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Submissions are welcome for research articles of between about 5,000 and 10,000 words in any area relevant to the journal's coverage. Potential articles should, in the first instance, be sent to: Kate Hill at the Victoria Graduate School of Business: Kate.Hill@vu.edu.au

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Contents

Editorial

This is the first issue of a new journal by the Centre for International Corporate Governance Research and Graduate School of Business at Victoria University, Melbourne, Australia. The goal of the Journal of Business Systems, Governance and Ethics is to span important areas of business research, and in doing so to offer a different perspective on systems, governance and ethics as they relate to business. Although the journal is published by Victoria University and all articles in this first issue are from researchers at Victoria University, it is intended that future issues will also contain articles from others not associated with the university.

Articles for this first issue of the journal were selected from those presented at the Victoria University Business Research Conference held in Melbourne in December 2005. All papers at the conference were peer reviewed, and a selection committee then chose six of the best papers to be revised to journal standard. This issue is the result. All these papers were authored (or co-authored) by business research students from the university.

The articles cover a wide range of content and the topics reflect the interests of the doctoral students at the university. It is interesting to note that half of the six paper relate directly to business in Asia. In the first article Fu tackles the topic of corporate governance in China and investigates how the move from wholly state controlled companies towards share ownership is progressing. She points out that in contrast to companies in many western economies where rich families or banks are typically major shareholders, publicly traded corporations in China are typically controlled by their state-owned founder enterprises. An article by Yong investigates the important issue of foreign labour employment policies in Australia, Singapore and Malaysia. She outlines how each country's policies have effectively operated as a value not only to control the volume but also the type of foreign labour movement into that country. The third article relating to Asia is one by Truong and King that compares experience of international tourists in Vietnam from a cross cultural perspective. The article proposes a model of cross cultural holiday satisfaction. In keeping with the broad range of topics covered in the other articles, Zeidan explores the impact of commitment-oriented human resources management practices, Adam et al. look at designing and implementing a school curriculum that makes considerable use of information and communication technologies for students with special needs, and Leahy and Doughney investigate Catherine Hakim's preference theory in relation to women, work and preference formation.

Does the world need yet another journal? We would argue that the answer is yes, there is a need for a journal dealing with cross-business issues relating to systems, governance and ethics. The intention is that the journal, while focusing on these topics, take a broad view of cross business issues and we will consider any articles adopting this approach. Although insisting on a high academic standard, we also intend the journal to be interesting and quite readable by anyone with a general knowledge or interest in business. I hope that our readers will find the new journal to be interesting, readable and of use to them in their research.

Arthur Tatnall

Editor

Corporate Governance in China: A Research Agenda for a Corporate Group and Shareholder Control Perspective

Jenny Fu
Victoria University, Australia

Abstract

The share ownership structure of listed companies in China lends support to the research findings of the recent "concentrated share ownership" thesis. However, due to its particular economic, political and legal contexts, the Chinese share ownership structure has its own characteristics. Instead of rich families or banks as seen elsewhere, publicly traded corporations in China are typically controlled by their state-owned founder/sponsor enterprises. Based on an examination of the state of ownership and control in listed companies in China and a brief review of the relevant literature, this paper suggests a corporate group contextual-based approach to understand corporate governance in China. For that purpose, some major issues for future research are also outlined.

Introduction

In their 1932 study of the top 200 largest American corporations, Berle and Means conceptualised the "modern corporation" as having dispersed ownership and the resulting shift in power from owners/shareholders to corporate managers. Developed from this notion, corporate governance in the Anglo-American system (of which Australia is a subset) has been about how best to solve the "agency problem" that occurs between diffused shareholders and managers in whose hands corporate control is concentrated[1].

The Berle and Means image of the "modern corporation" however has been challenged by a number of recent studies which suggest that most firms are controlled by a single large shareholder outside the US and the UK. For example, according to Gorton and Schmid (1996), about 80% of the large companies in Germany have an over 25% non-bank large shareholder. La Porta et al.(1999) studied the ownership structures of the top 20 largest corporations in 27 of the wealthiest countries. Using a 20% definition of control, they found that almost half of those companies are ultimately controlled by families or the state through pyramid schemes[2]. Further, adopting La Porta et al's methodology, Claessens et al.(2000) found

1 The agency problem was developed by Coase (1937), Jensen and Meckling (1976) and Fama and Jensen (1983). According to these authors, the agency problem is created by the separation of corporate ownership and control.

2 La Porta's definition of corporate pyramids is: (1) it has an ultimate owner, and (2) there is at least one publicly traded company between it and the ultimate owner in the chain of 20 percent voting rights.

large family control in more than two thirds of East Asian corporations and that separation of ownership and control in this region is rather rare.

Whilst these research findings have generated doubts about the likely convergence of the rival systems of corporate governance around the world, considerable attention has been drawn to the role of large shareholders in aligning the interests of managers with those of the shareholders. Research in this area so far has produced varied interpretations. In the meanwhile, commentators have warned that the potential expropriation of minorities by large, controlling shareholders may create a new principle-agent problem that occurs between the majority and the minority shareholders (Claessen 2002).

The share ownership structure of listed companies in China lends support to the research findings of the recent "concentrated share ownership" thesis. As in many Western European and East Asian countries, high level share ownership concentration exists in the around 1400 Chinese publicly traded firms. However, in contrast to East Asian countries where publicly companies are often controlled by private investors through the use of corporate pyramids, the great majority of listed companies in China are directly controlled by closely held state-owned enterprises (SOEs). This unique feature of share ownership provides us with the opportunity to look at the complex agency problem in a context that has been far less dealt with in Anglo-America literature.

With the rise of China in the world economy, the corporate governance of Chinese listed companies has generated considerable research interest. However, most studies in this area so far have focused on a firm level analysis. Based on an examination of the state of ownership and control in the Chinese listed companies and a brief review of the relevant literature, this paper suggests a corporate group (ie., parent-subsidiary control) based approach to understand the mechanisms and practices of corporate governance in China. It is hoped that this would not only assist China's search for an effective structure of corporate governance, but also contribute to the ongoing international debate on the relative effectiveness of rival systems of governance. For that purposes, some major issues for future research will be outlined.

Ownership and Control in the Listed Companies in China

As a matter of socialist ideology and economic practicability, China strictly followed a centrally planned economy upon the founding of the PRC in 1949. By 1954 almost all the country's enterprises had become wholly state-owned, with their sole function dedicated to implementing state plans and their need for funds met by budgetary grants[3]. This state-owed and state-run system however left SOEs with little vitality. Towards the late 1970s, the whole Chinese economy was on the verge of bankruptcy, which served as the propelling force behind China's embarking on a course of market-oriented economic reform.

The initial reform only sought to improve efficiency of SOEs through granting limited autonomy and incentives to the SOE managers without disturbing the state ownership. It was not until 1987 when establishing a shareholding system was for the first time endorsed by the Communist Party. By then it had adopted a more pragmatic view that the shareholding system was not incompatible with the ideals of socialism and public ownership[4]. Further, based on shareholding experiments over the ensuring years, the Party in 1993 formally committed itself to the establishment of a "modern enterprises system". The nationwide corporatisation of SOEs was thus initiated. To facilitate the corporatisation reform, China's two stock markets, namely the Shanghai Stock Exchange and the Shenzhen Stock Exchange, were established in 1990 and 1991 respectively. In a similar vein, the first PRC Company Law was introduced in 1993 and the Securities Law in 1998.

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3 In 1978, China had 83,000 SOEs and a large number of urban and rural collectives. The output value of the state-owned industrial enterprises accounted for 80.80% of the total industrial output in China. See Yifu Lin, Sufficiency of Information and State-owned Enterprise Reform, Shanghai Sanlian Book Store and Shanghai People's Press, 1997.

4 See "Advance along the Path of socialism with Chinese characteristics," [Yanzhe You Zhongguo Tese De Shehui Zhuyi Daolu Qianjin] (in Chinese), Report of the Thirteenth Party Congress in October 1987.

In a short fifteen years, China has made remarkable achievements in building two stock markets consisting of around 1400 listed companies, with a total market capitalisation close to half of the country's GDP[5]. In terms of corporate governance structures, the current arrangements in Chinese listed companies represent a mixture of those in the mature economies. Inspired by the German-Japanese experiences, the 1993 Company Law adopted three governance structures: (1) the shareholders' general meeting (2) the board of directors and (3) the board of supervisors which, far less powerful than its German counterpart, is only charged with the role to monitor the directors' board. Further, under the recent influence of the Anglo-American systems, Chinese listed companies have also been mandated by the CSRC (China Securities Regulatory Commission) to set up board committees and have at least one-third independent directors sitting on the board. It seems that as a result of shopping around the world for best governance structures, the current corporate governance arrangements in listed companies in China are not markedly different from those in the Western economies. However, due to the original design and special purpose of the Chinese stock markets, the underlying ownership and control in listed companies in China is particularly unique.

Since 2002, listed companies have been required by CSRC to disclose their ultimate controlling shareholders. Thus, among the 1175 companies listed in 2002, 1051 were announced having controlling shareholders. The dominant position of the largest shareholders can be further illustrated in the table below:

Table 1: Percentages of Shareholdings for Top 10 Shareholders in 'A' Share Listed Companies in China (1998-2002)

Year	No.1	No.2	No.3	No.4	No.5	No.6	No.7	No.8	Nio.9	No.10	Total
1998	46.22	7.63	3.16	1.83	1.20	0.87	0.65	0.53	0.43	0.38	62.89
1999	45.63	8.10	3.27	1.84	1.22	0.88	0.68	0.55	0.46	0.40	63.02
2000	45.28	8.26	3.24	1.78	1.16	0.80	0.61	0.48	0.40	0.34	62.35
2001	44.37	8.36	3.27	1.76	1.11	0.75	0.56	0.43	0.36	0.31	61.28
2002	45.92	8.61	3.24	1.76	1.13	0.78	0.59	0.45	0.37	0.31	63.17
Average	45.30	8.33	3.26	1.79	1.16	0.80	0.61	0.48	0.40	0.34	62.46

Source: Shenzhen Securities Information Database cited in Gao (2004)

On average, the largest shareholders owned more than 45% of company shares, about three times the total shareholding of the second to tenth largest holders. According to the Shanghai Stock Exchange (2003), generally, the larger the size of a company, the higher the percentage of shares held by the controlling shareholder.

Further statistics from the former State Trade and Economic Commission revealed that instead of individuals or government agencies, 71% of the listed companies in China are controlled by SOEs[6]. As shares held by state-owned parent entities are state shares and/or state legal person shares that had been non-tradeable until very recently, these figures remain largely up to date.

A number of factors have contributed to the predominant phenomenon of parent-listed subsidiary control predominant in the Chinese listed companies. Fundamentally, rather than to provide liquidity to investors and to function as a disciplinary mechanism for capital allocation, China's two stock exchanges have been established primarily to finance the reform of SOEs.

A quota system introduced in 1994 helped to ensure SOEs' privileged access to the domestic stock markets. Under this system, share issuance quotas were distributed to the provinces and industries. This allowed governments at various levels to give listing preference to state-owned enterprises, in spite of

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5 In a recent circular that urges local governments to improve quality of listed companies, the State Council affirmed that listed companies in China are 'playing a leading role in promoting the country's enterprises reform and industrial growth.'

6 Jiang Qiangui, Vice Minister of the former State Economic and Trade Commission, 'Standardizing Behaviour and Deepening Reform, to be Creditworthy and Responsible Shareholders of Listed Companies'---Speech at the Meeting on Summarizing the Experience of Establishing Modern Enterprise System in Listed Companies, at: http://www.setc.gov.cn/english/setc_engl/qygg_eng/qygg_0022.htm.

the large number of high growth private firms that had sprouted with China's overall economic reform[7]. Thus, among the 1175 companies domestically listed in 2002, the number of non-state controlled firms reached only about 300. The quota system was officially abolished in 2001. However, given the increasing emphasis placed on building "large enterprises and large enterprise groups" as a national strategy to reform SOEs, the role of the Chinese stock markets in promoting large state-owned enterprises and enterprise groups does not appear to have been significantly weakened.

As Tenev, Zhang and Brefort (2002) have observed, the high occurrence of parent-subsidiary control among listed companies in China has been primarily the process of "packaging for listing" (ie, establishing subsidiaries for the special purpose of listing), a practice that has been adopted by most SOE issuers. As to the motives for "packaging for listing", first, most SOEs were of poor quality and the enterprise as a whole could hardly achieve three consecutive years' profits, an essential criteria for listing under the 1993 Company Law.[8] Further, for those companies which did manage to get fully floated on the markets (indeed most companies listed before 1994 were fully listed), riddled with bad debts and non-performing assets, many of them however began running into deficits within two or three years of listing. Whilst a share delisting system was not introduced until December 2001[9]. the poor earnings of those companies often prevented them from raising new cash through rights issues (i.e., issuing shares to existing shareholders)[10]. Due to the less onerous procedures compared with issuing additional shares to the public and the much lower costs than debt financing, rights issue has been the most popular further fundraising method among Chinese listed companies. Thus, combined with the quota system introduced in 1994, instead of seeking for full floatation, new issuers began to carve out a profitable line of business or 'dress up' an existing subsidiary for the specific purpose of listing. To secure control over the listed subsidiary by the state-owned parent, often only a small proportion of shares in the subsidiary were floated on the stock market. The State-owned parents would maintain at least 50% shares in the form of "state shares" or "state legal person shares" that were non-tradeable on the markets. Treating this as a practical solution to the funding problems of SOEs, partial listing was also encouraged by the central government in various documents issued by the government[11].

It should be noted that in May 2005, SAAC (the State Assets Supervision and Administration Commission) and the CSRC initiated plans to float non-tradable state-owned shares[12]. They saw the split structure between tradable and non-tradable shares as the fundamental cause of poor corporate governance in China. While the far-reaching implications of this reform on various aspects of Chinese

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7 The number of non-public owned enterprises reached 960,000 in 1997 and the non-public owned economy produced 24.8% of China's GDP. However, till Feb1999, only 8 private companies had been granted the quota for share flotation, which accounted to 1% of the companies listed in China. See Duan, Y. L. Abusing Majority Shareholder Control: Theory and Practice [Lunda Gudong Guquan Lanyong ji shili] (in Chinese), Economic Management Publishing House, Being, 2001, at 115.

8 Article 152 of the 1993 Company Law.

9 See the Revised Implementation Measures for Suspension or Termination for Listing of Loss-making Listed Companies [Kuisun Shangshi Gongsi Zanting Shangshi He Zhongzhi Shangshi Shishi Banfa (Xiuding)], issued by the CSRC in December 2001.

10 In 1994, the CSRC issued the Circular on Implementation of the Provisions on Regulating Share Placements in the Company Law [Zhongguo Zhengquan Jiandu Guanli Weiyuan Hui Guanyu Zhixing Gongsi Fa Guifan Shangshi Peigu de Tongzhi]. The Circular requires that companies applying for share placements should have a three year profits records and an average earning ration of 10%. over those three years.

