentrate on
Localization to better obtain the preferences of different folks. However, due to the adaptation, the resources are scattered, the input and output ratio is reduced, and the cost is increased. According to these points, Lee and Griffith (2019) [62] advocated that customers are valuable, but business results are more valued by managers. As a result, when choosing global strategic standardization, accompanied by the search for similar connections and commonalities in their countries with new target customer bases.

From the perspective of market competition intensity, the tightness of rivalry is also a micro factor that could be declared. When firms confronted with pressure and competition from the market, it would become extra versatile and adaptable, such as using pricing, promotion, and customized advertising to enhance value (Theodosiou and Katsikea, 2013) [63]. When facing the same type of commerce or services, companies usually choose to adopt customization to their products, even the overall marketing mix (Venaik and Midgley 2019) [64]. The opposite argument comes from Kumar et al. (2011) [65] explained that high-intensity market competition pressure would cause the manager to feel confused, and the international marketing deploy model has become puzzling. Afterwards, Obadia (2013) [66], Shi and Gao (2016) [67] and Spyropoulou et al. (2018) [68] justified that among the micro-driving forces, the intensity of competition and the state of the market are most worthy of attention. In this case, Wilden and Gudergan (2015) [69] have credible evidence examined that competitive antecedent is a crucial point in influencing tactical organize decisions. At the moment, there does not seem to be a convincing paradigm for management decision-making. Therefore, if the enterprise gives up considering the contribution of market competition, the judgment might affect the performance to a large extent.

The implementation of profit-oriented international marketing strategies is an area that management might be willing to treasure and controversial. Lee and Griffith (2019) [62] believed that through the consistency of international marketing mix strategy to overcome the discrepancy in multinational markets. Conform to the meaning of standardization, coping with shifting events by sticking to a fundamental principle. Conversely, if an adaptive international marketing strategy is adopted according to diverse countries or regions as market segments, conducting a series of client surveys, which would invisibly increase the cost of resources, including human and material resources, investment expenditure. The price rises so that profits will be reduced. While the firm expects a positive relationship in a financial ratio, it is not that reliable and actionable, then requires a mixture of aspects (Gabrielson et al., 2012) [22]. As a consequence, the standardized marketing strategy seems to be more in line with the requirements of profit oriented. It is merely that the standardization/adaptation degree of marketing plans is not only about financial returns.

Multinational companies ought to invent opportunities and challenges in emerging markets as expanding their business territory. In terms of innovation, emerging countries are likely to accept foreign information. Because current production no longer contended the consumption level of the public. So, market access is low, and profits are high. At the same time, acceptance in developed countries is relatively narrow. Cayla and Peñaloza (2012) [69] endorsed this point that for country kind of India, any new product would be competitive. It is suggested that emerging markets could also be considered as a condition for strategic choice.

Regarding the research gap of micro antecedent variable, it is a strict task to investigate the marketing decision of an enterprise. Therefore, this kind of academic journals usually applied the method of interviewing marketer and several senior managers in a specific company (Shi and Gao, 2016) [70]. The conclusion drawn in this way may occupy the misunderstanding of personal subjectivity and the limitation of the company’s industry. Then I found that about financial oriented in a one-sided attitude biased towards the benefits of standardization and neglected to study the shortcomings brought about by unification. The current research is a short-term observation, but in the long run, it is biased against reality. But long-term studies are also unrealistic because companies that fail to make strategic choices are already facing bankruptcy (Spyropoulou et al., 2018) [68]. In addition, research on emerging markets is almost towards countries such as China, Brazil and India, but some emerging markets in Africa are valuable.

5. Correlation between Marketing Standardization/Adaptation and Performance

As for transnational corporations, it could be the most intuitive to focus on the profit key indicator in the development of new markets. Hence, the literature review in this chapter only selected financial returns as KPI. The core of this module is to explore and analyse the interaction between performance and international marketing strategies. Critical reading discovers deficiencies in research. The first part introduces the factors that affect the performance in the international market. It is explained that standardization/adaptation is essential to performance through a review. Then, the last two parts of this chapter are a detailed evaluation of the interaction between inter-
national strategy and KPI.

5.1 Factors Affecting the Performance of the International Market

The performance feedback mechanism is one of the cores of corporate behavior. It is essential to measure the company’s progress from the growth of financial indicators. For companies, the year-on-year rise in profits is the primary development goal (Morgan et al., 2009) [69]. Key performance indicators include multiple dimensions, such as high customer conversion rate, market share ratio, sales revenue, return on investment and other symbols as benchmarks for evaluating market performance (Morgan, 2012) [70]. The company growth theory proposed by Joseph and Wilson (2018) [71] defined that performance is based on the intuitive capability of business operations. Therefore, the financial rate of return is selected as the KPI. Simultaneously, the financial growth of multinational companies depends on the extent to which corporate governance decisions and marketing strategies fit. Studies have shown that compare the same companies, the upper-performance level of the company that maintains a higher matching relationship with the background (Venaik and Midgley 2019) [23]. Since the performance in overseas markets is greatly influenced by specific elements, including politics, economy, the total of companies in the same industry, and the force of rivalry.

First, the relevance between standardization and adaptation is a vital feature used to measure the business and performance (Griffith et al., 2008; Lee and Griffith, 2019) [62][72]. The strategy of standardization or adaptation is based on performance. In theory, how much revenue and profit the international marketing model generates (Griffith et al., 2014) [73]. Also, in terms of management, profit growth is the key performance indicator, which is also the ultimate driving force considered by business managers (Morgan et al., 2009) [69]. In early research, mostly the content of international marketing research focused on strategy. Neglecting the performance of the company after the transformation or implementation of global marketing tactics. In recent years, scholars have begun to explore and experiment with it.

Secondly, the fit between the tactical strategies of the multinational company and the background of the target market also play a vital role in performance. Chung (2010) [43] considered that a top-quality strategy could bring a higher market share and customer base. The research results of Katsikeas et al. (2006) [8] demonstrated that the standardization of marketing strategies implemented by multinational companies could bring revenue provided that companies have the similar cultural background and compatibility in the transnational market. But when the essential customer intelligence of the host country is different from the target market, standardization would retreat to subsequent place. If the cross-market similarity is elementary, then the company’s planning tends to local adaptation, and the strategy likewise depends on the degree of variation (Okazaki et al., 2006) [74]. The ability of the firm to achieve the best performance indicators decided by the relationship between the capabilities and antecedent factors within the company. The market to which it belongs, and the ability to complement strategic implement that matches the target market (Spyropoulou et al., 2018) [66]. For the above, whether the international marketing model is appropriate or not should be based on the primary conditions of the multinational enterprise itself. Then the company strategy could be united with the national background of the established market and adjusted according to its circumstances.

Although many studies have explored the factors that influence the performance of international operations. The research on the standardization/adaptation of global marketing strategies into each element of the marketing mix is blank. For instance, analyse the impact of the customization of promotion in 4Ps on performance. The lack of any effect of price standardization on performance. Due to the particularities of various markets around the world, current research has not given narrower limits. This is worthy of consideration and scrutiny.

5.2 Impact of International Marketing Strategies on Performance

As early as 1989, Jain [55] started to promote thorough research into standardized and adaptable performance. But for now, the conclusions drawn by the studies on performance indicators are unevenness, making the decision-making of the marketer unclear and the supported by the results of it is from an altered direction. The content of international marketing strategies has become an essential prerequisite to study the cross-market performance of enterprises (Chen et al., 2016) [31]. There is a particular mode of action between international marketing strategy and performance. Standardization/adaptation could increase performance under certain circumstances or weaken performance capabilities (Katsikeas et al., 2006, p.870) [8]. Some scholarships have found that the standardization of international marketing strategies is directly proportional to performance and related have a positive impact (Zou and Cavusgil, 2002) [4]. In contrast, Calantone et al. (2006) [76] claimed that there is an inverse relationship between full standardization and performance, and it would bring a negative return to companies. Despite this, standard-
ization still dominates the global deploy plans of export companies. The results from Gabrielson et al. (2012) [25] expressed that standardization is generally assisted for company performance. The summaries of all views shown that the more substantial effect of standardization on performance, but it does not exclude objections.