11 See for example, The Guiding Opinions on the Development of Internationally Competitive Large Enterprises Groups issued by the State Council in November 2001 requires the relevant government departments to support enterprises groups to list either the group as a whole or their main business on the domestic and international stock markets.

12 *Notice of China Securities Regulatory Commission on Relevant Issues of Pilot Reform of Equity Division of Listed Companies*, issued by CSRC on 29 April 2005. Note the newly initiated state share split experiments have attracted strong criticism for the feasibility and fairness of these plans in view of their ultimate compensation for public investors. So far, a few dozen pilot companies have had their schemes to float state shares approved by their public shareholders, by offering free non-tradable shares and cash compensation. These plans would allow the pilot companies to float their non-tradable shares within 2-3 years if their share prices remain at a certain level at the time of floatation. There had been two major share-merging attempts initiated by the Ministry of Finance since 1999. According to CSRC, they both failed as no prior approval was obtained from the existing minority shareholders. The new experiments give pubic shareholders more room to negotiate terms with their companies. Under s3 of the Notice on Relevant Issues of Pilot Reform of Equity Division of Listed Companies, a pilot company' s share merging plan need to be approved by 2/3 of the ordinary shareholders participating in the vote and 2/3 of the circulating shareholders participating in the vote.

corporate governance have yet to be revealed, it is anticipated that the market for corporate control will become more active when the market becomes liquid[13].

However, given the infancy of the Chinese stock market, the concentrated ownership is unlikely to be fundamentally changed in the foreseeable future. This is consistent with the theory of 'path dependence', which postulates that a country's patterns of corporate ownership structure are likely to depend on the patterns set down at earlier times[14]. From a practical perspective, the non-circulated capitalisation of Chinese stock markets had exceeded RNB 3 trillion by June 2005, as compared to the RMB 1.4 trillion circulated market capitalisation. Getting such a huge amount of state assets floated onto the markets in a short period seems to be unattainable, not to mention the current sluggish markets that have been incepted by the state share reduction trials carried out about four years ago. Further, a recent circular issued by SASAC shows that even if the state shares become liquid, the State may not be prepared to withdraw from all state-owned/controlled companies, especially the most profitable ones[15].

Given this dominant feature of partial listing of SOEs, abuse of majority control has been a major concern of the Chinese stock market regulator. In the Code of Corporate Governance for Listed Companies in China adopted by the CSRC in 2002, Chinese listed companies are required to separate themselves from their parent entities in terms of personnel, finance, capital, business and organisation. The rampant corporate scandals in the Chinese stock markets involving false accounting and "tunnelling" (diversion of funds from listed companies for other use) however have meant that, in spite of such regulations, the status of listed companies as independent legal entities (as commonly understood in the West) may not be taken for granted in the Chinese context. This is also the major factor that calls for a corporate group-based approach to look at issues of corporate governance in listed companies in China. That is, rather than simply focusing on the firm level of the listed companies, the extent of parent-subsidiary control in the Chinese stock markets will be examined through investigating the various instruments of control over listed companies by their state owned parents. In addition, by employing such an approach, the impact of parent-subsidiary control on other internal and external parameters that would influence the decision-making process and accountability of the listed subsidiaries' boards will also be studied. This is to be further illustrated with the conceptual framework set out later.

Conceptual Framework for a Corporate Group and Shareholder Control Perspective on Corporate Governance

As mentioned, the corporate governance structure and practices in Anglo-American countries are premised on separation of ownership and control and the reduction of agency costs, derived from the inevitable diversion of the interests of managers from those of the shareholders (Jensen and Meckling 1976). Thus, a wide range of internal mechanisms (such as mandatory disclosure of information, independent directors and executive remuneration) are designed *ex ante* to complement the external mechanisms (such as market for corporate control, labour market and outsider participation). The rise of institutional shareholders in the 1990s has been seen as an important 'monitoring mechanism' (Stapledon 1996).

However, where the great majority of a country's listed companies are subject to the control of closely held parent entities, the balance of this institutional mix could be altered. As researchers such as Shleifer and Vishny (1996) have pointed out, concentrated ownership by itself is not necessarily a bad thing. Where a company has a controlling shareholder, agency costs could be reduced. This is because the controlling shareholder may have strong incentives to select and monitor managers and maximise

13 Beijing Review commentary, Dogged Determination, http://www.bjreview.com.cn/En-2005/05-27-e/people-27.htm

14 See Arye Bebchuk and Mark Roe, "A theory of Path Dependence in Corporate Ownership and Governance," in Jeffrey N. Gordon and Mark J. Roe (ed), Convergence and Persistence in Corporate Governance, Cambridge University Press, 2004, 112.

15 Guiding Opinions of the State Assets Supervision and Administration Commission of the State Council on Reforming Equity Division of State-controlled Listed Companies issued on 17 June 2005.

profits (Jensen and Meckling1976). It was based on these grounds that Sheilfer and Vishny (1996) suggested that the best corporate governance could be achieved by a combination of large shareholders and strong legal protection for investors.

Note however large shareholder/parent entity control has its downside. On the one hand, there are the trade-offs between the positive role of large shareholders in supervising the management and the negative "entrenchment effects" associated with large ownership (Claessens 2002). On the other hand, when a parent entity effectively controls the operations of its listed subsidiary, there is an obvious risk that the parent entity may dictate the affairs of the subsidiary to exploit its minority shareholders (Hadden 1978). According to La Porta et al.(2000), expropriation of the minority may take various forms, such as diversion of corporate profits, business opportunities and self-dealing. In fact, when the benefits of private control to the controlling shareholder exceeds the benefit of profit maximisation, profit maximisation may cease to be the paramount objective of listed subsidiaries (Shleifer and Vishny1996, Dyck and Zingales 2002).

The enhanced agency problem associated with the state as a majority shareholder has been documented by a number of commentators. State firms are generally regarded as less efficient in the Western literature. This is partly due to the multi-level principal agent relationships coupled with the passive and absentee ultimate owners (the whole people). Further, the multiple objectives of the state may allow non-profit maximising considerations to continue to be a factor when company decisions are made (Shleifer and Vishny 1996, Gratham 2005, Whincop 2005).

On the one hand, there is some argument that there are positive effects of having an SOE as a dominant shareholder. For example, a "publicly spirited" SOE may take a more long-term view in relation to the development of its listed subsidiaries (Tomasic, Andrews and Fu 2005). Thus it may improve the efficiency of the firms by controlling the decisions of the firms (Shleifer and Vishny 1996) and be less motivated to engage in short-term expropriation of minorities. However, such argument may be more convincing for SOEs operating in monopolistic areas where the market pressure tends to be less intense.

On a broader level, one should note that a country's system of corporate ownership and control is influenced by its social, economic, political, legal and cultural systems (Roe 2001;Cheffins 2002). Thus, the problem for outside investors in China could be further complicated by the fact that the state is not only the ultimate controlling shareholders of the majority of Chinese listed companies, but also serves as the stock market regulator, the corporate and securities lawmaker and to a lesser extent, the corporate disputes judicature.

Literature Review

Corporate governance around the world has evolved around two major sets of systems, ie., the Anglo-American outsider and the German-Japanese insider-based models (Tam 1999). Whilst the former are premised on the phenomenon that most large firms do not have 'core' shareholders to exercise inside influence, the latter emphasise insiders (such as large shareholders and employees) involvement in corporate decision-making, as large block holders in these countries are common and usually in a position to do so (Cheffins 2002, at p15, Hopt et al.1998; Backer 2002).

The trend of globalisation of capital markets has stimulated scholarly speculations on the convergence of corporate governance models. Cheffins (2002) noted an "implied consensus" among academics that the trend of convergence was towards the Anglo-American capitalism that provides better protection to investors (Hansmann and Kraakman 2001).

On the other hand, when the "concentrated ownership" thesis as mentioned arose, the "convergence" arguments become less convincing. Some theorists argue that the convergence will not necessarily occur, as instead of simply being determined by market forces, a country's corporate ownership and control system is contingent on its economic, political, legal and cultural systems (Roe 2001;Cheffins 2002). Moreover, the "path dependence" theorists claimed that a country's corporate governance system is shaped by the system it had in place at earlier times (Bebchuk and Roe 2004). Whilst the overall

message sent by these researchers seem to be that countries have to deal with their own problems in corporate governance under given national contexts, it has been suggested that more comparative studies at country level are needed for a better understanding of the impact of globalisation on corporate governance.

It is against this background and also with the rise of China in the global economy that corporate governance of listed companies in China has received unprecedented attention. Various achievements and problems in this respect have been scrutinised by researchers from the World Bank[16], the OECD[17], Standard and Poor's[18], and the Institute of International Finance[19]. Individual researchers such as Tam (1999), Wei (2003), Schipani and Liu (2002) have also offered their views on the current status of corporate governance arrangements in China and sought to propose methods for reform.

It is useful to refer to a 2003 study conducted by the Shanghai Stock Exchange which listed eight crucial problems in the governance of Chinese companies:

" (1) Improper shareholding structure;

(2) The role of government as both regulator and owner;

(3) Inadequate legal protection for investors;

(4) The dominance of insider control and the 'key man' model in corporate management;

(5) Immaturities in external governance structure, such as the market for corporate control, the insignificant role of creditors and institutional investors;

(6) The poor quality of information disclosure;

(7) Lack of due diligence of the directors and management in performing their fiduciary duties and the supporting institutional arrangements and social norms (The Shanghai Stock Exchange stated: "the current China has still not all around formed a social and culture environment that cherishes uprightness, honesty and keeping one's words", p36); and

(8) Lack of monitoring from the media and the public"[20].

The dominance of the state as a controlling shareholder is also one of the key tensions highlighted by Tomasic, Andrews and Fu (2005). These three have conducted a large ARC-funded project to investigating corporate governance and accountability in China's top 100 listed companies. Some key tensions affecting corporate governance in China have been highlighted by their initial research findings.

The existing literature has provided us with considerable insights on the various problems in corporate governance in China, including the impact of large shareholder control on the poor functioning of the corporate organs of the listed companies, such as false accounting, poor information disclosure and diversion of funds from listed companies through widespread related party transactions. However, far less is known about how the control over listed companies is carried out by their parent companies as controlling shareholders.

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16 Stoyan Tenev and Chunlin Zhang with Loup Brefort (2002), *Corporate Governance and Enterprise Reform in China Building the Institutions of Modern Markets*, The World Bank, 2002.

17 The OECD has been engaged in a policy dialogue on corporate governance with Chinese government. For more information on the dialogue see OECD website, http://www.oecd.org/document/61/02340,en_2649_34813_34970813_1_1_1_1,00.html.

18 Katrina Tai and Calvin R Wong, "Standard and Poor's 2003 Country Governance Study: Corporate Governance in China", available at: http://icf.some.yale edu/research/china/newpaper/cn/feature/mainland/coproate.

19 Institute of International Finance (2004), China Task Force Report, Corporate Governance in China-An Investor Perspective.

20 Shanghai Stock Exchange., China Corporate Governance Report 2003: Executive Summary. http://rru.worldbank.org/Discussions/OpenFile.aspx?id=1284.

Most existing research on corporate groups in China has focused on economic analysis. Commentators praise these giant groups for their ability to harness resources to achieve an economy of scale, but no consensus has been reached with regard to their true competitiveness and profitability.

A couple of other empirical studies have more fully explored parent-subsidiary relationships, but mainly from an economic or organisational, rather than legal perspective. For example, based on quantitative and qualitative data collected on 40 largest Chinese business groups in 1988 and 1990, Keister (2000) provided a detailed account of the process by which Chinese business groups emerged and intra-group structures. Her research found a positive correlation between the formation of business groups, interlinking directorship and the financial performance of group member firms. Whilst the first significant study on Chinese business groups in many aspects, her book did not deal with the degree of independence of these business groups from the government. Nor did the data collected in such early times allow her to consider control over listed companies by their group parents.

Inter-firm relationships in Chinese business groups have also been the focus of a more recent study by Mayer and Lu (2004). Based on intensive fieldwork, these two authors documented the group structure and inter-firm relationships in CIMC (China International Marine Container Company), a Shen Zhen-based world-leading manufacturer of marine shipping containers. However, the CIMC is rather an unusual state-owned corporate group. Firstly, the CIMC group, not one of its subsidiaries, is the listed entity, and secondly, rather than having one single parent entity, CIMC is a joint venture of two other state-owned enterprises, each holding 20% of non-circulating shares in the group. This partly explains the considerable distance between CIMC and its parent entities. The authors did point to the fact that parent-subsidiary relationships in groups with one single parent entity may be significantly different, and in those groups the feature that 'Chinese business firms as hierarchically nested systems … rather than discrete units' may be more evident. Therefore, according to these two authors, more empirical research on how business groups in China manage their 'indefinite boundaries' is needed.

Within the Anglo-American jurisdictions, in view of the few legal studies on corporate groups, British scholar Hadden remarked:

> *"There is surprising little precise information on the way in which large corporate groups structure their operations. Large corporate groups are all too often regarded as monolithic 'black boxes' in which senior executives conspire secretly to pursue their economic and political objectives."* (Hadden 1984, p271)

Since then, group relationships have been the research focus of several corporate law scholars including Lumberg (1993) and Ramsay and Stapledon (1998). In their empirical study of corporate governance of the top 500 listed companies in Australia, Tomasic and Bottomley (1993) observed the tendency of integration of management and finance within large corporate groups in Australia. However, given the still relatively small number of empirical studies, Hadden's comment remains largely valid.

As such, before delving into the issues on which further research needs to be carried out, it is useful to sum up that a corporate group and shareholder control perspective will make a substantial contribution to the existing literature on corporate governance in the following areas:

- As opposed to individual firms, the study of parent-subsidiary control provides an alternative approach to the governance of listed companies in China;
- Although the 'control' that exists inside corporate groups has recently received much attention, there is inadequate empirical research on how effective control of subsidiaries is carried out over subsidiaries by parent entities. As such, an analysis of parent-subsidiary control in the Chinese listed companies will assist our understanding of the phenomenon of concentrated share ownership in other parts of the world.
- A corporate group contextual-based regulatory framework will contribute to the ongoing international debate on the relative effectiveness of rival systems of corporate governance.

Concluding Remarks: Future Research Agenda

A corporate group and shareholder control perspective on corporate governance in China would require research in two major aspects, namely, a discovery aspect and a reform recommendation aspect.

The Discovery Aspect

This aspect could be informed by an investigation of the various mechanisms of control over listed subsidiaries employed by their state-owned parent companies. The intricate network of control mechanisms within corporate groups has been summarised by Hadden in the following way:

> *"…there is a tendency for central management at group headquarters to assert much greater control over the day-to-day activities of its subsidiaries. In such cases, the finance of the group as whole is likely to be centralised with banking and corporate finance functions being performed by the entire group through the parent company's treasury operations. Management in operating subsidiaries is typically required to obtain the approval of group headquarters for all major investments and to report at specified intervals on their trading performance and prospects. They may also be required to price their products for intra-group trading, known as transfer pricing, in such a way as to produce a profit in whichever subsidiary or jurisdiction is most advantageous to the group as a whole."*[21]

Adopting a comparative perspective, further research would need to look into the following issues in corporate groups involving listed companies in China:

1. Patterns of group structures and size of corporate groups

Due to the listing priority previously given to the large state-owned enterprises and enterprise groups, rather than simply affiliated to one closely held parent entity, many Chinese listed companies reside within a nested group structure comprising a number of listed and unlisted companies. The listed subsidiary, as a fundraising vehicle of the parent entity, may be charged with functions different from other group companies and therefore subject to different levels of parent-subsidiary control. However, as pressure on the listed subsidiary from the parent company may take place indirectly, e.g., through transactions forced on the listed company through another group subsidiary, it will be useful to get an idea of the typical patterns of group structures and the sizes of corporate groups involving listed companies in China. To carry out such an investigation, the recent annual reports of listed companies in China could be a ready source to start with.

2. Parent-subsidiary control through personnel integration

As the composition of the board of directors provides the critical link between ownership and corporate governance, interlocking directorship is often seen as an important control mechanism within corporate groups. Therefore in terms of personnel integration, it will be useful to study to what extent the parent entity plays a role in deciding the composition of the board of its listed subsidiary.

Furthermore, as PRC companies are in a stage of transition from the old system of governance consisting of the Communist Party Committee, the Management Committee and the Trade Union (the so-called old three) to the new governance systems, ie., the shareholders general meeting, the board of directors and the board of supervisors (the so-called new three), the lingering influence of the old system and old ideas of corporate governance could mean that the board of directors is far from being the major factor (or the sole factor) that bands the parent entity and the listed subsidiary.

For example, in spite of the existence of the two-tier boards, recent studies have shown that the Chairman is often a powerful figure dominating the boards of directors in large state-controlled listed companies. This is sometimes seen as some repercussion of the old system in the former SOEs where a

21 Haden, T. et al. Canadian Business Organisation Law (1984) 620.

factory director (manager) assumed the overall responsibility for management of the enterprise and also acted as the legal representative of the enterprise. As such, it would be useful to study to what extent the Chairman plays a role in strengthening the ties between the parent entity and the listed subsidiary.

Another factor which may further complicate the issue of personnel integration within Chinese corporate groups is the role of the Communist Party. The Party Committee used to be the top governance structure in former SOEs and the local Party organisation also played a decisive role in both appointing factory directors and supervising their performance. As the Party is likely to remain a permanent fixture in PRC listed companies in the long term[22], more study is needed to find out the interaction between the Party Committee and the newly established board of directors in the listed companies.

3. Parent-subsidiary control through involvement in business decision-making

In a publicly traded company, shareholder rights are generally exercised through voting on important corporate matters, such as mergers and liquidations, as well as in elections of boards of directors. The powers of the shareholder general meeting and the board of directors are stipulated in the 1993 Company Law. However, as there are always gaps between the law in books and the commercial reality of corporate groups, it will be useful to study how the law governing the powers of the shareholders general meeting, the Chairman and the board of directors operate in practice. From another perspective, this is to investigate the independence and accountability of the board of listed subsidiaries in fulfilling its duties to company shareholders as a whole, rather than simply the controlling shareholder.

5. Parent-subsidiary control through financial integration

Information on the degree to which the finances of a corporate group is integrated and centrally managed is particularly important to analyse the extent of parent-subsidiary control. In addition, in the context of the Chinese listed companies, manipulation of financial information of listed companies and the problem of related party transactions have been widely criticised by both investors and academics. For a better understanding of the financial aspect of corporate groups, it will be useful to find out to what extent these problems exist and how these activities are carried out within Chinese corporate groups.

Apart from reviewing the recent company annual reports, structured interviews with a number of company insiders (company officers) and outsiders (lawyers/independent directors/institutional investors) are necessary to carry out a study on the issues as mentioned above. Getting access to companies could be an issue but would not be particularly difficult, taking into account (i) the fact that these companies are listed companies makes them more open due to market expectations of transparency; (2) from the author's own experience, the Chinese companies are increasingly geared up to dealing with outsiders seeking information about them, as they are seeking investors; and (3) the interviews would only be used for gaining perspectives on how corporate groups operate in China, rather than soliciting information of individual companies.

Regulatory Reform Proposal

Based on findings on the discovery aspect, the reform proposal aspect should aim at identifying ways in which the parent-subsidiary relationships could be better regulated to reduce further damage to the interests of minority shareholders in Chinese listed companies. This would require the assessment of the current regulatory framework for the governance of listed companies in China. The way that corporate groups are dealt with under the Anglo-American system and the German Japanese system could also be relevant.

In dealing with the parent-minority shareholder conflicts, countries have been divided along the lines of the entity approach and the enterprise approach (Dine 2000). Under the German enterprise approach,

22 Article 19 of the 2005 amendment of the PRC Company Law provides that the organisation of the Communist Party of China shall be established in a companies so as to carry out their activities and the company shall provide the Party organisation with conditions necessary to carry out its activities.

parent companies may treat their subsidiaries as within the same enterprise through a formal control agreement with subsidiaries, guaranteeing the position of minorities and creditors (Hadden 1978). In Australia, there is continued adherence to the separate entity approach, but legislation has been introduced to operate alongside the common law 'veil piercing doctrine' to protect interests of minority shareholders in group companies (Gillooly 1993). Furthermore, in May 2000, the Australian Companies and Securities Advisory Commission published *Corporate Groups* final report. Seeking to stimulate discussion on how corporate groups should be viewed and treated, the Report outlines various areas of law relating to corporate groups. This report, which extended the study by Ramsay and Stapledon (1998), provides a good point of reference for designing the framework for regulating parent-subsidiary relationships in China.

Note however, no matter how comprehensive a system is in place, agency costs could only be reduced but not eliminated. On the other hand, given the multitude of determinants of corporate governance, not all problems of corporate governance could be solved by the introduction of a mandatory model of corporate law. This is particularly the case when the state acts not only as the parent entity, but also the regulator, the adjudicator the and corporate and securities lawmaker. Thus, a social-legal approach will also need to be employed to examine the factors that would affect the effectiveness of any regulatory reform in the Chinese context.

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Workers' Affective Commitment and Their Willingness To Perform Discretionary Work Behaviour: The Impact of Commitment-Oriented Human Resources Management Practices

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Abstract

This paper contributes to the development of the human resource management (HRM) literature through developing the linkages between HRM practices and employee attitudes and behaviours. It is widely believed that the implementation of high commitment human resource management (HRM) practices (e.g., training and development, communication, and participative decision making) can create strategic advantage for the organisation (e.g., Arthur, 1994; Delaney and Huselid, 1996). It is also suggested that HRM practices could shape employee attitudes and behaviours. However, the intervening mechanisms of this effect are yet to be examined. Researchers have pointed to the need to understand the means by which these practices exert their influence on employee commitment and other individual outcomes (Meyer and Smith, 2000).

Drawing on social exchange theory (Blau, 1964), this paper aims to address this need by developing a theoretical framework which explicitly links employee perceptions of HRM practices and important work outcomes via perceived fulfilment of the psychological contract. Drawing upon psychological contract theory, it is proposed that commitment HRM practices create a more positive psychological contract (and thus higher perceptions of fulfilment of the psychological contract). This will in turn, lead to increased affective commitment and enhanced organisational citizenship behaviours (OCB).

Introduction

As trends toward restructuring, mergers and acquisitions, e-commerce technology and global competition continue, organisations are increasingly pressured to make changes in the way their workforce is managed (Noer, 1993; Kissler, 1994; Coffey, Cook, and Hunsaker, 1994; Kreitner and Kinicki, 1995; Hitt, 1998, Cappeli, 1999). Underlying all of these changes, it becomes important to use HRM practices more effectively in gaining competitive advantage and in fostering organisational commitment and extra role behaviours. This is especially crucial as firms that learn to manage their human resources well will have a competitive edge over others for a long time to come (Wright, McMahan, and McWilliams, 1994). Further, those changes have led firms to seek to enhance their performance by finding new ways to compete, such as innovation, quality, and looking to different types of employment practices as sources of competitive advantages.

One strategy that has been used in implementing new work practices has been termed the high commitment management approach (Wood and de Menezes, 1998, Whitener, 2001). Much of the research on high commitment human resource management practices was designed to test the link between commitment enhancing management practices and organisational-level performance (Snell and Dean, 1992; Arthur, 1992, 1994; MacDuffie, 1995; Delaney and Huselid, 1996; Youndt *et al.*, 1996; Ichniowski *et al.*, 1997; Appelbaum *et al.*, 2000; Guthrie, 2001; Cappelli and Neumark, 2001; Bartel, 2004). Yet, it is still unclear if these HR practices also lead to desirable individual outcomes (Gould-Williams, 2004) with only a few recent studies that have examined the impact of these practices on the commitment of employees (Agarwala, 2003; Gould-Williams, 2004).

While this recent research suggests that these practices do have a positive impact on employee commitment, it is essential to understand the mechanisms by which these practices exert their influence on commitment and other individual outcomes (Meyer and Smith, 2000). In other words, research in this area leaves a key question unanswered concerning how high commitment HRM practices impact employee attitudes and behaviours, if indeed they do have an impact.

The purpose of this paper is to explore the possible positive impact of commitment-oriented HRM practices on employee outcomes. As previously discussed, the research question concerning what mechanisms or processes are responsible for translating high commitment HR practices into superior individual outcomes is yet to be answered. The objective of this paper therefore, is to address this gap by making a theoretical case, which suggests there may be interesting linkages between high commitment management and employee attitudes and behaviours via the psychological contract. Here, it is proposed that perceived psychological contract fulfilment would play an important role in mediating the relationship between commitment management practices and employee outcomes (specifically, affective commitment and OCB).

To this end, the paper first presents an overview of the high commitment management approach to managing employees and psychological contracts. Following this, the paper discusses the potential linkages between high commitment management and psychological contracts. The paper then shifts focus to examine the concepts of commitment and OCB. Subsequently, propositions are made. Afterwards, the paper briefly outlines a tentative list of issues, which need to be addressed in order to increase our understanding of the links proposed. Finally, the paper concludes by suggesting that the relations between employees' evaluations of people centred management practices and their attitudes and behaviours are mediated by their perceptions of the fulfilment of the psychological contract.

High Commitment Human Resource Management Practices

Since the early 1990s, there has been a considerable growth in academic interest and research in a range of human resource management practices, termed 'high commitment' human resource management practices. High commitment management practices are built around efforts to manage organisational culture and warrant that workers function efficiently within and for this culture, and emphasise the importance of developing a sense of identity through involvement in shared organisational goals (Guest, 2002). The emphasis in the majority of research on high commitment management practices has been on how these practices improve organisational performance and profitability. In the human resource management literature, researchers argue that the implementation of high commitment human resource management practices can be linked to enhanced organisational productivity and can create strategic and sustainable competitive advantage for the organisation (Weakland, 2001; Allen, Shore and Griffeth, 2003; Den Hartog and Verburg, 2004).

Although, there is still some disagreement

about which practices should be included in any list of high commitment human resource practices (Purcell, 1999), these practices usually include, amongst others: communication, rigorous selection procedures, training and development, participative decision making, team working and rewards. Underlying these practices is the belief that organisations that develop their employees potential to the full, and provide them with the opportunity to make decisions that affect their work, will attain benefits in terms of improved performance. This premise that an emphasis on employee wellbeing is effective and valuable from a managerial position is not new. It is rather a continuation of deep-rooted approaches, such as that of the 'soft' human resource management approach (Beer *et al.*, 1984).

These practices are thought to release untapped reserves of 'human resourcefulness' by increasing employee commitment, participation and involvement (Blyton and Turnbull, 1992) since an organisation's investment in building worker skills contributes to the 'psychological contract' of reciprocal commitment (Dore, 1992). Further, as indicated by Rousseau and Greller (1994), a more careful look at psychological contracts can guide HRM practices, enhance their impact on employees, and increase the ability to express commitments that can be kept while promoting effective organisations.

Psychological Contracts

The notion of psychological contract was first discussed in the 1960s with somewhat different conceptualisations, where it was used to characterize a series of mutual expectations between the employee and the organisation that govern the relationship between that employee and the organisation (see, Argyris, 1960; Levinson, Price, Munden, and Solley, 1962). Levinson *et al.* (1962) placed an emphasis on the idea that the psychological contract is an unwritten agreement between the employee and the organisation that focuses on the intangible aspects of the employment relationship. The construct then progressed to characterise the employment relationship, based on the beliefs employees or employers hold regarding their exchange relationship.

Many researchers have largely adopted the definitional framework outlined by Rousseau (1989, p. 123) who defined the psychological contract as:

> *'An individual's belief in the terms and conditions of a reciprocal exchange agreement between the focal person and another party. A psychological contract emerges when one party believes that a promise of future returns has been made, a contribution has been given, and thus an obligation has been created to provide future benefits'.*

Scholars adopted this definition, (for example Guzzo and Noonan, 1994; Millward and Hopkins, 1998) with especially two points of agreement: psychological contracts are subjective and reciprocal. First, the psychological contract is a subjective perception in the sense that it refers to an individual's beliefs in the existence of an exchange agreement (McFarlane Shore and Tetrick, 1994). Second, the psychological contract is reciprocal, in the sense that it refers to an individual's belief regarding the mutual obligations of both parties to the relationship (Rousseau, 1990).

Psychological contracts have become a popular means for conceptualising and managing employment relations. Instead of limiting focus to the formal contract (e.g., hourly pay rates, working conditions), the psychological contract provides an opportunity to explore the processes and content of the employment that, in the words of Fox (1974), go 'beyond contract'. Psychological contracts are distinct from implied contracts, which are based on mutual understandings and which have greater legal connotations (Rousseau, 1989). The psychological contract, on the other hand, represents a set of practical and emotional expectations of benefits that employers and employees can reasonably have of each other (Argyris, 1960; Rousseau, 1990).

A psychological contract emerges when one party believes that a promise of future return has been made, for example, pay for performance, a contribution has been given (some form of exchange) and thus, an obligation has been created to provide future benefits (Robinson and Rousseau, 1994). That is, the employee's belief is based on the perception that an employer promise has been made (e.g., fair and

competitive wages, job training, challenging and meaningful work) in exchange for an employee obligation (e.g., giving employer his or her time, energy, and technical skills) (Roehling, 1996; Rousseau and Tijoriwala, 1998). Unlike formal employment contracts, the psychological contract is not made once, but is rather revised throughout the employee's stay in the organisation (Rousseau and McLean Parks, 1993) and will change over time (McFarlane Shore and Tetrick, 1994). This is because; events in the form of new job assignments and organisational restructuring and downsizing may overlay new terms upon old ones (Robinson and Rousseau, 1994). Also, the more the employer and the employee interact, the greater the expectations, and contributions that might be included in the contract (Rousseau, 1989).