The effect of comprehensive standardization on the performance of multinational companies depends largely on the similarity of the external environment. When met with a large enterprise-scale, coupled with the culture of home countries in expanding the market, social, economic and other aspects of the circumstances are significantly parallel. The probability of successful implementation of standardization is outstanding, to promote global economic progression (Schilke et al., 2009) [10]. Also, Katsikeas et al. (2006) [8] identified that when the target market is highly compatible with the original national situation, the financial return of standardization on cross-market would increase. It is admittedly that not only large-scale multinational companies, but also small-scale enterprises should be standardized as much as possible. It is wise to choose to save cost to increase revenue (Schilke et al., 2009) [10]. All in all, the factors to consider should be consistent with the cross-market strategy to achieve the planned financial return.

However, on the surface, the unified marketing strategy is only to save costs. To abandon the expansion of market share brought by customization, thereby increasing profits (Zeriti et al., 2014) [77]. It seems undesirable and thoughtless. Moreover, Lages et al. (2008) [9] evaluated that comprehensive standardization may bring shocks and negative emotions to enterprises. Next, weaken the performance growth and customer identification caused by local adaptation to a certain extent (Schilke et al., 2009) [10]. Hence, the contribution of standardization to financial returns is indelible. But at the same time, it is also necessary to avoid negative results. As well as early investigation of the cross-market operation of multinational enterprises to a large extent determined the strategy of enterprises.

The geographically innovative products are critical to the plans to expand its footprint. The competitive advantage brought by local adaptation lies in the discrepancy, contented the diversification of cross-market groups. thereby to obtain a favourable performance advantage (Wirtz et al., 2007) [46]. Specifically, when the financial strength of the enterprise is relatively high, it is willing to follow and respect the diversity of the target market and have the capital to support local adaptation (Ruzo et al., 2011) [70]. Customization is a paradigm that is integrated into the target country. And does not bring a sense of distance to the target customer. This sense of closeness is a potential factor for growth performance (Zeriti et al., 2014) [77]. Griffith and Lee (2019) [62] argued that the increase in profitability also rooted in whether companies can efficiently attract and retain consumers. Thereby boost sales and exceeding the average benefits brought by standardization. The opposite theory is to establish harmonization is based on the simultaneous application of each segment to meet economies of scale and reduce the high cost of customization (Katsikeas et al., 2006) [8]. Surroca, Tribó and Zahra put forward an idealistic describe in 2013 [39], discover an approach to change the drawbacks of high cost brought by adaptation. Assumed that enterprises could implement localization and likewise ensure it would not increase costs. For example, laws, policies, and tax rates make reasonable use of differentiation to avoid budget expansions. Although the impact of local adaptation on turnover is not in the scope of management considerations temporary. It does not represent only faced with the failure of standardization that a strategic shift is made.

To be frankly, the research gap about the pluses and minuses of standardization/adaptation to performance is to adopt a single or two countries as the research object. Then the completeness of the sample is peculiar and not comprehensive. The conclusion this drawing is only applicable to this type of country. The existed literature still focuses on the impact of standardization on performance, thereby ignore the positive or negative implication of adaptation. The focal point of the following research seems to be biased towards the field of local adaptation, which might need to be filled.

5.3 Impact of Performance on Standardization/Adaptation

International expansion is generally regarded as a method to increase financial income. So, when the business performance changes, the implementation of marketing strategies would be deeply discussed. Studies have begun to notice fluctuations in corporate performance that could trigger a re-planning of international marketing strategies (Chng et al., 2015) [78]. Before implementing a marketing strategy, managers should master the current company performance capabilities (Morgan, 2012) [79]. The growth or decline in the performance of multinational companies would bring revolutions to market decisions and corporate behaviour (Pauwels and Hanssens, 2007) [16]. Later, Lages, Mate and Griffith conducted an experiment in 2013 [86] on how to make strategic adjustments to the performance decline. According to more than 2,000 survey statistics calculated, enterprises would adopt conversion marketing tactics because of local specifics when the new market is sluggish. In the same year, Mintz and Currim (2013) [87]
also explored the performance of special periods and the status of international strategy. On the contrary, there is currently a theoretical confirmed that if companies resolutely make strategic adjustments during the economic downturn, it may cause more severe problems than current and increase risk (Chng et al., 2015) [80]. Therefore, for managers to operate negatively, multinational enterprises would enter the international market into a dilemma.

In this particular period, when the financial return of the company is challenging to reach the performance requirements. Some researchers suggested that the company should implement a more standardized marketing paradigm. Due to it could compress budgets to a certain extent, increase profits and worth. And the benefits of cost-effectiveness are speedy and timely for managers to implement the proposal (Schilke et al., 2009) [10]. When the scale of multinational companies is large and many workforces, Ruzzo et al. (2011) [79] assessed that as their strength and health, companies prefer to incline to abandon the adaptation of market elements and implement uniformity that can decrease costs. In comparison, Lages et al. (2008) [9] argued that standardization is not a hundred percent and might not play a crucial role when companies sink into trouble. Since the research from Jiang and Holburn (2018) [81] revealed that in the long-term profit target, the market is alerting manager when there is a meagre financial turnover in the business, disappointment to grasp performance aims. The current management method could not produce benefit to the enterprise, and the strategy is too flinching. Explicitly speaking, whether to strengthen standardization or adaptation should also refer to the current market competition level, the financial situation and development goals.

When affronted a decline in performance, the issues to be considered are not only the reorganisation of tactics but also the comprehensive analysis of the pressure of the external environment. Due to the diversity in the international market, it is problematic for products to achieve uniformity of standards. As a result, the primary competitive advantage is weaken, and the target customer group could not recognise the business. In the face of such problems, performance could contain a negative impact. So, the transformation of standardization into a local adaptation that respects differences improve poor management (Schilke et al. 2009) [10]. Pauwels and Hanssens (2007) [6] illustrated that after profit decline, companies usually modified promotion and place. Similarly, Morgan (2012) [70] agreed with the opinion that in order to improve business performance in tough periods, the strategy requires to complement market and plan. Morgan (2012) [70] Believed that declining performance would encourage local adaptation. Nevertheless, there are studies suggested that long-term adaptation would gradually lose its effect eventually (Krasnikov and Jayachandran, 2008) [82]. Thus, the strategy could not be altered to adapt as a medicine to restore vitality to the enterprise. But it might be a method to recover when the business is fragile.

In general, performance seems to play a role in strategic deploy to a certain extent but has no critical influence on marketing intentions. In comparison, the strategic intent of an enterprise is affected by the competitive pressure of the market, and customer feedback has a weighty impact (Brouthers et al., 2009) [83].

The research methods are mainly meta-analysis and interview survey. Due to strong subjectivity and limited data, the authority might not be flawless (Griffith et al., 2014) [73]. The limitation of the research is that the current literature focuses on how managers should respond to the decline in performance. So, what modifications could standardization/adaptation bring when performance rises? In addition, it is not only managers who mean to the response plan, but also to discuss the causes of operational problems. This topic is a direction that requires a lot of investigation and interviews.

6. Conclusions

In summaries, the core concepts of critical literature review are global marketing strategies and marketing mix. Through this answered the causes and consequences that affected the standardization/adaptation strategy.

The first part explained that the standardization is to implement the same marketing mix strategy on a global scale. Local adaptation is an international strategy that integrates various elements of the marketing mix into the target market. In the second chapter, it is reviewed that business leaders should realise that whether to use single methods or the combination standardization with adaptation to conform to the paradigm of maximum strategic fit (Jain, 1989) [55]. The antecedents of the macro perspective include political conditions, economy, policies, laws and so on, among which the policy parts that deserve the extra attention. From a micro perspective, the competitive pressure in the market is mentioned the most, and it is also a central antecedent (Spyropoulou et al., 2018) [66]. Undoubtedly, consumer preference and performance orientation would also influence decision-making. In the third section, not only reviewed the performance impact of standardization/adaptation but also evaluated the effect of performance on standardization/adaptation. Minimizing the cost of standardization would serve to improve performance, but it has the effect of decline sales and revenue. In general, adaptation would accomplish perfor-
mance goals in the long span. Though, the large amount of capital investment in the early stage makes manager more motivated to standardization. The slothful financial returns might cause managers aware of current business problems and create effective diversified solutions (Venaik and Midgley 2019). It may also make the next phase of strategic design more standardized to reduce costs.

According to the literature review, the current literature mainly emphasizes the positive aspects and negative aspects of standardization, the degree of fit with the market and the impact on performance. Therefore, the research gaps in international marketing strategies, mainly centre at the following aspects. In terms of content, there is a lack of in-depth exploration of the local adaptation direction. As well as, ignored the impact on international strategies when financial returns rise. In the aspect of research background, because of the higher data transparency, a large proportion of the research industry is limited to well-known multinational companies or export companies. Besides, most of the assessment in emerging markets are based on China, Russia, Brazil. Academics seem not to realize the weight of other undeveloped economies. In the field of research methods, the mostly literature used qualitative analysis methods, with small samples and irregular quality. The reliability and validity of the conclusions are doubtful. Additionally, the alleged definition is not clear enough, and it seems that meaningful guidance for managers is less.

We should admit that the existed international marketing framework may not be comprehensive. In the confront of progress and alternating social environments, the strategic choice of multinational corporation is not an uncomplicated task for marketers. Consequently, the future research direction trend to the significance to practice, and gradually narrow the research scope concrete.

References


ARTICLE
Organizational Justice and Gender Equity: The Contingent Effect of Islamic Work Ethics

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ABSTRACT
Organizations are facing challenges to cope with gender equity in the presence of a diverse workforce. The present study investigates the moderating impact of Islamic work ethics on the organizational justice-gender equity relationship. Self-administered questionnaires were sent to employees working in a large private university in a State of Qatar. This study collected data from 250 employees with 66.12% response rate. The present study employed structural equation modelling to analyse data in SmartPLS 3.0 and SPSS version 24. Empirical findings revealed the significant relationship of distributive justice and interactional justice with gender equity. Procedural justice did not relate to gender equity. Furthermore, Islamic work ethics also moderated the relationship of interactional justice with gender equity. Limitations and implications have been added at the end of paper. This study is first in its nature revealing the conditional factor of Islamic work ethics on the organizational justice-gender equity relationship.

1. Introduction

Gender equity is endemic at both social and organizational level [1,2]. Extant labour economics literature claims the presence of gender disparity in wages i.e. women employees take 22% lower wages as compared to men employees under controlled individual and occupational characteristics [3]. Women also have low representation at the executive level i.e. women comprise only 6% of the top management in the US [4]. Women face continuous hurdles in entering the top management [5]. Another issue with gender equity is the integration and acceptance of women in the workplace [6]. Managers also struggle against resource constraints to achieve the objective of diversity [7].

Extant research in the service sector has unveiled the complaints of women employees against inequity, low representation, and discrimination within organizations [8-10]. Extant literature has revealed the significant positive influence of organizational justice on employee satisfaction [11,12]. Nevertheless, there is a need to investigate the links between organizational justice, and quality of work

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life [13]. Gender equity comes under the domain of quality of work life [14]. Moreover, past empirical findings have confirmed the positive relationship of organizational justice and gender equity and recommended to investigate the conditional factor on their relationship [6,13].

There is also glaring absence of the critical examination of the women’s working experience in the middle east [15]. Women in the middle east also experience biased induction processes, limited training opportunities, and very few female role models as well [16]. The plethora of gender studies reveals a little about the gender equity in the region where Islam is a high-profile religion [15]. Religion contributes to the formation of national culture and HRM processes [17]. Ethics enhance and advance the organizational image in the eyes of its employees [18]. Work ethics vary among individuals and influence workplace behaviour. As compared to protestant work ethics, there is lacking research in the domain of Islamic work ethics [19]. Muslims around the globe form 23% of the world population [19]. Muslims comprise an estimated 67.7% of the total population in Qatar.

Based on past gender and middle east studies, this study contributes to the literature by investigating the moderating effect of Islamic work ethics on the relationship of organizational justice and gender equity. The present research also extends the literature on gender equity by providing empirical evidence from a Muslim country.

2. Literature

2.1 Organizational Justice

The term “justice” refers to the allocation of resources and rewards in the context of an organization [20]. Different dimensions come into the domain of justice at the organizational level. Earlier, fair decisions were deemed as important determinants of organizational justice [21]. This study has considered three types of organizational justice: distributive justice, procedural justice, and interactional justice. Distributive justice talks about the fair distribution of resources or outcomes [22]. Procedural justice concerns the fairness of procedures involved in the decision-making process or distribution and allocations [23]. Interactional justice relates to the fair interaction and information sharing with seniors [24]. Different studies have claimed differential and combined impact of distributive, procedural, and interactional studies. Extant research shows an association of distributive and procedural justice with the diverse organizational outcomes. Yet, there is lacking consensus among researchers about the consistency of results. Inter-organizational dealing in workplace shape employee’s perception about gender equity in their organization. Past studies have confirmed the positive relationship between procedural justice and job satisfaction [25]. McFarlin and Sweeney (1992) have claimed a stronger impact of distributive justice as compared to procedural justice on job satisfaction. But there is an empirical evidence about the results opposite to that of McFarlin and Sweeney (1992) [24].

Empirical evidence is available about the relationship of organizational justice with job performance, organizational commitment, turnover intentions, and organizational citizenship behaviour [27-29]. Extant research also claims the significant negative impact of organizational justice on the negative emotional states, depression, stress, and anxiety [13]. According to Gillet et al. (2013), there is a scarcity of research in the domain of organizational justice over gender equity. Being outreach practice and new governing paradigm, academic researchers and practitioners find it quite hard to cope with gender equity in the current competitive business environment especially in the developing countries [30,31]. This study contributes to the literature on the relationship of organizational, procedural, and interpersonal justice with gender equity.

2.2 Gender Equity

Bailyn (2003) has defined gender equity as fairness, equality, and integration [52]. Gender equity can be defined in many ways. Initially, it was embedded in the legal structure where equity refers to equality in terms of pay, opportunities to progress and freedom from harassment. But, on the other hand, researchers have claimed that equity goes beyond equal opportunities because equal opportunities are useless, provided there are unequal constraints [33]. So, here equity emphasizes on fairness besides equality, augmenting its concept out of the workplace environment. Equity is deemed impossible in the presence of a group who are not able to meet the requirements of an ideal working environment [14]. Prevalence of both equal opportunities and equal constraints leads to gender equity [35]. Therefore, equity considers life outside the environment by focusing on practices such as stopping the tenure clock and parental leave. But such gender equity does not consider the issue where those employees especially women might take advantage of such facilities but could suffer serious career consequences as well [56]. Therefore, gender equity requires integration rather than dealing separately with personal and professional lives in this domain.

2.3 Islamic Work Ethics

Employees possessing ethical, constructive, and optimistic behaviour are vital for any organization to grow
and sustain. Contrary to that, unethical behaviour of employees tarnish the organizational image and result in a non-productive work environment. Work ethic is known as a dispositional variable that varies among employees. Work ethics are developed in the early stages of life and profoundly influence the employee’s behaviour in the workplace. There are two types of work ethics: protestant work ethics and Islamic work ethics. The protestant work ethic has received significant attention while Islamic work ethic is in its developing stage.