Perceived obligations and the extent to which those obligations are fulfilled represent the essence of the psychological contract (Rousseau, 1989). Perceived obligations set the parameters of the exchange whereas fulfilment of obligations captures behaviour within the exchange. Psychological contracts are subjective perceptions and expectations and involve only employee's beliefs; it is not necessary that the other party in the exchange relationship share these beliefs (Rousseau, 1989; Lucero and Allen, 1994; Shore and Tetrick, 1994). Psychological contracts reside only in the perceptions of individual employees, and are directed at the organisation at large. In addition, 'the subjectivity of the contract means that an individual can have a unique experience regarding his or her exchange relationship with an employer' (Rousseau and Tijoriwala, 1998, p. 680). Further, psychological contracts include obligations for which employees have reason to believe that a specific promise has been made (Morrison and Robinson, 1997). In addition, promises are not always explicitly stated, rather they also may be inferred from the employer's actions (Rousseau, 2001). This is not to say that the employer's perspective should be ignored. However, it is the employee perceptions that will influence his or her attitudes and behaviour in reacting to the fulfilment or non-fulfilment of his or her psychological contract. Employees who fulfil their obligations to their organisation feel entitled to receive certain benefits. These entitlements may have been explicitly stated by the organisation, or implied and assumed by the employee (McLean Parks, Kidder, and Gallagher, 1998).

Morrison and Robinson (1997, pp. 228-229) summarise the defining characteristics of psychological contracts as follows: (1) they are the internal cognitions of individuals formed and held individualistically, (2) they are founded upon perceived promises 'where a promise is … any communication of future intent', (3) they are held by individuals with respect to the employing organisation in the abstract. That is, they are not formed with respect to any specific agent within the organisation, and (4) they can be transactional or relational in nature. Although individuals may hold both elements in cognition at the same time, their formation, impact and dynamics are different.

In essence, the psychological contract reflects employees' perceptions of the mutual expectations and obligations between themselves and their employer. Obviously, such a definition suggests a firm's human resource management practices allow an organisation to communicate to employees the proposed contract, including the organisation's promises on the one hand (e.g., to train, promote and reward), and expectations on the other (e.g., to perform to some standard, to learn new skills) (Guzzo & Noonan, 1994). High commitment management practices, in particular, allow an organisation to foster the contemporary psychological contract, one that fits with the modern day employee's work preferences and values (e.g., development of skills, greater participation, work-life balance).

High Commitment Management and Psychological Contracts

Theoretically, it is assumed that high commitment HRM practices create the conditions for employees to become highly involved in the organisation and identify with its overall goals (Wood & DeMenzies, 1998) – in other words, by increasing their employees' commitment to the organisation (Whitener, 2001). Highly committed employees are expected to perform consistently at a high level, as well as show initiative and a willingness to expend extra effort towards reaching organisational goals (Walton, 1985). In effect, commitment oriented HRM practices influence the quality of the social exchange relationship between employees and the employing organisation. Based on social exchange theory (Blau,

1964) and the norm of reciprocity (Gouldner, 1960), Eisenberger, Fasolo, and Davis-La Mastro (1990) suggested employees develop a sense of obligation to respond favourably (e.g., performing well, remaining with the organisation, etc.) to favourable treatment from their employer. HRM practices are one means by which an organisation is able to demonstrate its assessment of and commitment to employees. Thus, high commitment HRM practices have the potential to favourably influence perceptions of what the organisation is like to work for, and in turn, the nature of the psychological contract and their perceptions of the fulfilment of the psychological contract.

On the basis of the evidence presented in the human resource management literature, it appears that research on HRM fails to provide an adequate basis for understanding the association between HRM and the employee. This failure is highlighted by a number of researchers (Gibb, 2001; Gallie *et al.,* 2001), who believe that the scarcity of research into employee reactions to HRM needs to be addressed. Such an approach is congruent with Guest's (1999, p. 5) observation that 'any concern for the impact of HRM should be as much with outcomes of relevance to workers as to business'.

Grant and Shields (2002) also indicate that the need for valid and accurate assessment of employee reactions to HRM has never been greater. They further suggest that a possible answer to employee reactions to HRM may be found in the psychological contract. Grant and Shields (2002, p. 325) argue, 'the psychological contract helps explain why, provided management and employee expectations are met and promises and obligations are fulfilled, a host of HRM practices might be accepted by employees and why they might record a positive reaction. Conversely, if expectations or promises and obligations are not met, then in the context of a broken psychological contract we are able to understand why workers might record a negative reaction to HRM'.

Guzzo and Noonan (1994) argued that an employee's assessment of the status of his or her psychological contract is a result of the systematic, deep processing of what HRM practices convey to that employee. Prior research has suggested HRM practices as significant antecedents shaping the nature of the psychological contract (see for example, Rousseau & Greller, 1994; Sels, Jansens & Van den Brande, 2004). Yet, none of the empirical studies to date have examined employee perceptions of psychological contract fulfilment as a mediator between high commitment HRM practices and different work outcomes; that is, the mechanisms by which these practices relate to affective commitment, and organisational citizenship behaviour are yet to be examined. Hence, future research is needed and would benefit from testing the theoretical model put forward in this paper.

Herein it is proposed that more favourable psychological contracts will develop in organisations that implement high commitment management practices, or other similarly progressive people management techniques. In essence, high commitment HRM practices communicate to employees that they are valued by the organisation and that the organisation is committed to them. As such, it is expected that when employees' perceptions of the management practices employed in their organisation is higher, that will influence their perceptions of psychological contract fulfilment, such that these perceptions are higher as well. It is also proposed that higher perceptions of psychological contract fulfilment lead to more positive attitudes and behaviours such as, increased affective commitment, and enhanced organisational citizenship behaviours. These work outcomes are briefly discussed next.

Affective Commitment

Affective commitment is one specific form of organisational commitment, which has been considered the most beneficial in enhancing organisational effectiveness. This form of commitment emphasizes an individual's identification and involvement in the organisation (Porter, Steers, Mowday and Boulian, 1974). Employees high in affective commitment demonstrate emotional attachment, identification with and involvement in the organisation. This would explain why these employees are less likely to engage in withdrawal behaviour and more likely to accept change (Meyer and Allen, 1997; and Iverson and Buttigieg, 1999).

Consistent and strong correlations have been found between work experience variables and affective commitment across a number of studies. For instance, affective commitment has been positively correlated with job challenge, degree of autonomy, and variety of skills used by the employees in different samples of employees (Colarelli et al, 1987; Dunham et al. 1994). Additionally, numerous researchers have examined the consequences of affective commitment and have found it to be associated with behaviours such as in-role job performance, and extra-role behaviour (e.g., Meyer, Paunonen, Gellatly, Goffin, and Jackson, 1989).

Research suggests that compared to continuance and normative commitment, affective commitment correlates significantly with a wider range of outcomes and correlates more strongly with any given outcome measure (see, Mathieu and Zajac, 1990; Tett and Meyer, 1993). For example, Stanley, Meyer, Topolnytsky and Herscovitch (1999) conducted a series of meta-analyses to examine the correlations between commitment and turnover intention, absenteeism, job performance, and organisational citizenship behaviour. They found that all three components of commitment correlated negatively with turnover intention. However, the magnitude of the correlations differed – the strongest correlation was with affective commitment, followed by normative and continuance commitment. In addition, affective commitment correlated more strongly than did normative and continuance commitment with measures of absenteeism, and organisational citizenship behaviour. Moreover, in contrast to affectively committed employees, continuance and normatively committed employees demonstrate reduced levels of citizenship behaviours and lack the initiative to perform tasks that go beyond their job descriptions (Shore and Wayne, 1993).

According to Meyer and Herscovitch (2001), a possible explanation for why affective commitment correlates with a wider range of outcomes is that, when commitment is accompanied by a mind-set of desire (such as the case with affective commitment), the behavioural consequences of commitment are perceived by the individual to be broader than when commitment is accompanied by a mind-set of provided cost or obligation. The authors argue that an individual with high affective commitment towards an organisation is more likely to consider the best interests of that organisation than someone with high continuance or normative commitment. They further recommend that wherever possible, it is desirable to foster affective commitment. Additionally, Meyer, Allen, and Smith (1993) suggest that a person who is affectively committed might be more likely than someone who is not so attached to keep up with developments in the occupation, and to join and participate in relevant associations. Furthermore, Meyer and Allen (1997) state that affective commitment is the most desirable form of commitment and the one that organisations are most likely to want to instil in their employees.

Organisational Citizenship Behaviour (OCB)

Organisational citizenship consists of behaviours that extend beyond specific role requirements, with the stipulation that such behaviours are performed voluntarily without expectation of material or social rewards (Brief and Motowidlo, 1986). That is, OCBs are those behaviours that are not explicitly recognized by an organisation's reward system and that promote organisational effectiveness. Organ (1988, p. 4) defined organisational citizenship behaviour (OCB) as:

> *'... Individual behaviour that is discretionary, not directly or explicitly recognized by the formal reward system, and that in the aggregate promotes the effective functioning of the organisation."*

Thus, according to Organ's (1988a) definition, citizenship behaviour has at least three characteristics: a) the behaviour is discretionary; (b) the behaviour is not directly or explicitly recognized by the formal reward system; and (c) in the aggregate, the behaviour promotes the effective functioning of the organisation.

Interest in OCB can be traced back to Barnard's (1938) concept of the 'willingness to cooperate' and Katz's (Katz, 1964; Katz and Khan, 1966) distinction between dependable role performance and 'innovative and spontaneous behaviours'. Organ and his colleagues first coined the term 'organisational

citizenship behaviour' in the early 1980s (e.g., Bateman and Organ, 1983; Smith, Organ and Near, 1983). Over the past two decades, interest in behaviour that generally fits the definition of OCB has increased dramatically (see Podsakoff *et al.,* 2000), and OCB has been the subject of numerous studies (e.g., Organ and Konovsky, 1989; MacKenzie, Podsakoff and Fetter, 1991; Niehoff and Moorman, 1993; Organ and Ryan, 1995; Lievens and Anseel, 2004), with few studies regarding the relationship between OCB and the psychological contract.

OCB tends to increase the organisation's efficiency and effectiveness (Rioux and Penner, 2001). Research indicates that OCB adds significantly to overall positive performance evaluations and reward recommendations (Allen and Rush, 1998). Hence, it is critical for organisations to ensure that their employees engage in OCB since organisations depend on OCB in order to run smoothly and effectively (Barnard, 1938; Katz, 1964). When an employee perceives that his/her organisation has failed to fulfil one or more promised obligations, he/she is likely to reciprocate by reducing his/her affective commitment, and extra-role performance (Robinson and Morrison, 1995; Robinson, 1996). On the other hand, higher employee perceptions of fulfilment of the psychological contract are bound to increase employees' commitment and organisational citizenship behaviours.

Propositions

Subsequent to the previous discussion, the following propositions are made regarding commitment-oriented HRM practices, perceived psychological contract fulfilment, affective commitment and organisational citizenship behaviours.

Proposition 1. High commitment work practices are positively related to affective commitment.

Proposition 2. High commitment work practices are positively related to OCB.

Proposition 3. Perceived psychological contract fulfilment is positively related to affective commitment.

Proposition 4. Perceived psychological contract fulfilment is positively related to OCB.

Proposition 5. Perceived psychological contract fulfilment mediates the relationship between the high commitment management work practices and affective commitment.

Proposition 6. Perceived psychological contract fulfilment mediates the relationship between the high commitment management work practices and OCB.

A Research Agenda

While the previous sections have suggested a model that explains the process through which high commitment management influences employee attitudes and behaviours, this model requires to be empirically substantiated. The paper therefore concludes by considering some relevant issues, which would need to be considered by any research conducted to evaluate the model.

First, the theoretical model presented in this paper needs to be more fully evaluated and tested. Second, while some research has shown that HRM practices can influence commitment level, further research is required in this area. Third, further empirical research is required into the ways in which contemporary changes in the employment relationship are affecting the psychological contract of workers. Knowledge on these questions can be developed and advanced by both HRM analysts conducting empirical research and by HRM practitioners.

Another interesting avenue for future research is the extent to which individual perceptions match up with objective organisational reports. This has important practical implications for managers and organisations desiring to use high commitment HRM practices to increase employee affective commitment and discretionary work behaviours. Future research could also explore the possible

moderating effects of the saliency employees attach to specific obligations in how they react to contract breach or fulfilment.

Conclusions

HRM practices have been regarded as effective tools for enhancing organisational commitment. Yet to date most empirical research examining high commitment management practices has been more concerned with investigating the relations between these practices and organisationally relevant outcomes rather than examining whether these practices actually influence commitment, and employee behaviour, or the mechanisms by which such an influence occurs. This is in spite of early calls suggesting that research that directly investigates the connection between HRM practices and employee re-evaluations of the extent to which their psychological contracts are fulfilled is especially needed (Guzzo and Noonan, 1994). Thus this paper put forth a theoretical model linking high commitment management practices with individual work outcomes via employee perceptions of the fulfilment of the psychological contract.

By understanding, and more importantly, attempting to manage the psychological contract, organisations are better able to ensure more positive work outcomes from their employees. HRM personnel will increasingly find that their expectations and those of employees are not congruent. To better communicate expectations, HRM personnel must take steps to understand employees' perceptions of the content of the psychological contract and from this alter the terms of the contract where circumstances permit. In this paper, it was suggested that high commitment HRM practices might indeed foster more positive psychological contracts than what traditional HRM practices can bring, and that such practices also lead to higher perceptions of fulfilment of the psychological contract. These perceptions might in turn result in more positive individual work outcomes. In conclusion, future research in this area will help further our understanding of the potential effects of high commitment management practices on psychological contracts and employee level outcomes.

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Foreign Labour Employment Policy and Change in Australia, Singapore and Malaysia

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Abstract

Foreign nationals serving as an alternative or back-up resource of labour, whether as slaves, indentured labour or economic migrants, are by no means new or recent (Stalker 1994). Most certainly, the spread of internationalisation and the global integration of economies since the latter half of the twentieth century, have opened up many more opportunities for businesses to tap into the human resource pool of countries other than their own (Rodrik 1997).

The employment of foreigners is investigated in three countries – Australia, Singapore and Malaysia – with the aim of demonstrating how each country's FLE policy had effectively operated as a value not only to control the volume but also the type of foreign labour movement into the country. In so doing, it has brought about significant changes in the employment of foreign labour as a labour resource and contributed also to the increase of international employment related migration, which is one of the important factors in global change (Castles & Miller 2003).

Introduction

Foreign labour employment (FLE) or the practice of employing foreigners is neither new nor recent. It is however fast gaining significance as 'the new international division of labour' (Castles 1989; Findlay 1993; Kaur 2000; Papastergiadis 2000; Stalker 1994) with the employment of foreigners growing phenomenally not only within a country but also in other countries. The spread of internationalisation and the global integration of economies, particularly in the last five decades, have contributed to a rise in

(a) international employment-related migration, purported by Castles and Miller (2003) as one of the most important factors in global change.