Both, Protestant work ethic and Islamic work ethic differentiate between right and wrong, good and bad. Both ethics support ethical behaviour at work such as integrity, cooperation, honesty, commitment, loyalty, fidelity, diligence etc. Additionally, Protestant work ethic and Islamic work ethic deem work as a religious obligation and a way to develop oneself and prosper socially. Anyhow, contrary to Protestant work ethic, Islamic work ethic emphasizes the behavioural intentions of employees rather than outcomes. Furthermore, the roots of Islamic work ethic are found in the Holy Quran and Sunnah. Protestant work ethic is originated from protestant thoughts and philosophy. Additionally, Islamic work ethic follows meticulously the teachings of Islam in terms of haram and halaal in every field related to the life of human beings. Teachings and principles of Islam are universal, comprehensive, complete, and beneficial for the whole world. Therefore, it delivers objective solutions to every problem either is about an individual, organizational, national, or international. Previous studies claim the significant influence of Islamic work ethic on the commitment, involvement, satisfaction and turnover intentions among employees, productivity, employees’ competency, innovation capability, and organizational change. According to Mellahi and Budhwar (2010), Islamic work ethic has a significant positive impact on hrm practices. However, Mohammad et al. (2018) have reported lacking research on the relationship of Islamic work ethic with gender equity.

3. Hypotheses Development

3.1 Organizational Justice and Gender Equity

Extant literature presents some empirical evidence about the effects of organizational justice on job outcomes across cultures. According to Cheng (2014), different categories of organizational justice influence job satisfaction among employees in Hong Kong and the USA. But culture influences the strength of their relationship across these countries based on collectivism and power distance. Hong Kong has high ranks on collectivism and power distance as compared to USA. Similarly, Qatar also ranks high in individualism with moderate power distance. In a recent meta-analytic review, Shao et al. (2013) has emphasized the strongest impact of organizational justice among countries in the presence of low power distance and high individualism. In another meta-analysis study, Li and Cropanzano (2009) have confirmed the significant relationship of both distributive and procedural justice with organizational trust, commitment, and job satisfaction. In Pakistan where power distance and collectivism are high, organizational justice significantly enhances organizational commitment.

Procedural justice is deemed as a strong predictor of commitment, trust and satisfaction in U.S. Yet distributive justice is a significant determinant of these variables in Asia. This difference may rely on the reasons that employees only focus on allocation with less emphasizes on procedures. Similarly, Lam et al. (2002) has suggested less perception of organizational justice among employees in high power distance society as compared to that of low power distance society. Nevertheless, the effect size of organizational justice on gender equity may be weaker in Qatar. Yet, extant literature suggests the influence of all types of organizational justice on gender equity. When employees observe that the procedures used in the distribution of rewards, and resource allocation are fair, that results into equal distribution based on a reward system, they perceive fair treatment and report about gender equity. Similarly, when employees feel that all are being treated equally at all levels without any discrimination based on respect, self-discipline, dignity, and trust, they are pleased with gender equity. So, interactional justice significantly influences the gender equity. Based on the above literature, the following hypotheses are suggested.

H1a: Distributive justice is positively related to gender equity.
H1b: Procedural justice is positively related to gender equity.
H1c: Interactional justice is positively related to gender equity.

3.2 Islamic Work Ethics and Gender Ethics

Islam continuously teaches to support and help each other in the social context i.e., workplace. The Holy Quran states “Help one another in Al-Birr and At-Taqwa (virtue, righteousness, and piety); but do not help one another in sin and transgression” (Quran 5:2). Furthermore, Islam emphasizes on the justice. “We sent Our Messengers with clear signs and sent down with them the Book and the Measure in order to establish justice among the peo-
ple [...]” (Quran 57:25). Islam also teaches to complete work and duties with utmost responsibilities and efforts. According to Mohammad et al. (2018), Muslim believers who work righteousness per se their full capability will enter Heaven. Islamic work ethic motivates employees to own their organization and enhances their extra-role behaviour \[^{[19]}\]. This discussion suggests that employees with high Islamic work ethics have a high probability to behave in a fair manner and perceive their organizational treatment fair to them as well.

Islam treats work as a sincere and dedicated effort \[^{[52]}\], where engagement in work enhances collaboration, mutual understanding among employees, satisfies the needs and increases wealth. High Islamic work ethics make employees more loyal to their organization as compared to their colleagues with low Islamic work ethics \[^{[53]}\]. According to Khan et al. (2015), Islamic work ethic is a substantial predictor of employee’s involvement \[^{[49]}\]. This study has employed the meaning of Islamic work ethic as a set of values (honesty, transparency, fairness, ethical ways, patience, hard work) that originates from the Islamic principles and teachings that differentiates between right and wrong, good, and bad at the work. With reference to the above discussion, both empirical and theoretical evidence suggest that employees with higher Islamic work ethics have a high probability to experience high gender equity. Therefore, the following hypothesis is built.

\[ H2: \text{Islamic work ethics is positively related to gender equity.} \]

3.3 The Moderating Role of Islamic Work Ethics

Inconsistent impact of organizational justice on different outcomes suggests the possibility of the presence of different factors that may moderate these associations \[^{[54]}\]. Being justice and generosity oriented \[^{[55]}\], Islamic work ethics may moderate the relationship between organizational justice and gender equity. Being part of one’s belief system, employees, who possess high Islamic work ethics, will speak against any injustice they experience or observe in their organization.

Perception of unfair procedures and unequal distribution of rewards may reduce job satisfaction and increase turnover intentions among employees. Islamic work ethic considers work-related goals as moral obligations without any attachment to fair procedures and distribution of rewards \[^{[43]}\]. Holy Quran (Holy book of Islam) says “ and he who does righteous deeds, and he is a believer, he will neither be afraid of injustice nor deprivation.” \[^{[20:112]}\]. Therefore, researchers claim in this study, that employees who are on the high side of Islamic work ethics, will not bother about procedural and distributive injustices. Because of emphasis on the activity and its linkages to the hereafter, Muslims are supposed to have a moral obligation to their jobs \[^{[40]}\]. Female employees report differently about interactional justice (such as impolite, rude behaviour, not caring about others) as compared to procedural justice than male employees \[^{[56]}\]. Islamic work ethic talks about trust, forgiveness, sincerity, honesty, forgiveness, and humility. Holy Quran teaches Muslims to treat others in a very humble way such as “Do not turn your face away from people in contempt, nor go about in the land exultingly.” \[^{[11:18]}\]. Similarly, in other chapters, Holy Book “Quran” guides its believers to practice justice i.e., “Allah commands you to uphold justice and to do good to others and to give to the relatives.” \[^{[16:90]}\]. Likewise, extent religious literature claims that religion forms the integral belief system of an employee and it substantially influences the extrinsic and intrinsic work values of those employees \[^{[57]}\]. Qatar is a Muslim-dominant country with 67% Muslims \[^{[58]}\]. Therefore, a high level of gender equity would prevail in the presence of high level of Islamic work ethics where procedural, distributive, and interactional justice is low.

\[ H3a: \text{Islamic work ethics will moderate the positive relationship of distributive justice and gender equity such that the relationship will be stronger when Islamic work ethics is high.} \]

\[ H3b: \text{Islamic work ethics will moderate the positive relationship of procedural justice and gender equity such that the relationship will be stronger when Islamic work ethics is high.} \]

\[ H3c: \text{Islamic work ethics will moderate the positive relationship of interactional justice and gender equity such that the relationship will be stronger when Islamic work ethics is high.} \]

4. Methods

4.1 Sampling and Data Collection

A quantitative approach has been employed to achieve the objectives of this study. The population of this study consists of employees working in the service sector. Unit of the analysis of this study is the employees working in the academic sector of Qatar. Convenience sampling approach has been employed to collect data from employees. G-Power application has suggested a minimum of 92 responses to detect a medium effect size of 0.15 \[^{[59]}\] with 0.05 significance level and a statistical power of 80%. Data has been collected through a self-structured questionnaire. Data has been collected from both administrative staff and faculty of a large private university. Data was collected
twice from the same employees of that university. Initially, respondents have filled online survey form i.e. items relevant to three types of organizational justice and Islamic work ethics. This study has a response rate of 66.12% where 168 usable responses were found after sending survey forms to 250 employees. There is empirical evidence about a high response rate in studies conducted in the Asian countries [38].

4.2 Measurement of Variables

The measurement scales of variables in this study have been borrowed from extant literature. A measurement scale of procedural justice (three-items scale), interactional justice (four-items scale), and distributive justice (four-items scale) has been adapted from the previous studies [48,60]. Procedural justice considers decision making based on accurate and precise information, appeal process, and employees’ voice. Interactional justice concerns about interactions and dealing of employees with their colleagues and supervisors in their organization. Distributive justice assesses the fairness of various outcomes such as workload, work schedule, job responsibilities, and salary structure. Cronbach’s alpha above 0.70 has been reported for these measurement scales [61]. Seven-items scale of gender equity has been adapted from the study of Akter et al., (2017) [31]. A 09-items scale of Islamic work ethics has been adapted from the study of Ali (1992)(62). Respondents have indicated their level of satisfaction based on a seven-point Likert scale i.e., 1= “strongly disagree” and 7= “strongly agree”. Gender possibly influences job outcomes [63], so this study employs it as a control variable. To avoid common method bias, same respondents were asked about gender equity in the second attempt after one month. Cronbach’s alpha reliabilities of gender equity, Islamic work ethics, distributive justice, interactional justice, and procedural justice in this study are 0.707, 0.739, 0.724, 0.690, and 0.657, respectively.

4.3 Demographic Analysis

The demographic analysis of this study reveals that mostly respondents in this study are female i.e. 61.30%. 50% respondents are between 21 to 28 years old; about 36.30% respondents are between 29 to 36 years old, and about 13.70% are above 37 years old (See Table I). Among respondents, 51.80% employees have experience between 01 to 05 years whereas only 19.60% have experience between 06 to 10 years. About 12.50% respondents have experience between 11 to 15 years. Only 16.10% respondents are novices in this university with less than one-year experience.

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>65</td>
<td>38.7</td>
</tr>
<tr>
<td>Female</td>
<td>103</td>
<td>61.3</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21 to 28 years</td>
<td>84</td>
<td>50</td>
</tr>
<tr>
<td>29 to 36 years</td>
<td>61</td>
<td>36.3</td>
</tr>
<tr>
<td>37 to 44 years</td>
<td>23</td>
<td>13.7</td>
</tr>
<tr>
<td>45 to 52 years</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>53 to 60 years</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Working Experience</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt; 1 year</td>
<td>27</td>
<td>16.1</td>
</tr>
<tr>
<td>1 to 5 years</td>
<td>87</td>
<td>51.8</td>
</tr>
<tr>
<td>6 to 10 years</td>
<td>33</td>
<td>19.6</td>
</tr>
<tr>
<td>11 to 15 years</td>
<td>21</td>
<td>12.5</td>
</tr>
<tr>
<td>16 to 20 years</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>&gt; 20 years</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

4.4 Data Screening

The data in this study are free of missing values as all items were marked mandatory in an online questionnaire. The outlier is the value, varies largely from the rest of values and biases the mean and increases standard deviation. A small or unfilled dot, which indicates the presence of outlier, is drawn to 1.5*IQR rather than the minimum or maximum values in the boxplot. The absence of any circle or dots in the boxplot figure nominates the data free of an outlier in this study as shown in Figure I.

This study has also tested the presence of common method variance (CMV). More than 50% variance caused by one factor indicates the presence of common method variance [64]. As suggested by Podsakoff et al. (2003) [64], Harman’s single test has been employed to test CMV in
this study. This test revealed that none of the variables explain more than 50 percent of the total variance, so this data is free of CMV.

The present study has also employed AMOS 23.v to assess the goodness of fit indices of the proposed model. The data analysis revealed that the proposed five-factor model is acceptable i.e. CFI= 0.89<0.90, GFI+0.956>0.95, RMSEA = .096 > .08, SRMR = .073 < .08.

Although, PLS-SEM does not require distributed data, yet this study has employed skewness and kurtosis z-values test [65] to check the normality of distributed data. Skewness measures the symmetrical nature of the construct while kurtosis refers to the peak level of the data distribution [65]. As all values of both kurtosis and skewness lie in the range of -1.96 to +1.96, so data of this study are normally distributed [66] as shown in below Table II.

Mean value of any variable measured against a five-point Likert scale exhibits its position in the organization. According to Sekaran (2013), variable is placed at low, medium, and high positions, provided its mean value is less than 2.99, in between 3 to 3.99 and greater than 4 respectively. In this study, mean values of all variables lie in the limit of 3 to 3.99 (See Table II) which indicates their moderate presence in the University of Qatar. Furthermore, correlation analysis also exhibits the positive relationship of distributive justice, interactional justice, and Islamic work ethics with gender equity (See Table III). Contrary to this, procedural justice has negative, very weak or no relationship with gender equity.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Mean (Statistic)</th>
<th>Std. Deviation (Statistic)</th>
<th>Skewness (Statistic)</th>
<th>Kurtosis (Std. Error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender equity</td>
<td>3.243</td>
<td>.492</td>
<td>.051</td>
<td>-1.309, .188</td>
</tr>
<tr>
<td>Islamic work ethics</td>
<td>3.197</td>
<td>.556</td>
<td>.137</td>
<td>-.251, .188</td>
</tr>
<tr>
<td>Distributive justice</td>
<td>3.170</td>
<td>.365</td>
<td>.529</td>
<td>.058, .188</td>
</tr>
<tr>
<td>Interactional justice</td>
<td>3.062</td>
<td>.368</td>
<td>.858</td>
<td>.787, .188</td>
</tr>
<tr>
<td>Procedural justice</td>
<td>3.346</td>
<td>.440</td>
<td>.950</td>
<td>1.084, .188</td>
</tr>
</tbody>
</table>

Table III. Correlation Analysis

<table>
<thead>
<tr>
<th>Construct</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distributive Justice</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender Equity</td>
<td>0.155</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interactional Justice</td>
<td>0.017</td>
<td>0.104</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Islamic Work Ethics</td>
<td>0.077</td>
<td>0.188</td>
<td>0.167</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>Procedural Justice</td>
<td>0.078</td>
<td>-0.015</td>
<td>0.607</td>
<td>0.132</td>
<td>1.000</td>
</tr>
</tbody>
</table>

Figure I. Boxplot figure
4.5 Measurement Model Analysis

PLS-SEM analysis first requires an assessment of measurement model before structural model analysis. The measurement model is related to construct validity and internal reliability. Construct validity comprises convergent validity and discriminant validity [67]. Convergent validity relies on outer loadings and average variance extracted (AVE). For convergent validity, loadings should be higher than 0.708 or equal to 0.70 [65]. Loadings with values below 0.40 have been suggested to delete [68]. Furthermore, loadings lying between 0.40 and 0.70 are also recommended to delete in order to increase the values of composite reliability or the AVE above the required threshold limit [65]. Yet, Chin (1998) has suggested retaining items with loadings between 0.50 and 0.70 in the presence of other items with higher loadings linked to the same construct [69]. Table III depicts that most of the indicator loadings with respect to their latent variables are above 0.70. Only four items are below 0.70, yet there exists no need to delete them in the presence of accepted composite reliability. Similarly, values of AVE for all variables are equal or higher than 0.50. Therefore, this model indicates accepted convergent validity. The PLS-SEM analysis measures internal consistency in the form of composite reliability. According to Hair et al. (2010), the value of composite reliability should be equal to or greater than 0.70 [65]. All five latent variables in this study have values above 0.70, so there is acceptable reliability as shown in Table IV.

Two conservative methods, Fornell-Larcker criterion and Heterotrait-Monotrait Ratio (HTMT), have been employed to assess discriminant validity. According to Fornell-Larcker criterion, higher values of the square root of the AVE of a construct than the correlations among the constructs denote discriminant validity [70]. The data analysis revealed acceptable discriminant validity for the research model in this study.