(b) illegal employment of foreign nationals (eg. ABS 2002; DIMA 1999a; Kassim 2001a; Nayagam 1992; Pang 1993; Wong 1997).

Work practices have changed through the centuries but the employment of foreign nationals has remained unequivocally essential. Early beginnings of FLE were mostly 'forced and coercive' (Stalker 1994, p. 25). Transoceanic trade and European colonialism brought about 'free and paid' employment (Castles & Miller 2003; Kaur 2000; Papastergiadis 2000; Stalker 2000). Over time, this practice has attracted all sorts of economic migrants to the extent that for many countries today, a constant revision of visa categories has become

necessary to accommodate the escalating demands for various types of international workers (eg. Iredale 1995, 2001; Kanapathy 2001; Kassim 2001b; Wong 1997).

FLE is a phenomenon that is affected by the interplay of a large set of variables (Yong 2005). One of them relates to the country's policy on FLE which is carried out through immigration and regulations pertaining to foreign worker employment. The aim of this paper is to demonstrate how a country's FLE policy operates like a valve not only in controlling the volume but also in the type of foreign labour movements into the country. In so doing, it significantly shapes the size and composition of a nation's population and workforce, including its basic cultural and religious foundations.

This paper will focus on three countries that share common historical beginnings as immigrant settlements (Baker 1999; Castles 1992; Chiew 1995; DIMA 2001a; Hugo 2001a; Leggett 1993; Turnbull 1980). Australia, Singapore and Malaysia were practically desolate as pre-British colonies. But time and time again, immigrant labour was brought in to populate and to develop the countries, to build them up as the nations they now are. Discussions will highlight the policies and the changes that resulted in FLE observed by Australia since WWII and by Singapore and Malaysia since their independence.

Foreign Labour Employment Defined

Deemed appropriately by Stalker (1994) as 'the work of strangers', FLE is far better understood as work carried out by non-local individuals who have come or been brought into a country for employment. These individuals can be classified as 'foreign workers within the country' and they include skilled and unskilled foreign nationals who had been either brought in by the company/recruitment agency or hired whilst they were job seeking in the country. Examples are settlers, contract workers, professionals, asylum seekers, refugees and illegal immigrants. Given labour's close association with migration, many authors such as Castles (1987, 1989) and Stalker (1994, 2000) amongst others, have tended to look upon employment of foreign nationals within the country instead as *migrant labour*. As a concept, *foreign labour* is concerned primarily with employment whereas m*igrant labour* encompasses employment as well as settlement considerations.

FLE also takes place 'in other countries'. These individuals are effectively the 'local' workers hired within the boundaries of their own country, either for work that has been subcontracted to their company by a company from another country, or for employment in offshore 'foreign' subsidiaries and/or relocated 'foreign' companies.

The Three Countries

A country's FLE policy is closely related to the main economic activity of the country. In the early years, the main economic activity of Australia and Malaysia was in agriculture whilst that of Singapore was in commerce and trade (Chew & Chew 1995; Drabble 2000; Peebles 2002; Turnbull 1980; Yap 2001; Year Book Australia 2005). When the countries started to industrialise manufacturing took over. More recently, these three countries are experiencing a rapid growth in the service industries. Economic restructuring resulted in numerous changes to the immigration policies and regulations concerning FLE. These in turn have made quite an impact on the nature of the foreign labour market.

Australia

In 1945, the Department of Immigration was set up to initiate a program to encourage permanent family migration (Castles 1992). This was aimed at 2 percent population growth per year, half of which was to come through immigration. It triggered a large-scale migration of workers to Australia. Between 1945-2001, 5.9 million immigrants came to help increase the population from 7 to 19 million (DIMA 2001b). They came from 150 countries but migrants from the British Isles remained the majority. Those from Europe, particularly Greece, Italy and Spain predominated the 1950s and 1960s years (Jupp 2001).

When the White Australia Policy was replaced by the Policy of Multiculturalism in 1972, this caused a shift and the main immigrant intake began coming from Vietnam, Laos and Cambodia (Castles 1992; Jupp 2001).

Australia's evolution from an economy based on primary and manufacturing industries to one of service changed the focus of policies in the eighties to skilled migration (Year Book Australia 2001). Aided by the introduction of the Numerical Multifactor Assessment Scheme in 1979, policies were poised to meet shortfalls in the labour market, both in terms of filling gaps and raising the overall skill level of the Australian labour force (DIMA 2001c). In 2003-2004, 77 percent of those who were in the labour force prior to migrating were skilled with computer professionals, accountants and managers/administrators representing the top three occupations of migrants (DIMA 2005). Growing international competition for the limited pool of skilled migrants resulted in new visa categories accommodating those not intending to settle permanently in Australia (Iredale 1995, 2001). Migrants are allowed into Australia under two main programs: humanitarian and non-humanitarian.

The humanitarian program is mainly for people seeking refuge from persecution in their own country. There are three set levels in this program: Refugee Program, Special Humanitarian Program and the Special Assistance Category. From July 1997 to June 1998, 12,055 were provided with visas under the Humanitarian Program: 4,010 refugees, 4,636 Special Humanitarian and 3,409 Special Assistance (DIMA 1999b). The Department of Immigration and Multicultural and Indigenous Affairs (2003) reported that the figure of 12,000 was maintained for 2002-2003.

The non-humanitarian program consists of three main categories: Family, Skill and Special Eligibility. Within each category there are several components. The Business Skills, Employer Nominated Scheme, Distinguished Talent, Spouses and Dependent Children components are demand driven and not subject to capping. The Independent and Skilled-Australian Linked, Parents, Finances and Interdependents components, however, are subject to capping (DIMA 2003).

Under the Family Migration category, a permanent resident or citizen of Australia is permitted to sponsor their family members as potential migrants (ibid).

The Skill Migration component is designed specifically to ensure that prospective migrants possess the skills that are in demand in Australia. Entry is based on point selection criteria, which includes age, skills and English language ability. Under this scheme, prospective migrants can choose to sponsor themselves or be sponsored by relatives or employers (ibid). In 2001, links were made with the overseas students program to accommodate those seeking to migrate without having to leave Australia. This was an attempt at retaining more young, English speaking skilled migrants who have been trained in Australia (ABS 2001). According to the Department of Immigration and Multicultural and Indigenous Affairs (2003), this resulted in numbers from the Skill Stream to double that of the period 2000-2001. This scheme also includes entrepreneurs who are interested in making capital investments and distinguished individuals with unique talents that are of benefit to Australia. All information collected on the applicants is stored in The Skill Matching Database which is accessible to state and territory governments and employers for their necessary recruitments (Hugo 2001b).

The Special Eligibility category caters for former residents and citizens of Australia, New Zealanders and children born to Australian citizens overseas (ibid).

Of the three categories in the non-humanitarian program, the Skill Stream has the highest level of visas granted on record. For the period 2001-2002, there were 58 percent in the Skill Stream, 41 percent in the Family Stream and 2 percent in the Special Eligibility Stream (DIMA 2003).

Next to the United States and Canada, Australia is the third largest of the traditional countries of settlement (Stalker 1994). However, not all immigrants who come to work in Australia choose to reside permanently. The numbers of temporary working residents have been growing in recent years. They comprise working holiday makers, overseas students, and those already employed in the social/cultural (entertainers, visiting academics, sports people and religious workers), international relations (foreign government officials such as diplomats) and skilled areas (sponsored employees comprising senior

managers, executives, specialists and technical workers). In terms of temporary working residents by occupation, the largest group (46%) consisted of professionals (Hugo 2001c).

Migrants and temporary working residents are the two 'legal' types of foreign workers. FLE of illegals is the third type and these comprise over-stayers and unauthorised arrivals. As at 30 June 1999, there were 53,000 over-stayers in Australia. Of this number, about 27 percent had been in the country for more than nine years. China, Philippines, Fiji, Indonesia, Korea, Malaysia, Germany, United Kingdom, USA, and Japan were the ten countries with the greatest estimated number of over-stayers at this period (DIMA 1999a). There has also been an increase in the numbers of unauthorised arrivals. In 1999-2000, approximately 5,870 arrivals were apprehended for not going through the official immigration procedures, 94 percent more than the previous year. Of these, 71 percent had arrived by boat with the remainder by air. The majority who arrived by sea was Chinese and most that came by air were from Iraq (ABS 2002).

Singapore

There are three distinct phases in Singapore's foreign labour management. The first phase was regarded as Singapore's 'First Industrial Revolution' with its emphasis on obtaining cheap low-skilled labour for its growing manufacturing base (Wong 1997).

Singapore inherited a flagging economy, chronic unemployment and industrial unrest with its independence in 1965 (Pang 1988). It had little choice but to adopt an industrialisation strategy. Success with attracting foreign investments for its labour-intensive export-oriented manufacturing led to a quickening growth in the economy in the late sixties and early seventies (ibid). This brought about a severe labour shortage that resulted in an inflow of foreign workers (Low 1995). Before 1968, unskilled foreign workers were not permitted into Singapore. This policy was relaxed in the early seventies when the government realised that it could not rely entirely on its own workforce.

The Census of Population reported that in 1970 there were 72,590 (11.15 percent of total labour force) foreign workers and by 1980 the number had increased to 119,483 (11.09 percent of total labour force) (ibid). Most were non-citizens and non-residents from the traditional source country of Malaysia (Ruppert 1999). When difficulties were encountered in getting sufficient workers from Malaysia, immigration was opened to countries such as Bangladesh, India, Sri Lanka, Philippines, Thailand and Indonesia. Permits were also extended to domestic workers in an attempt to encourage the participation of women, particularly those married with marketable skills and qualifications (ibid). Approximately 25 percent of all foreigners are employed as domestic servants and these are primarily women from the Philippines, Indonesia and Sri Lanka (Ruppert 1999; Wong 1997).

The second phase, deemed the 'Second Industrial Revolution', began in 1979 when the government's development strategy shifted to high technology, high-value added industries. This led to a boom in the construction industry and an escalating growth in the foreign labour market (Leggett 1993). Two significant directions took place in terms of the FLE policies in the eighties.

In the first instance, the government began its bid to reduce dependence on the unskilled from South and South East Asia and to phase out FLE by 1986 (Leggett 1993; Ruppert 1999). Several measures were employed to restrict the use of foreign workers and limit the entry of the unskilled into Singapore.

In 1980, employers of all work permit holders, except those holding three-year work permits, were required to contribute to the foreign worker levy scheme (Hui 1998). Employers of foreign maids were, in addition, required to deposit a security bond of S$5,000 with the Controller of Immigration and stood to forfeit this amount in the event of breach of bond conditions. In 1987, the quota enforced by the dependency ceiling system restrained the number of foreign workers an organisation could employ. Other regulations such as limiting access of the Central Provident Fund to only skilled labour and imposing tight restrictions on the personal freedoms and immigration of dependents of unskilled foreign workers were also introduced (ibid). According to Ruppert (1999), the immigration policy was also used

to effectively reverse the inflow of foreign labour during the 1985-86 recession when 102,000 jobs were eliminated and 60,000 foreign workers were forcibly repatriated.

In the second instance, Singapore began (in 1989) to liberalise its criteria for the issue of employment passes and permanent resident status to attract Hong Kong residents in the wake of the Tiananmen Square crackdown in China (ibid). The numbers that took up permanent residency during 1989-90 increased from 13,203 to 22,875 (Chew & Chew 1995; Low 1995). The liberalisation was touted as a necessary step towards arresting the brain drain and declining Chinese numbers in the population caused by Singaporeans emigrating to countries such as Australia, Canada and the United States. Because the Chinese comprised as much as 85 percent of those who emigrated, this caused great concern for the dwindling size of the Chinese population which was also being affected by a declining fertility rate (Chew & Chew 1995). According to Clammer (1991), Singapore remains one of the few modernised societies in the world that has put great emphasis on ethnicity as the primary means of social classification. The ethnic composition of the population had been fairly stable in the last decade. In 2000, the Chinese were still in the majority with 77 percent, the Malays following with 14 percent, the Indians 8 percent, Eurasians and other various ethnic groups making up the remaining 1 percent of the population (World Factbook 2003).

The third phase was marked by policy liberalisation for the expansion of the foreign labour force following strong economic growth experienced during the 1990s (Wong 1997). For example, the dependency ceiling for manufacturing was increased to 45 percent and construction was given a ratio of 5:1. A two-tier levy system was also implemented in the manufacturing sector where employers had to pay S$300 a month per worker levy for up to a dependency ceiling of 35 percent and S$450 per month per worker levy for additional workers.

This resulted in a sustained and increasing growth in the non-resident population, which developed at an annual rate of 2.7 percent in 1991. By 1996, the rise to 6.5 percent per annum had outpaced the growth of the resident population and by the end of 1995, the number of foreigners totalled more than half a million or 16 percent of the population. Seventy percent of these were unskilled work permit holders (Ruppert 1999; Wong 1997).

Since 1965, the foreign labour force (within Singapore) has been managed by the *Regulation of Employment Act,* which specifically prohibits foreign contract workers from any form of collective representation and procedures in the event of their services being terminated (Leggett 1993). Singapore's foreign (legal) workforce is made up of two groups: immigrant labour and guest labour (Chew & Chew 1995). Immigrant labour refers to those who are granted permanent residency. The guest labour group consists of holders of work permits and professional/employment passes.

Two forms of regulations manage foreign labour inflow: one relating to unskilled workers and the other to skilled workers. Unskilled workers come under the work permit scheme and are employed mainly in the manufacturing, construction and service sectors. Only main contractors are eligible to apply for these permits. They are issued for workers earning less than S$2001 per month and are valid for two years (renewable up to a cumulative total of four years). They are not transferable between occupations or employers and are subject to a levy. Permit holders are repatriated when their contracts expire. They are permitted to marry Singaporeans only with consent from the Minister for Labour and generally not allowed to bring their dependents into the country. Deportation awaits female work permit holders found pregnant.

Work permits of three years are issued for those possessing either a recognised trade certificate or acceptable educational qualifications. Holders of a three-year work permit are eligible for permanent residency after they have worked for a year. They can apply for citizenship after ten years of residency (Chew & Chew 1995; Hui 1998). In 1999, about 450,000 were permit holders, the bulk of these were unskilled and 80,000 were holders of employment passes (Yap 2001).

Skilled workers are granted employment passes which are valid for up to five years (Chew & Chew 1995; Hui 1998). Earning a salary in excess of S$2,001, these workers are found in managerial,

professional or specialist positions. Unlike permit holders, pass holders can marry Singaporeans, bring in their dependents and have their children born in Singapore. In addition, they are able to obtain permanent residency and citizenship far easier than permit holders. Permanent residency is permitted for those below 50 years and their families after six months. Those with tertiary qualifications can apply for citizenship after two years permanent residence. Non-graduate permanent residents with the requisite skills and qualifications are eligible for citizenship after five years.