Heterotrait-Monotrait Ratio (HTMT) approach is considered more superior as compared to Fornell-Larcker criterion [71]. According to Kline (2015), values of HTMT for all constructs should be lower than 0.85 to access acceptable discriminant validity [72]. All values of the HTMT for all constructs in this study are below 0.85 (Table V). Therefore it indicates acceptable discriminant validity. Therefore, both traditional approaches show acceptable discriminant validity in this study.

<table>
<thead>
<tr>
<th>No.</th>
<th>Construct</th>
<th>Type</th>
<th>Number of Items</th>
<th>Items deleted</th>
<th>Loadings</th>
<th>CR</th>
<th>AVE</th>
<th>Cronbach’s ( \alpha )</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Distributive Justice</td>
<td>Reflective</td>
<td>04</td>
<td>None</td>
<td>0.760, 0.770, 0.726, 0.587</td>
<td>0.805</td>
<td>0.510</td>
<td>0.724</td>
</tr>
<tr>
<td>2</td>
<td>Procedural Justice</td>
<td>Reflective</td>
<td>03</td>
<td>None</td>
<td>0.687, 0.807, 0.846</td>
<td>0.825</td>
<td>0.613</td>
<td>0.657</td>
</tr>
<tr>
<td>3</td>
<td>Interactional Justice</td>
<td>Reflective</td>
<td>04</td>
<td>None</td>
<td>0.722, 0.840, 0.676, 0.560</td>
<td>0.796</td>
<td>0.500</td>
<td>0.690</td>
</tr>
<tr>
<td>4</td>
<td>Islamic Work Ethics</td>
<td>Reflective</td>
<td>09</td>
<td>None</td>
<td>0.769, 0.701, 0.618, 0.746</td>
<td>0.716, 0.792, 0.800, 0.769, 0.701</td>
<td>0.892</td>
<td>0.543</td>
</tr>
<tr>
<td>5</td>
<td>Gender Equity</td>
<td>Formative</td>
<td>04</td>
<td>None</td>
<td>0.557, 0.622, 0.774, 0.820</td>
<td>0.791</td>
<td>0.502</td>
<td>0.707</td>
</tr>
</tbody>
</table>
4.6 Structural Model Analysis

The assessment of structural model reveals information about collinearity, path coefficients, R square values, the effect size, and the predictive relevance $Q^2$ [73]. The collinearity leads to the bias path coefficient. Therefore, variance inflation factor (VIF) has been employed to assess the issue of multicollinearity. VIF value greater than five indicates the presence of multicollinearity issue. VIF values for all independent variables in this construct are less than five (See Table V), so there is no multicollinearity issue. Cross-validated redundancy technique was applied to check the predictive relevance where omission distance was taken as 5. Because this study has 168 respondents and division by 5 does not create an integer as remainder. Value of $Q^2$ greater than zero represents that certain path of an independent variable has predictive relevancy to dependent variable [65]. In this study, predictive relevance $Q^2$ has value as 0.144, which means this model has predictive relevance. The last part of the structural model analysis is to assess effect size. 0.02, 0.15, and 0.35 $f^2$ values present small, medium, and large effect size. In this study, distributive justice has a medium effect size with $f^2$ value as 0.16 [59]. Interactional justice and Islamic work ethics have a low effect size with $f^2$ values i.e., 0.03, and 0.05, respectively.

<table>
<thead>
<tr>
<th>Variables</th>
<th>VIF Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distributive Justice</td>
<td>1.767</td>
</tr>
<tr>
<td>Procedural Justice</td>
<td>1.309</td>
</tr>
<tr>
<td>Interactional Justice</td>
<td>2.069</td>
</tr>
<tr>
<td>Islamic Work Ethics</td>
<td>1.271</td>
</tr>
</tbody>
</table>

4.7 Testing of Direct Relationship

The non-parametric bootstrapping procedure was applied in SmartPLS to 168 cases, 5000 subsamples, and individual sign changes [72] to generate T-values and test coefficient significance. Table VI exhibits the path coefficient, Effect size, Stand errors, t-values, P-values, and confidence intervals. Results show that the effect of distributive justice on gender equity is positive and significant i.e., $\beta=0.414$, $p<0.05$. Similarly, values of upper and lower confidence interval do not include zero, so it is a sign of the significant impact of distributive justice on the gender equity. Therefore, H1a is accepted. Procedural justice has a non-significant negative impact on gender equi-

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>$\beta$</th>
<th>S. E</th>
<th>T</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a Distributive Justice -&gt; Gender Equity</td>
<td>0.414</td>
<td>0.092</td>
<td>4.483</td>
<td>0.000</td>
</tr>
<tr>
<td>H1b Procedural Justice -&gt; Gender Equity</td>
<td>-0.092</td>
<td>0.076</td>
<td>1.221</td>
<td>0.111</td>
</tr>
<tr>
<td>H1c Interactional Justice -&gt; Gender Equity</td>
<td>0.188</td>
<td>0.098</td>
<td>1.999</td>
<td>0.023</td>
</tr>
<tr>
<td>H2 Islamic Work Ethics -&gt; Gender Equity</td>
<td>0.201</td>
<td>0.058</td>
<td>3.486</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Table VI. Path coefficient and hypotheses testing (Direct Effect)

<table>
<thead>
<tr>
<th>H Hypotheses</th>
<th>$\beta$</th>
<th>$f^2$</th>
<th>S. D</th>
<th>T</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>H2a DJ*IWE -&gt; Gender Equity</td>
<td>-0.108</td>
<td>0.01</td>
<td>0.096</td>
<td>1.125</td>
<td>0.131</td>
</tr>
<tr>
<td>H2b PJ*IWE -&gt; Gender Equity</td>
<td>-0.094</td>
<td>0.011</td>
<td>0.125</td>
<td>0.752</td>
<td>0.226</td>
</tr>
<tr>
<td>H2c IJ*IWE -&gt; Gender Equity</td>
<td>0.261</td>
<td>0.056</td>
<td>0.132</td>
<td>1.977</td>
<td>0.024</td>
</tr>
</tbody>
</table>

Table VII. Moderation Analysis

*DJ= Distributive Justice, IWE= Islamic work ethics, PJ= Procedural Justice, IJ=Interactional Justice

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ty i.e., $\beta=-0.092$, $p>0.05$, $T$-value<1.96. Nevertheless, intercational justice has shown a significant positive impact on gender equity i.e., $\beta=0.188$, $p<0.05$, $T$-value=1.99>1.96. Accordingly, current empirical findings support hypothesis H1c. Hence, only H1b is rejected in this study. Islamic work ethics substantially influence gender equity on a significant basis i.e., $\beta=-0.201$, $p<0.05$, $T$-value>1.96. Therefore, H2 is accepted.

4.8 Testing of Moderating Effect

The positive effect of distributive justice on gender equity is stronger in the presence of high Islamic work ethics. The below Table VII shows that interaction term of distributive justice and Islamic work ethics ($\beta=-0.108$, $p>0.05$, $T$-value<1.96) does not significantly moderate the relationship between distributive justice and gender equity. Therefore, hypotheses H3a is rejected. This study has further hypothesized that Islamic work ethics significantly moderate the association between procedural justice and gender equity. But the results do not support this hypothesis i.e., $\beta=-0.094$, $p>0.05$, $T$-value<1.96. So, hypotheses H3b is also rejected. Furthermore, H3c is supported by the results of this study. The interaction term of Islamic work ethics and interactional justice significantly moderates the relationship between interactional justice and gender equity i.e., $\beta=0.261$, $p=0.048>0.05$, $T$-value=1.98>1.96.

Base on the recommendations of Dawson (2014) [74], interaction effect has been plotted to clearly express the moderating effect of Islamic work ethics on the interaction of justice and gender equity. The result is exhibited in the below Graph 1. The association between interactional justice and gender equity is stronger in the presence of high Islamic work ethics. Yet, Islamic work ethics does not influence the interactional justice-gender equity relationship.