The presence of illegal immigrants and over-stayers became an issue in the late eighties (Wong 1997). During the period of 1986-87, the numbers caught without work permits increased from 630 to 1,403. By 1994, the numbers had grown to 9,846. This increase was largely attributed to the sizeable increases in the levy scheme, the strict dependency ceilings and restrictions associated with the work permit system. The majority of these workers was found in the construction industry and came from Malaysia, Thailand, Indonesia and India. The Immigration Act was amended in 1988 to institute stiffer penalties, including corporal punishment. In 1995, the amendments to the Employment of Foreign Workers Act extended these punitive measures to their procurers and harbourers (ibid). In 1999, new work permit cards came with enhanced security features that would make them difficult to forge (Yap 2001).

Immigrants, 'guests' and illegals are the three main types of foreign workers *within* Singapore. Foreign workers are also employed 'in other countries' by government-subsidised/government-linked companies (GLCs) located in Malaysia, Indonesia, China, Vietnam, India and Thailand (Low 1995; Pang 1993; Pereira 2001; Tan 1995). Faced with labour shortages and rising wage increases, Singapore launched its regionalization policy in 1991 and moved some of its labour-intensive industries to the Singapore-Johor-Riau Growth Triangle. The move might also have been necessary because with a land area of 697 square kilometres and a population density of 6,004 per square kilometre, Singapore is one of the most densely populated countries in the world with 94 percent of its population reported to be living in high-rise flats or condominiums (SDS 2005; Year Book Singapore 2004).

Malaysia

The first wave of migrant labour inflow that accompanied economic restructuring took place in the 1970s (Kanapathy 2001). This gained momentum in the mid-1980s when rapid and sustained economic growth heralded the second wave. During the 1990s, the foreign worker population grew to unmanageable proportions and warranted the deployment of foreign labour management policies carried out through bilateral agreements with major labour sending countries that included regulations pertaining to the issue and conditions of work permits and employment passes.

The first bilateral agreement took place in 1984 with the signing of the Medan Agreement with Indonesia. Similar agreements took place with the Philippines, Thailand and Bangladesh. These were undertaken to negotiate for the quantity and quality (in terms of skill types) of foreign workers to be employed. By signing with selected countries, Malaysia was able to determine the nationality of foreign workers being recruited (ibid).

In July 1996, the government stopped issuing new entry permits to foreign labour in construction, services and plantations in an effort to stabilise the numbers. Following the 1997 economic crisis, Malaysia placed a total ban on the recruitment of foreign labourers except those from Indonesia and Thailand. It considered the latter act as providing necessary assistance to its immediate neighbours. Two hundred thousand foreign workers were also repatriated and over 180,000 illegal workers opted to be sent back to their home country. Since then, it has practised 'selective recruitment' (Kassim 2001b, p. 274) by permitting foreign employment in sectors regarded as critical such as plantations, manufacturing and domestic services.

In early 1998, the government increased its efforts to reduce the economy's dependency on foreign labour, particularly in the manufacturing and service sectors, by measures such as repatriation and levy. It also introduced stricter recruitment conditions, for example, annual medical examinations for foreign workers, higher income-level requirement for those wishing to employ foreign maids and restrictions of

one foreign maid per household with children. These were effective but when labour shortages became an issue in mid-1998, the entry of 120,000 foreign workers for plantation and export-oriented manufacturing sectors were permitted and with the revival of manufacturing in 1999, another 700,000 were allowed into Malaysia. Approximately 70 percent of these workers were located in the Kelang Valley in the Peninsula, having come mainly from Indonesia (64%), Philippines (7%), Bangladesh (25%), Thailand (1%), Pakistan (1%) and India (3%) (Kassim 2001a).

Since 1997, the government permitted expatriate husbands of Malaysian women to be employed under the foreign spouse program (Kanapathy 2001). Only expatriate wives of Malaysian men were allowed to seek employment previously.

The 1.6 million foreign nationals in 1999 accounted for 11.4 percent of the labour force and 11.6 percent of those employed (Far East & Australasia 2005). By 2000, the foreigners numbered close to two million with 31 percent engaged in manufacturing, 23 percent in agriculture, 9 percent in construction, 7 percent in services while 20 percent alone were employed as maids.

The administration of rules and regulations governing the rights and obligations of foreign workers are handled separately and differently by the Immigration Department (under the Ministry of Home Affairs) and the Labour Department (under the Ministry of Human Resources) in East and West Malaysia[23] (Kassim 2001a). The rights and obligations of foreign workers vary in terms of their legal status and the category of work they are engaged in. Generally, they are prohibited from joining trade unions and are not covered by collective agreements. They are only covered under the Workmen's Compensation Act of 1952 (since 1998) and the Employees Provident Fund. There is no minimum wage and employers are free to remunerate in accordance with market forces.

There are two main categories of foreign (legal) workers: expatriates (skilled personnel and professionals) and non-expatriates (labourers, both unskilled and semi-skilled). Expatriates are issued with employment passes whilst the non-expatriates are given temporary work passes.

Records on expatriates started only in mid-1997 with an estimated 12,600 workers. There was an open policy for entry by skilled workers and professionals from any country except Israel and Yugoslavia. Malaysia received expatriates from well over 100 different countries with the majority coming from the United Kingdom, Japan and India. Generally, they were found occupying top managerial and executive positions in the private sector (multinationals mostly).

Expatriates are issued with three types of employment passes. The first consists of those working for less than one year and earning a minimum monthly income of RM2,500. The second comprises those earning this income level but working for a minimum of one year. The third are issued to those earning less than RM2,500 a month. These passes are similar to those issued to non-expatriate unskilled and semi-skilled with the exception being that these pass holders are not required to pay the annual employment levy or undergo annual medical examinations. Maximum employment is permitted up to five years and all employment passes have to be renewed every year.

Temporary work passes for non-expatriates are also renewable on a yearly basis. However, these foreign workers are only permitted to work for a period of two to seven years after which they must return to their country of origin. They are allowed to re-enter after a lapse of six months. Compared to expatriates, holders of temporary work passes have fewer rights. They are not permitted to bring in their dependents, marry locals or be found pregnant in the case of women. They are also subject to annual medical examinations (ibid).

Temporary work passes had previously been issued only to Indonesia, Thailand, Philippines, Bangladesh and Pakistan (Kassim 2002). Nationals of other countries were permitted only when these types of workers were in greater demand (Kassim 2001b). Holders of temporary work passes are moreover, permitted employment only in sectors where local labour is not available (Kassim 2001a).

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[23] Geographically, Malaysia is made up of two parts: the Peninsula, known as Western Malaysia as one part, and Sabah and Sarawak on the northern quarter of Borneo island, known as East Malaysia as the other part (Milne & Mauzy 1986).

For example, during the 1970s and 1980s, they were allowed to work only in domestic services, plantations and construction. Since 1993, jobs were opened to them in manufacturing and other services. Another development that occurred was a greater diversification in the types of jobs available to female foreign workers. This resulted in females constituting approximately one-third of all foreign workers in manufacturing and one-half in services (Kassim 2001b). These jobs are held mainly by Filipinos and available in the Peninsula. Indonesians and Thais tend to work in plantations and construction whilst Bangladeshis are found primarily in manufacturing.

The total number of temporary work passes issued increased steadily in the 1990s (Kassim 2001a). From 533,000 in 1993, this figure increased dramatically to almost 1.5 million by 1997. This marked increase was attributed to the massive and stringent crackdown on illegal workers in 1996.

Illegal and undocumented workers are more prevalent among foreign workers employed in agriculture, construction work and services, such as those available in restaurants, households and small-scale informal operations (Nayagam 1992; Pang 1993). To combat the large inflows during the 1970s, the government began to institute legal procedures for the recruitment and employment of foreign labourers in the 1980s. It also implemented programs such as Ops Nyah I and II in 1992 and 1996 respectively to arrest the rising numbers in the illegal entry and employment of foreigners. Between 1992 and 1999, approximately two million were apprehended. In 1998, new rules such as compound fines, imprisonment and caning were introduced. These applied not only to the illegal immigrant and worker but also to their employers and procurers and those caught falsifying official documents (Kassim 2001b).

Conclusion

From the discussions above, it is most strikingly clear that the labour market in the three countries is socially being transformed.

First and foremost, with foreign workers coming from diverse areas of origin, this has caused all three countries to experience the globalisation of migration. In Australia's early post-war years, rapid industrial growth was greatly assisted by the influx of labour from Europe but more recently, it is drawing labour from over 100 different nations, the majority of which are located in the Asian region. Malaysia has been Singapore's main source of foreign workers since its early development. Now they both serve as a magnet for workers from most countries around the globe with those from Asia predominating. This factor continues to produce a multi-racial/ethnic and multi-lingual population with a diverse range of religious beliefs and cultural heritages.

Second, the volume of foreign nationals being employed in all three countries is getting larger. Cheaper air travel and easier entry access to these countries have resulted in a significant rise in temporary migration, which accounts for a very substantial proportion of the total international flow of foreign workers. The numbers of illegal and clandestine workers have also been increasing.

This has necessitated a tightening of economic immigration regulations and national security enforcement. Immigration policies have become more regulated and selective to accommodate the ever-changing requirements of various sectors in the economy. It could thus be noted that thirdly, the visa categories have grown significantly more complex in all three countries so as to cater for the many types of foreign workers. Generally, those with skill are accepted more readily whilst those with little or no skill (in Malaysia and Singapore) face restrictions in terms of access to superannuation, personal freedoms etc, even though the demands for unskilled labour remain high.

Fourth, the earlier emphasis on large numbers of low-skilled workers for the labour-intensive agriculture and manufacturing operations has obviously given way for greater expectations in the skill levels of new recruits. Industrialisation and advances made in technology have made available a greater variety of jobs and increased the number of job opportunities for women workers. Those in manufacturing and services have contributed in a major way to the foreign labour force numbers. Malaysia has one-third of

its foreign female population in manufacturing and one-half in services. In Singapore, as much as a quarter of the total foreign labour population are employed as domestic maids.

Finally, the labour policies of each country have not been independent of themselves but were considered along with domestic politics, bilateral and regional relationships, and national security policies of nations around the world. This in itself has contributed not only to the social transformation of the labour market within each of the three countries but also to the internationalisation of FLE.

These five features correspond with the tendencies Castles and Miller (2003, p. 4-16) considered as pivotal in the next 20 years for international economic-related migration. The FLE policies of these three countries are distinct and they demonstrate their role in shaping the composition and in controlling the size and distribution of the foreign labour force which invariably impacts a nation's population and its overall economic, social and political well-being. They also point out that even though FLE might serve as an alternative labour resource for the country, it nevertheless remains a vitally important and attractive option.

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Women, Work and Preference Formation: A Critique of Catherine Hakim's Preference Theory

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Abstract

The work of the British sociologist Catherine Hakim has been used prominently to support 'neo-traditionalist' approaches to gender, work and family. Hakim (2000, 2002) argues that, in modern affluent societies, virtually all women have a genuine choice between family work and market work. Further, women make their choice based on their preference for a particular lifestyle: work-centred, home-centred or one that combines paid work and time with family. We argue that Hakim's preference theory is flawed. It fails, in particular, to account for phenomenon of 'adaptive preferences', whereby women adjust their preferences in response to persistent gender inequality and make a conscious decision not to play by the current rules of the game. We also argue that women's paid work cannot be isolated from their unpaid work. Instead we must address the critical questions about care: who does it, under what conditions and how are the costs shared? Overcoming gender inequality therefore demands much more radical social change than has occurred to date.

Introduction

A number of recent magazine and newspaper articles have highlighted women who willingly toss in their high paid professional or managerial jobs to stay at home with their children[24]. These women are educated and have tasted success in the world of paid work. They had the option of returning to work but chose to put their family first. This is often celebrated as a matter of choice. In some cases it is portrayed as a choice feminists refuse to accept. At other times the possibility of such a choice is attributed to feminism itself[25].

The British sociologist Catherine Hakim would have no difficulty explaining this phenomenon. She argues that, in modern affluent societies, virtually all women have a genuine choice between family work and market work. Further, women make their choice based on their preference for a particular lifestyle: work-centred, home-centred or one that combines paid work and time with family (adaptive[26]). Although Hakim does not fully articulate her concept of preferences, she clearly links preferences to dispositions and values and considers preferences to be consistent over

24 Examples include O'Brien (2005) and Murray-Smith (2004).

25 Commentators such as Bettina Arndt and Janet Albrechtson have expressed the first position in various newspaper articles, and writers such as Pamela Bone (2004) and Don Edgar (2005) the second perspective.

26 Hakim uses 'adaptive' here to mean adaptive between work-and home-centred priorities. It is not the same meaning that adaptive has elsewhere in this article.

the lifespan (Hakim 2000).

We argue that Hakim's preference theory is flawed. It fails to account for the complex cognitive, intentional processes that lay behind choices and preference formation. In particular, Hakim's approach does not deal with the crucial phenomenon of 'adaptive preferences', whereby women adjust their preferences in response to persistent gender inequality.

Our critique of Hakim's preference theory arose out of reflection on our own research findings. The first findings emerged from a study on gender equity within the Australian corporate sector. The second came from a project for the *Security4Women* consortium of women's organisations. The consortium comprises BPWA[27], CPA Women, the Australian Federation of University Women and the Association of Women Educators. The Commonwealth Office of the Status of Women funded the *Security4Women* consortium to commission research into women's economic well-being and security. The third is Mary Leahy's doctoral research on work and family in Australia.

In the next section of this paper we provide an overview of women and paid employment in Australia. In section three we consider the link between paid and unpaid work and the ways that care and other productive work are rendered invisible. We then outline of Hakim's preference theory and identify some of the problems. Section five discusses in some detail choice and preference formation, in particular the phenomenon of adaptive preferences. In the final section we draw some conclusions.

Women and Paid Employment

Work in Australia is highly gendered. As the Australia-wide data in Table 1 reveal, women are less likely to work full-time and are less likely to be in managerial positions. Women are also more likely to be found in jobs that are low paid and insecure (Pocock 2003). Hence, on any measure, women earn significantly less than do men, as shown in Chart 1.

Table 1 Managerial and non-managerial men and women May 2002 Australia %
Source: ABS (2005a)

	Full time				Part time				Total
	Managerial	*Non-managerial*			*Managerial*	*Non-managerial*			*(rounded)*
		Adult	*Junior*	*All*		*Adult*	*Junior*	*All*	
Men	7.5	32.1	1.1	33.2	n.a.	7.7	1.8	9.5	52.0
Women	2.5	21.7	0.8	22.5	n.a.	21.0	2.8	23.8	49.0
Total	10.0	53.8	1.9	55.7	n.a.	28.6	4.6	33.2	100.0
Male percent of category	75.0	59.7	57.9	59.6	n.a.	26.9	39.1	28.6	52.0
Female percent of category	25.0	40.3	42.1	40.4	n.a.	73.4	60.9	71.7	49.0
Total	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*

In starting to think about why so few women make it into the higher levels of Australian organisations it is important to note that men and women tend to have different perspectives on the nature of the problem. Our research confirms the findings of a Catalyst survey of women senior executives and mostly male Chief Executive Officers (CEOs) within Fortune 1000 companies. The survey came up with 17 barriers to women's advancement. Significantly, men and women attribute (consistently) different causes for women's low numbers in leadership roles. While male senior managers tend to look towards women's attributes, preferences and life circumstances for reasons, women are far more likely to look to the organisation itself when they identify barriers to their progression (Wellington, Brumit, Kropf & Gurkovick 2003).

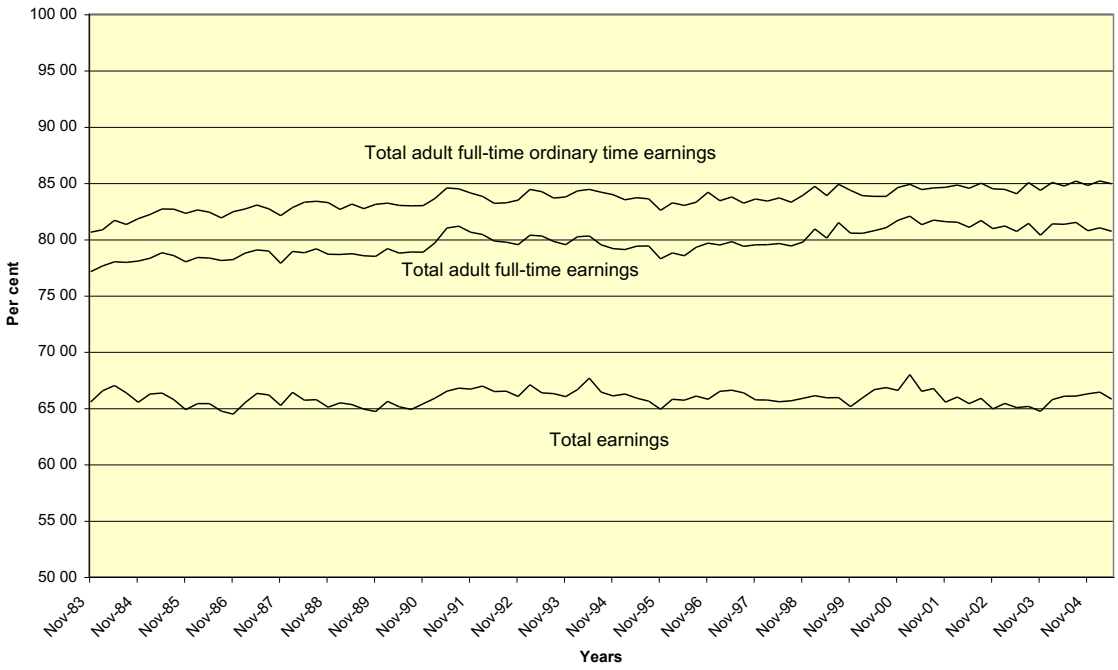
27 BPWA was formally known as Business and Professional Women Australia.

A culture of long-hours of work dominates Australian workplaces. The norm of the ideal worker is still strong. He is full-time, available to work more than the prescribed hours and is free from responsibilities for care and household work (Pocock 2003). In most workplaces it is assumed that the job comes first. Families are expected to fit around the demands of the workplace[28]. Arrangements that make it easier to meet family responsibilities and hold a paid job tend to be regarded as a gift rather than as a basic entitlement.

The Australian Federal government has just introduced legislation that radically alters the way employers and employees are able to negotiate employment conditions. It gives increased power to employers and limits the role of unions. The Australian Industrial Relations Commission (AIRC) has been stripped of most of its powers (Probert 2005; Pocock 2005). The effect of the new industrial relations system needs to be considered in the light of recent changes to the welfare system. These are designed to increase participation of single parents and people with disabilities in paid employment by restricting their access to benefits.

We are yet to experience the full impact of these changes, but it is already clear that the brunt will be borne by the most vulnerable: those with care responsibilities and those in or seeking the lowest paid and more precarious forms of employment (Pocock 2005; Goward 2000a, b; see also ABS 2005a).

Chart 1 Female earnings as a percentage of male earnings Australia 1983-2005
Source: ABS (2005b)



The Links Between Paid and Unpaid Work

We have presented a quick snapshot of Australian women's paid employment. However, it is impossible to look at women's paid work unless we consider their unpaid work, which consists of care and other household labour[29]. Women and men work about the same number of total hours, but the nature of their

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28 This perspective is expressed bluntly by Jason Lea, one of the family members behind the Australian multimillion-dollar business Darrell Lea Chocolates. He said: 'You see you've got to understand a very simple premise and that is that the business feeds the family. The bloody family don't feed the business. If the business isn't successful, the family don't have a roof over their head. So whatever is best for the business has to be number one priority' (Baré, & Clark 2005).

29 Barbara Pocock (2003, p. 15) makes this point, stating: ''Home' and 'work' cannot be separated into a neat binary, into neatly gendered jobs. They cannot be 'balanced,' since they are part of a seamless, messy whole: a conglomerate. Conventional categories of labour and economic analysis, which treat paid work as separate from home, life and the care that essentially underpins work, are hopelessly inadequate to the task of understanding the whole.'

work differs. Men's work is more likely to be paid and women's work tends to be unpaid (Bittman 2004; Craig 2003, 2005). Alison Morehead (2001) argues that gender divisions in the home determine women's availability for paid work.

Childcare responsibilities will generally mean that women will take career breaks in the so-called prime working age years. Breaks in employment continuity in turn can ruin many women's opportunities to rise in levels within their jobs and occupations. The result is a vicious cycle. Consider couple families whose remuneration corresponds to the averages represented by Table and Chart 1. In addition to the influence of traditional gender roles regarding care there is a financial incentive for the father to focus on career without interruption and the mother, who will have some break from paid work, to specialise in care and, at best, take on a secondary career. The norm of the ideal worker deters ambitious men from participating more in the care of their children (Nussbaum 2002, pp. 38-39; Wirth 2001, p. 56).

To promote women's opportunities in the paid workforce without addressing inequalities in the distribution of unpaid work results in two possible outcomes. Women do the paid work on top of the their unpaid employment. This is because women taking on paid work will not experience a commensurate reduction in unpaid employment (Grace 2002). This results in a double shift (Bittman & Pixley 1997, Fisher 2002; Hochschild 1989). The second outcome is that women decide not to engage in paid employment, reduce the number of hours they work or work at a lower level.

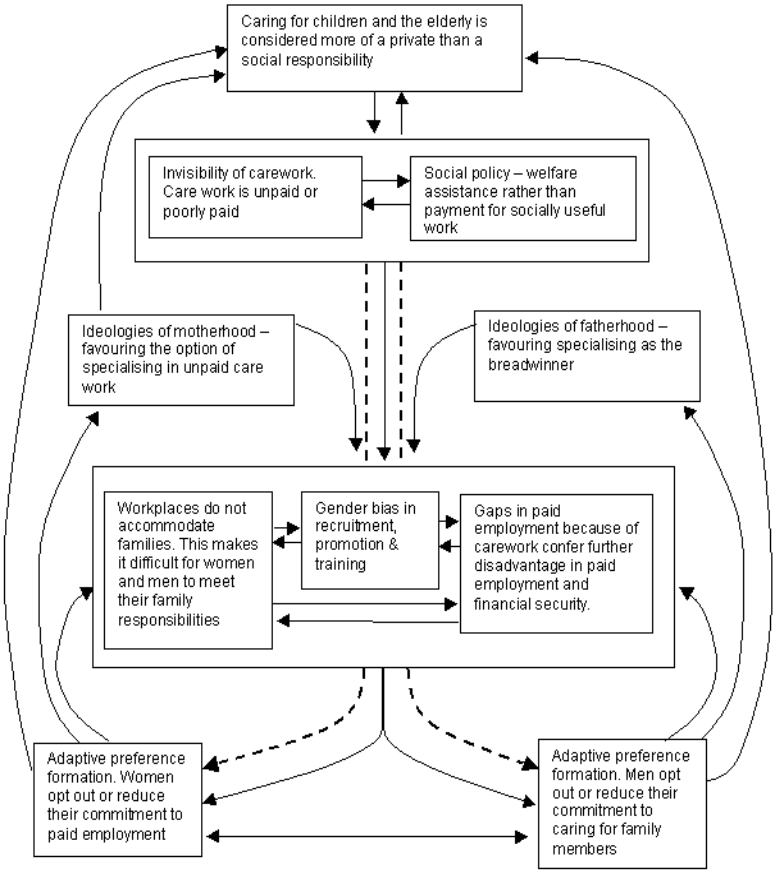
The decision to treat family responsibilities as a central part of a meaningful life is to be applauded. What is not acceptable is that many women are too often burdened with the unreasonable choice: to have children and sacrifice career or to sacrifice (or delay) having children to pursue their careers. It is unreasonable because it is a choice that men do not, as a rule, have to make.

As economist Nancy Folbre argues, unpaid work, including care and household work, has been rendered invisible. Its economic and social value is ignored. Men, business and society in general are free-riding on the unpaid and underpaid work done mostly by women (Folbre 2001, 1994).

We also need to consider the economic disadvantage inherent in taking on unpaid work in a modern capitalist economy. In a labour market that assumes the norm of the full-time worker who is unencumbered by family responsibilities there are limited options for women and men who seek to work in a different way. The consequences are limited career opportunities, reduced income and the risk of poverty in old age.

We argue that the problem of limited options has systemic or multiple interrelated causes. We might be able to pinpoint a particularly obvious problem such as the impact of a break in paid employment on career opportunities and lifetime earnings, but this exists in a network of layered social relations. Figure 1 shows how vicious cycles are generated as self-reinforcing *casual mechanisms*. We can start at any point. For instance, consider an original cause in a workplace culture that is hostile to families. This, combined with social expectations regarding the respective roles of mothers and fathers, causes women to pull back from paid employment and men to pull back from care work. Stereotypes of where the interests of men and women lay are reinforced. Social policy based on assumptions of gendered interests can further reinforce the cycle of 'pulling back'. In workplaces managers are not judged or rewarded for taking the needs of families seriously. By concentrating on typical business objectives they tacitly consolidate the existing organisational cultures, which are inhospitable to both women and men, though in different ways. Adaptive preference formation therefore is also driven tacitly by the 'same old, same old' cycles of repetition.

Figure 1 A vicious circle: barriers to participating in paid employment and to taking responsibility for the care of family members



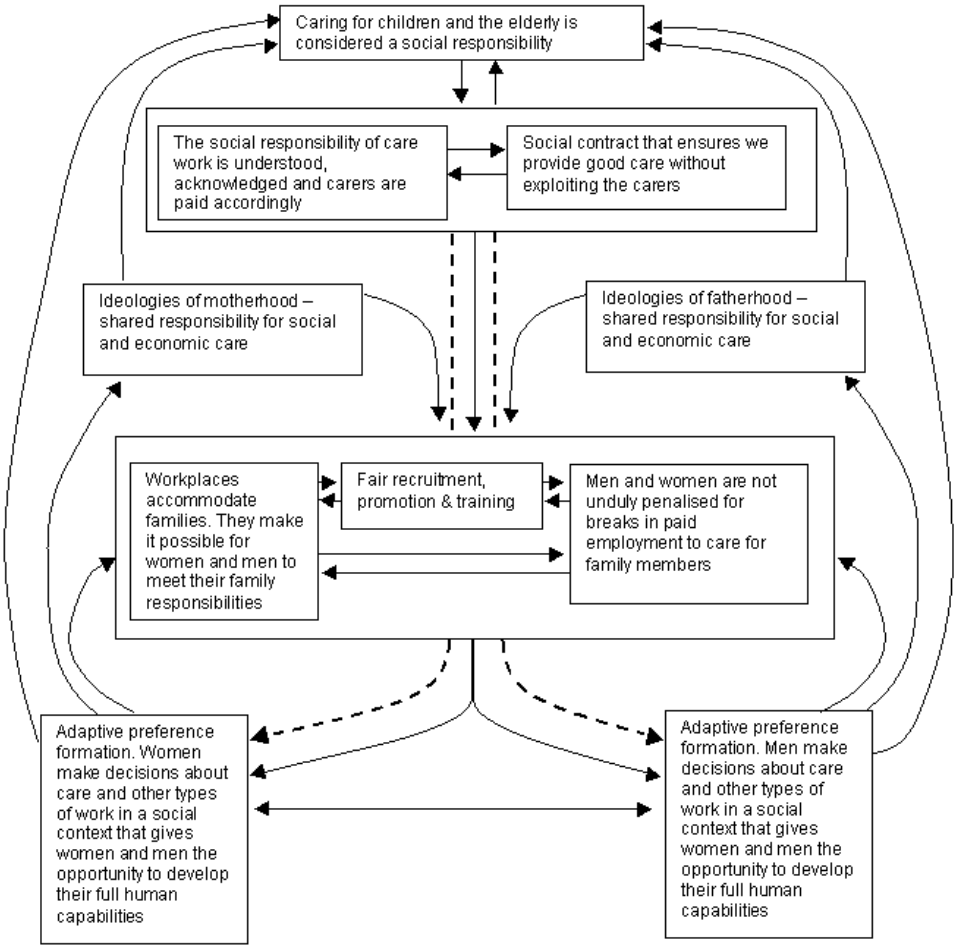
The important question we need to answer is how do we, as a society, ensure that we provide quality care to those who need it without exploiting the caregivers? The conditions under which care is provided are often left out of the research and discussion. This is understandable, though inexcusable. It is expensive to provide high-quality care without exploiting caregivers. If we recognised the social value of care we would pay childcare workers as skilled workers and not at rates barely above the minimum wage. If we recognised the social value of care then we would share the costs of raising children between fathers and mothers and between parents and non-parents (Crittenden 2001: Folbre 2001, 1994). This would not be in the form of transfer payments but as payments for productive work (Folbre 2005). Rethinking the problem in this way would enable us to move to the virtuous cycle represented in Figure 2.

It is important to state that, in suggesting that we need to find better ways of sharing the costs of caring for our children, the elderly and the sick, we are not advocating that we simply turn over everything to the market. This is not the necessary outcome of recognising care (and other unpaid work) as economic activity. The problem is the way we unthinkingly conflate the economy with the market economy. As Duncan Ironmonger points out the economy is a two-legged animal. Most of the time we only look at the market leg, ignoring the household. Yet the household is responsible for more care of adults and children and for making more meals than does the market economy[30]. Although it recognises care and other household work, Ironmonger's metaphor still maintains the strict division between the market and the household. To account adequately for care we need an economics based on *oikonomia* (the

30 From Marty Grace's (2002, pp. 137, 194) interview with Duncan Ironmonger. See also Ironmonger (1994).

management of the household to increase use value to all members over time) and not just *chrematistics* (the manipulation of property and wealth for short-term gain)[31].