5. Conclusions

5.1 Discussion

Academic researchers and practitioners consider gender equity as the outreach practice and the new paradigm governing business research in developing countries [51]. But, besides the substantial significance of gender equity, practitioners and researchers find it quite challenging in the current workplace environment [30]. This study contributes to the literature on the relationship between organizational justice with respect to the fairness of distribution and procedure and on the interpersonal treatment. This study aims to fill the research gap and limitations in the association of organizational justice and gender equity claimed by Gillet et al. (2013). This study extends the understanding of the geographical scope of this realm in academia by providing empirical evidence of gender equity in the state of Qatar.

Several meta-analyses present inconsistent results about the impact of different types of organizational justice on diverse outcomes [47]. Extent empirical evidence suggests the influence of cross-cultural difference as the main determinant on the dimensions of organizational justice. This study tried to extend empirical evidence about the relationship between justice types and outcomes by investigating the effects of distributive, procedural, and interactional justice on gender equity. Furthermore, this study has investigated the moderating role of Islamic work ethics on their associations because of inconsistent results for the relationship of justice types with outcomes. This study has presented remarkably interesting empirical findings. Data analysis revealed that highly perceived distributive justice and interactional justice improve perception of employees about gender equity whereas procedural justice did not show any significant influence on the same. This study also presents an empirical evidence about the fact that high Islamic work ethics among employees can enhance gender equity in the workplace.

Different types of organizational justice present varying inconsistent impacts on different outcomes across culture [46]. For example, procedural justice is significantly related to outcomes in western countries whereas distributive justice prevails in the eastern samples [51]. So, the results of this study are consistent with that of Pillai et al. (2001), as distributive justice significantly influences gender equity in the state of Qatar. On the other side, Shao et al., 2013 claims that in those areas where individualism is high and power distance is low, employees show strong justice perception [79]. The state of Qatar presents high individualism and low collectivism [76]. Contrary to that, this study presents mixed empirical evidence about three types of organizational justice across gender equity in this study,
only distributive justice is a significant predictor of gender equity. Procedural justice and interactional justice do not predict gender equity significantly. These results claim the role of contextual factors which may likely manipulate the relationship between organizational justice and gender equity. The current investigation has deemed Islamic work ethics as one contextual factor. Interactional justice is not related to gender equity in the presence of low Islamic work ethics. Employees report adversely about perceived interactional unfairness in the presence of high Islamic work ethics.

5.2 Limitations, Theoretical and Practical Implications

The current research brings several practical and theoretical implications. Theoretically, this study revealed significant effects of distributive justice on gender equity. Additionally, the investigation of the moderating role of Islamic work ethics on the relationship of individual dimensions of organizational justice and gender equity augment substantially the literature of justice and performance. This study also responds to the call of Nowakowski and Conlon (2005) [77], where they suggested to test more moderators on the association of justice and performance. Furthermore, there is still a need to study the role of Islamic work ethics with moderators in other geographical, cultural, and organizational context.

The practical implication of this study is concerned with the direct influence of justice on gender equity. Management must ensure the fair distribution of resources, outcome, salary, wages, and other rewards in different systems of organizational governance considering human resource management practices. Employees who perceive fair and equitable treatment, have a high probability to involve in positive job behaviour which benefit the organization with a less propensity to engage in negative behaviour which are harmful to both individuals and organizations. Managers must be vigilant and ensure the fair administration across all levels within an organization to enhance the organizational effectiveness and efficiency at large. In addition to the findings of this study, Islamic work ethics may present other individual and organizational benefit to both managers and employees. Therefore, organizational management is encouraged to ignite Islamic work ethics in their organizations to hinder workplace deviant behaviour and their horrible consequences and to promote inductive employee’s behaviour which makes the overall operations of the organization better.

This study comprises several limitations. There is a dire need to carefully interpret the results because of cross-sectional data. Lacking the ability to determine the temporal order of variables makes the cross-sectional design less effective to investigate the causal linkages between such variables. The measurement of gender equity, organizational justice, and Islamic work ethics are all self-report measures in this study. Besides efforts made to avoid common method bias in this study, there is still chance that social desirability bias and diverse self-report biases may influence findings. Finally, this study is deemed limited in terms of scope as it only focused on only one moderating variable i.e., Islamic work ethics. Further, research is suggested to explore the moderating role of other variables such as organizational support and personality characteristics. Additional research may also improve our understanding of the justice-equity relationship and the moderating impact of emotional intelligence, considering both negative and positive emotions in future studies of gender equity.

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ARTICLE

College Students’ Cognition of Internet Accidental Injury Insurance: A Case Study of Guangdong Province

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ABSTRACT

To explore college students’ understanding and satisfaction of internet accidental injury insurance, and to analyse the factors influencing college students’ awareness and satisfaction of internet accidental injury insurance. 836 college students in Guangdong Province were selected by stratified random sampling. They were investigated with the self-designed questionnaire “College Students’ Cognition of Internet Accidental Injury Insurance (CSCIAII)”. 29.67%, 52.18%, 10.13% and 8.02% of the college students didn't know, knew a little, knew relatively well and knew very well about internet accidental injury insurance, respectively. The percentage of college students who were very satisfied with the internet accidental injury insurance, thought the internet accidental injury insurance basically met their own needs, think it was acceptable but needed to be improved, did not agree with and were not satisfied with it at all were 9.55%, 16.82%, 47.73%, 11.82% and 14.09%, respectively. College Students’ awareness of insurance is weak, and they do not pay enough attention to accidental injury insurance. The design, publicity and sale strategies of internet insurance products may be important factors affecting college students' understanding and satisfaction with internet accidental injury insurance.

1. Introduction

The rapid development of the Internet has brought convenience to our life, and also provides new impetus for the economic development. In 2014, the State Council issued “Several Opinions on Accelerating the Development of Modern Insurance Service Industry”, which supported the insurance industry to actively use new technologies such as internet, big data and artificial intelligence to promote the innovation and development of the industry [1]. In July 4, 2015, the State Council issued the “Guidance on the Promotion of the” Internet Plus “ Initiative by the State Council [2], which encourages the integration of all walks of life and the Internet from the government level.

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2.1.1 Sample Size Estimation

In order to control the sampling error and determine the necessary sample size in the research of sampling scheme design, the sampling accuracy of the main indicators must be determined in advance. The sampling error is usually represented by the sampling limit error, the sampling standard error and the relative sampling standard error. According to the characteristics of this sampling survey, we first put forward the following assumptions: the sampling limit error is 5%, and the confidence level is 95%. The population of this sampling survey is infinite population (or maximum sample). For infinite population, the determination formula of minimum sample size is as follows:

\[ n = \left( \frac{k}{\alpha} \right)^2 P(1 - P) \]

Where \( \alpha \) is the significant level, \( n \) is the sample number of the population, \( K \) is the quantile of normal distribution, and \( P \) is usually set to 0.50, because setting 0.50 can get the most reliable sample size. In the field of behavioral science and social science, the significance level is generally set as 0.05 (\( \alpha = 0.05 \)), the confidence level of interval estimation is 1 - \( \alpha = 0.95 \), and the quantile \( K \) is 1.96.

According to the above formula, the minimum sample size is calculated as 385. The minimum sample size is determined as 462 due to a 20% of possible follow-up loss rate.

2.1.2 Sampling

A stratified random sampling was used to select 1000 undergraduates from 7 colleges such as Sun Yat sen University, Guangdong Medical University, Dongguan University of Technology, Guangdong Polytechnic Normal University, Zhongkai University of Agriculture and Engineering, Guangdong University of Finance and Economics, as well as Guangzhou Institute of physical education. 836 valid questionnaires were collected, with an effective rate of 83.6%. There were 487 males and 349 females; 193 freshmen, 204 sophomores, 188 juniors, 174 seniors, 77 fifth year students; 435 students from urban areas and 401 students from rural areas; 79 insurance students and 757 non insurance students.

2.2 Tools

The CNKI, Wanfang database, VIP database, Baidu, Pubmed and other search engines were used to search the literature about undergraduates’ cognition of internet accidental injury insurance (12 in Chinese and 517 in foreign). Based on that, the basic content of the questionnaire was constructed, with a total of 11 items. Combined with the results of 3 collective discussions with 10 representatives of undergraduates and 5 experts in the field of insurance, 2 items were deleted, and 1 item was added. The final questionnaire for undergraduates’ cognition of internet accidental injury insurance consists of 10 items, including “Have you had or do you have accidental injury insurance”, “Which of the following channels did you buy accidental injury insurance (multiple choice)”, “Have you known, heard of or accessed to the information about internet accidental injury insurance before”, “Which of the following channels do you know about the Internet accidental injury insurance (multiple choice)”, “are you willing to purchase the accidental injury insurance through internet”, “have you ever purchased the accidental injury insurance through the Internet” “Which of the following channels have you purchased internet accidental injury insurance (multiple choice) “,” What do you think of the price of accidental injury insurance currently provided on the internet? “,” How do you evaluate the accidental injury insurance services now provided on the Internet? “,” What factors affect your choice of purchasing accidental
2.2.2 Self Compiled “General Situation Questionnaire of College Students”

It includes 4 items, including gender, grade, place of origin and major.

2.3 Data Processing

SPSS 20.0 was used to analyze the valid data. Descriptive statistics were used to calculate the percentage of each option.

3. Results

3.1 Purchase of Internet Accidental Injury Insurance for College Students

52.73% of the respondents have purchased accidental injury insurance; according to the adoption rate from high to low, the “purchase channels of accidental injury insurance” were through the promotion of insurance salesmen (50.25%), through the internet (48.77%), self purchase at the counter (44.83%), insurance sales of media (advertisements, magazines, newspapers, etc) (28.08%), others (27.59%), respectively.

3.2 College Students’ Understanding of Internet Accidental Injury Insurance

29.67% of the college students did not know the internet accidental injury insurance at all, 52.18% of the students had a little of understanding, 10.13% of the students knew it better, and 8.02% of the students knew it very well.

The understanding channels of internet accidental injury insurance, according to the degree of adoption from high to low, were insurance services (65.05%), electronic platforms such as Alipay or WeChat (64.08%), third party insurance service platform (61.17%), advertisements in magazines, books, newspapers, etc (44.66%), insurance official website (44.17%), and insurance official mobile APP (42.23%), etc.

3.3 Satisfaction with Internet Accidental Injury Insurance

67.73% of the respondents are willing to buy accidental injury insurance through the internet. 9.55% of college students are satisfied with internet accidental injury insurance; 16.82% of college students say that internet accidental injury insurance basically meets their own needs; 47.73% of college students say that they can accept internet accidental injury insurance, but think there is still room for improvement; 11.82% of college students say that they don’t approve it; 14.09% of college students are very dissatisfied.

3.4 Factors Influencing the Choice of Internet Accidental Injury Insurance

On “what factors affect your choice of internet accidental injury insurance”, 65.91% of the college students think it is convenient (convenient to buy and claim quickly), 64.55% of the college students think it is low price, 60% think that it is the insurance amount can meet the demand, 49.55% of the respondents think it is the service level is good, 42.27 of college students also value other factors.

4. Discussions

52.73% of the college students have ever purchased accidental injury insurance, and 25.72% (52.73% × 48.77%) of college students have purchased accidental injury insurance through internet. It is suggested that college students’ awareness of accidental injury insurance is not strong, and their participation in internet accidental injury insurance needs to be improved. To a certain extent, it also reflects the lack of propaganda and education on prevention and remedy of college students’ accidental injury. Sun Wujun [6] pointed out that lack of self-protection awareness, lack of financial knowledge, biased awareness of insurance function, lack of trust in the insurance industry, and information asymmetry in the insurance market are the main reasons for the lack of insurance demand in China. Previous studies have shown that 45% of the safety accidents in higher education industry at home are caused by students’ weak safety awareness [7-8]. College students often have a fluke mentality and think that accidents will not happen to themselves, so they do not need to pay attention to and buy accidental injury insurance. As for only 25.72% of the college students buy accidental injury insurance through internet, the reason is not only that college students have unreasonable and over optimistic expectations of accidental injury insurance, but also some stereotypes of internet accidental injury insurance business. Due to the great obstacles in the protection of the legitimate rights and interests of the policyholders, in the eyes of the Chinese people, insurance marketing is “cheating”. Compared with the traditional offline accidental injury insurance business, purchasing accidental injury insurance through the internet has greater technical and financial risks: the imperfect online sales system of internet insurance makes consumers face greater risks. That is greater possibilities of personal information being leaked and online transactions being unfair. The internet insurance service system
is also imperfect. First, although the whole internet insurance sales process is very accurate and convenient, and basically realizes automation and intelligence, most of the claims and dividends are handled by counter transactions [9]. Second, most of the insured groups (including college students) have low insurance professional skills and their insurance knowledge is extremely limited, so their understanding of the terms of the online insurance format is not in place, their ability of risk identification and judgment is not high, and their consciousness and ability of self-protection are not strong. In addition, the judicial procedure of safeguarding rights is cumbersome, the time limit is too long, and the cost is high, which makes it difficult to realize the claim in time [10-11]. According to the above situation, governments at all levels, schools and families should strengthen the education of college students’ accidental injury, improve the awareness of college students’ attention, prevention and remedy of accidental injury; insurance companies should establish a good brand image, improve the credibility of the industry, maximize the fairness of both sides of the transaction, and ensure the healthy development of internet insurance.

81.85% of the college students don’t know much about internet accidental injury insurance. Only 44.17% of them know about internet accidental injury insurance through the official insurance website. It suggests that the influence of the official insurance website in college students is not strong enough. Previous studies have pointed out that the internet business model can close the distance between customers and insurance companies, and improve the customers’ understanding of insurance business: First, rich online information reduces the information asymmetry between the two sides of the transaction, which enables customers to know the background of insurance products and companies at any time without leaving home. Second, through one-stop self-service system, customers can enjoy a long-term systematic service. Third, customers can not only clarify the difference between the price and guarantee attributes of similar products, but also fully understand the details of the products and the quality of subsequent services through the comments of other customers, and avoid the short-term behavior of the agent sacrificing the interests of the customers in pursuit of short-term commission. Fourth, internet operation eliminates the problems of dealing with insurance intermediary, so it improves the customer’s independent choice authority, saves the transaction time and reduces the transaction cost. Therefore, our urgent task is to make full use of the advantages of network management to improve the understanding of internet accidental injury insurance by using the characteristics of college students who are good at internet and willing to absorb network information. The key lies in how to strengthen the construction of the official website of insurance companies, vigorously promote the official mobile APP, expand the social influence of official channels, and let college students better understand the advantages of internet accidental injury insurance compared to traditional accidental injury insurance (such as universality, self selectivity, security, convenience, etc.), so as to attract more college students to purchase insurance through official channels Products.

7.73% of college students are willing to buy accidental injury insurance on the internet, and only 26.37% of college students are quite satisfied with internet accidental injury insurance. It is suggested that college students have a high degree of recognition for the way of purchasing accidental injury insurance on the internet. However, due to the high expectation of internet accidental injury insurance and dissatisfaction with the service level of the current internet accidental injury insurance, in fact, few college students have purchased Internet accidental injury insurance, and most of them are still waiting. This study found that the 4 main factors affecting the satisfaction are as following: the convenience of purchase, the rationality of the price, whether the insurance amount meets the demand, and the level of service, which reflects the personality characteristics of college students’ requirements for insurance products and services: due to the higher education level, the younger age structure, and a strong sense of advanced consumption [12] They require the insurance products and services that they buy to meet their desire for a high quality of life.

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