Figure 2 A virtuous circle: sharing responsibility for care and provisioning



Hakim's Preference Theory

We have discussed the barriers facing women in paid employment and the link between their paid and unpaid work. We have mapped out the interlinking causal mechanisms that influence the decisions both women and men make about paid employment and the care of family members. However, many of our basic assumptions are not shared by Catherine Hakim. For example, she has explicitly rejected a shared responsibilities approach, arguing that this reflects the interests of some women (her 'adaptive' women) but not others. Though she does consider it possible that, in future, men may demand the same options she considers currently available to women, at the moment they do not (Hakim 2000, pp. 1, 5-9). We must consider the challenge that Hakim's theory presents.

[31] Artistotle valued *oikonomia* far above *chrematistics.* (Aristotle 1984; Crittenden 2001; Daly & Cobb 1989).

Hakim's theory has four central tenets:

1. In the late twentieth century five historic social and labour market changes have introduced new options and opportunities for women. These five changes are:
    - the contraceptive revolution;
    - the equal-opportunity revolution;
    - the expansion of white-collar jobs, which are more attractive to women than traditional blue- collar jobs;
    - the creation of jobs for secondary earners (people who do not wish to give priority to paid work at the expense of other interests); and
    - the increasing importance of attitudes, values and personal preferences in lifestyle choices.

    Hakim states these five separate changes do not necessarily occur at once, but all are necessary for 'the new scenario' that offers women free choice between family work and market work. She claims that this new scenario has been reached in most modern affluent societies.
2. Different women have different preferences and priorities, so once they have a free choice they will have different patterns of market employment. She classifies women's work and lifestyle preferences into three ideal types: home-centred, work-centred and adaptive.
3. These different groups of women have conflicting interests. It is this that gives men, with their comparatively homogeneous interests, a great advantage and explains the success and resilience of patriarchy.
4. Finally, it is the heterogeneity of interests among women that has resulted in a divided response to social polices. Hakim argues that predictions and policies concerning fertility and employment would be more successful if they were based on her preference theory and knowledge of the numbers of work-centred, home-centred and adaptive women in that society.

Hakim considers that, while it is appropriate for women and men to have the same opportunities in paid employment, most women reject a work-centred life. She states that, because women tend to take breaks in their paid employment, they cannot possibly achieve at the same level as do men and women who have a history of continuous full-time employment. In her view family-friendly policies cannot remove the conflict between two time-consuming and demanding activities (Hakim 2000, p 5).

There have been many critiques of Hakim's work that point to her failure to identify constraints and to recognise that preferences change over time (Pocock 2003, Probert & Murphy 2001, Morehead 2005)[32]. Other recent research seeks to disprove the effect of preference types on women's participation in paid employment (Chalmers & Hill 2005).

We have already pointed to the systemic gender bias evident in contemporary workplaces that challenges Hakim's view that the equal opportunity revolution has been achieved. Her theory explicitly assumes a rigid division between the private and public worlds. This is symptomatic of an approach that fails to appreciate fully the social value of care. We also take issue with the way she frames the problem. Hakim developed her theory in an attempt to understand divergent patterns of male and female employment. Although Hakim claims her approach is holistic, it is actually very narrow. She does not link gendered employment patterns to the social provision of care. Her work fails to address the critical questions about care: who does it, under what conditions and how are the costs shared?

Hakim claims that research on women's paid work and family responsibilities focuses on what women are expected to do and what they are prevented from doing but fails to consider what they might want to do. The contribution Hakim claims to make is the reintroduction of this third dimension of women's preferences. However, Hakim fails to appreciate that preferences cannot be considered in isolation of

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32 A critique of Hakim's (2000) preference theory could also be based on Folbre's (1994) work on the structures of constraints.

other constraints. In this paper we turn our attention to preference formation and in particular the problem of adaptive preferences.

Preference Formation

The notion that there are dispositional types with well-ordered preferences is spelled out by Hakim:

> *A review of recent research evidence (Hakim 2000) shows that once genuine choices are open to them, women choose three different lifestyles: home-centred, work-centred or adaptive. The three preference groups are set out, as sociological ideal-types ... with estimates of the relative sizes of the three groups in societies, such as Britain, where public policy does not bias the distribution. (The distribution of women across the three groups corresponds to a 'normal' distribution of responses to the family-work conflict.) ... These divergent preferences are found at all levels of education, and in all social classes and income groups. They are found in all European Union countries, and in most other modern societies* (Hakim 2002).

The idea is that preferences are akin to hard-wired mental dispositions (in fact hard-wired 'types' of dispositions). This view of preferences sits behind a lot of choice theory. The embedded nature of the preference leads to the view that choices are essentially predetermined. This is a highly deterministic approach to preferences and a limiting approach to choice. We will place this limited type of 'choice' in scare quotes.

According to the standard preference-'choice' approach, rational deliberation has little to do with preferences. Instead preferences sit behind and inform rational deliberations. Rational 'choice' simply concerns *how* to achieve the actual states represented by the (hard-wired mental) preferences. For example, Hakim's home-centred 'type' would make choices about marriage, employment and family size in order to achieve a home-centred lifestyle. Reason, deliberation and choice are merely instrumental.

The view of desire, preference and 'choice' here goes back at least to the 18th century Scottish philosopher David Hume. Hume held a non-cognitive theory of motivation, by which he meant that we could not deliberate rationally over the ends that motivate us. He did say, however, that we deliberate on the means we might employ to achieve those given ends. Hume considered that social customs and habits formed the ends that motivate us. According to Hume these customs and habits in turn were based on our inherent psychological dispositions and changed at a glacially slow speed. This is what he meant by his seemingly strange belief that reason should be the slave of the passions (Hume 1748-40, 1739, Book III Part I Section I). The passions behind our desires and preferences could be trusted, said Hume, because they were indeed relatively *passive* and conservative mental dispositions.

Hume's ideas are especially influential in 20th century economics: hard-wired desires (wants) shape preferences, and preferences are the ends towards which 'rationality' seeks efficient means.

Now the view that preferences are non-cognitive (or pre-cognitive) and that we deliberate merely over 'choosing' how to enact our preferences (achieve our given ends) is arguably false. We will point to three particular problems.

The first problem is that 'preferences' about what to do can result from deliberation, and they can change. We wrestle mentally over our choices. We do make decisions that, within limits, alter our life courses. Hakim's notion of an 'ideal type' is too close for comfort to Hume's notion of hard-wired and unchangeable dispositions. Second Hakim's perspective seemingly ignores the problem that preferences can be adaptive, in other words that they are formed in response to circumstances. This leads us to the third problem: if prevailing circumstances embody a history of discrimination and or disadvantage, adaptive preferences can reinforce and reproduce the history of discrimination and or disadvantage. Preferences are not a clean sheet. For this reason revealed preferences – shown in actual choices and social roles – are not a sound guide for policy (Nussbaum 2000, p. 112). For all these reasons we can

say that Hakim's is a 'neo-traditionalist' approach to gender, work and family, not withstanding that the designation is seemingly an oxymoron.

In addition the very idea of pre-formed or hard-wired preferences necessitates that such preferences be well-ordered. They must be able both to be ranked (ordered) at any point in time and to be consistent over time. If non-cognitive, pre-formed preferences were to exist without order and consistency life would be confused. We would be paralysed by an unresolvable clash of conflicting but unshiftable wants, needs and desires. The philosopher John Searle counters this perspective:

> *The ... point I want to take up is the question of consistency ... the claim that the set of primary desires from which one reasons must be consistent – does not seem to me just a little bit false, but radically mistaken. It seems to me that most practical reasoning is typically about adjudicating between conflicting, inconsistent desires and other sorts of reasons ... And this is not a bizarre situation; rather it seems to me typical that we have an inconsistent set of ends ... and the task of rationality, the task of practical reason, is to try to find some way to adjudicate between these various inconsistent aims* (2001, p. 30).

It is quite reasonable for women to want to pursue (1) a career to the full and (2) have children, knowing that this will be a difficult decision precisely because to act on (2) will conflict with (1). It is also possible for a woman to want (1) today and not in the future and to want (2) in the future but not today. She may also want (1) and (2) but not in the restrictive ways both are commonly available. None of these desires are unreasonable. Women are not greedy. It is considered completely unremarkable that men desire these things and more.

However, to return to Searle's argument:

> *The standard way out of this problem in the literature is to say that rationality is not about desires as such but about preferences. Rational deliberation must begin with a well-ordered preference schedule. The problem with that answer is that in real life deliberation is largely about forming a set of preferences. A well-ordered set of preferences is typically the result of successful deliberation, and is not its precondition* (2001, p. 30).

Moreover formation of preferences is complicated by the phenomenon of adaptive preferences. As the philosopher Martha Nussbaum (2000, p.136) and the economist Amartya Sen (2000, pp. 62-63) have argued, individuals adjust their desires in accordance with the way of life they know.

This brings to mind the problem known as 'sour grapes' (Nussbaum 2000, p. 136-9). In Aesop's fable of the fox and the grapes the fox is unable to reach the grapes and so decides they must be sour. Based on experience women might well consider that many careers in today's workplaces are out of reach. For some the possibility of having a child is also out of reach[33]. Whether this leads women to think work or family therefore 'sour' in the manner of the fox is another question. However, it does lead to adaptive *decision-making*: i.e. of the type that says 'I do not really want to be part of that'. Similarly the 'mother track' outcome cannot rightly be considered as forming an adaptive preference as such (i.e. adaptive *thinking*). Instead the decision-making adapts to the circumstances by 'making the best out of a bad lot'. The thinking, desires and preferences may also adapt, but it is not necessary that they do. It is clearly possible for women to see things clearly for what they are, to rail against the injustice of it all and to prefer the world were different.

In contrast the more genuine forms of preference or desire adaptation, according to Nussbaum (2000, p. 139), are those that include 'lifelong habituation, and [not] … simply giving up on a desire one once had'. This is especially relevant to women because key 'cases do involve lifelong socialization and absence of information'. Socialisation and absence of information are factors that define the known way of life and constrain women imagining possible alternatives to it. Nussbaum also highlights a

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33 See for example Cannold's (2005) work on involuntary childlessness.

> *… closely related group of arguments … recently advanced, in law, political philosophy, and public policy. These arguments show, in various ways, that people's preferences are in many ways constructed by the laws and institutions under which they live. This being the case, we can hardly use preferences as a bedrock in our deliberation about what laws and institutions we wish to construct. John Rawls, for example, emphasizes that 'the institutional form of society affects its members and determines in large part the kind of persons they want to be as well as the kind of persons they are'* (Nussbaum 2000, pp. 142-143; citing Rawls 1996, p. 269).

Nussbaum (2000) makes the important point that the plurality of the actual desires and preferences women have should be respected. Nonetheless that should not blind us to the forces shaping those preferences and desires. Nor should a respectful approach to women's choices today blind us to the institutional changes required if women's choices are to be more open in the future.

Concluding Comments

Hakim fails to pay attention to the complex, cognitive process of preference formation and, in particular, to the phenomenon of adaptive preferences. Although she loudly espouses choice, she conceives the available options in a very limited way. It is Nussbaum's and Sen's ideas on preference formation, not Hakim's limited preference theory that can more profitably guide researchers, policy makers and enlightened managements. They need to appreciate the systemic biases and the self-reinforcing effect depicted in Figure1.

To move out of this vicious circle we must accept the social nature of care and other household work. We must establish a social contract that ensures good care is provided to those who need it without exploiting the carers. We must pay close attention to the nature of all jobs. Do they allow women and men to have the time and the energy to care for their families? Or do the jobs and the culture of the workplace punish care work? We need to find much better ways of sharing the work (paid and unpaid). We need to ensure that women and men are no longer penalised when they care for family members.

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Designing and Implementing Curriculum for Students With Special Needs: A Case Study of a Thinking Curriculum

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Abstract

Over the years, ICT has emerged as a platform that is seen to enhance the knowledge and skills of students in mainstream learning environments. A growing number of schools however, now provide a separate alternative enrolment for students with special needs. Although there are valid opinions on what is the best method of educating these students (integration vs. segregation) it has been noted by many researchers that technology can play a major role in the learning process. In this paper, an e-learning paradigm is applied in a holistic manner to a special learning community with the aim of determining an appropriate e-learning model and platform to support curriculum design. The paper focuses on a pilot project at a suburban school for students with special needs. The aims of the project are to observe the level of immersion and engagement and its impact on curriculum outcomes of the group. This research project further investigates the transition issues and approaches for this group and the links and relationships beyond the normal school environment. The project has been funded by the School of Information Systems and the School Community.

Introduction

It has been established by many studies that a link exists between technology and learning and that technology has played an important role in learning for many people (Torgesen and Young 1983; Dempsey 1993; Quinn 1996; Pillay 2000). These studies also show that over the last twenty years technology has also played a significant role in work with specific disadvantaged groups such as the blind and those with movement disabilities in the provision of media to facilitate communication and education (Poon and Head 1985). This paper will outline a research project that is investigating present polices and their application to the use of information and communications technologies (ICT) to enhance the learning of the virtual community of students with learning disabilities.

There is a growing dilemma about school membership for students with learning disabilities (LD). Literature from the Australian Bureau of Statistics (ABS 1996; ABS 1997) and MCEETYA (1997)

indicates that the prevalence of LD is approximately 10-15% at the primary levels, and is still significant at the secondary level at 5-10%. Figures for Australia follow similar trends to those from the USA and other countries (NJCLD 1994).

A number of researchers including Bulgren (1998) and Agran (1977) support the view that students with learning disabilities require an alternative approach to their learning, while others claim that it is best to integrate these students with mainstream classes. Numerous integration and remedial programs have proved inefficient towards the total learning of this group of students (Adam and Tatnall 2002), and the literature shows that in some selected fields, for example in maths and social studies, specialist instruction has been applied to this group of individuals with little success (Johnson, Gersten and Carmine 1998; Klinger 1998; Swanson 1999). Overall however, there is strong evidence to support the existence of separate schools for students with special needs (Adam and Tatnall 2003). These schools exist on small funding support from the government and try to cater for individual differences in a significant way. This paper will refer to these students with special needs under the generic term *learning disabilities* and argues that use of the Internet and related technologies can make a significant difference to the education of these students.

Educating Students with Learning Disabilities

The definition of *learning disabilities* is still a little vague (Keogh and Speece 1996), and although LD research continues to grow and to have a significant impact on special education its classification remains problematic due to the vagaries and antagonisms surrounding the definition (Mather and Roberts 1994). At present two definitions are well supported: a legislative definition from the United States found in the 'Individuals with Disabilities Education Act' (IDEA 1997) and one proposed by the National Joint Committee on Learning Disabilities (NJCLD 1994), a consortium of representatives from organisations interested in LD.

In outline these definitions point out that a learning disability refers to a retardation, disorder, or delayed development in one or more of the processes of speech, language, reading, writing, arithmetic, or other school subjects resulting from a psychological handicap caused by a possible cerebral dysfunction and/or emotional or behavioural disturbances. It is not the result of mental retardation, sensory deprivation, or cultural and instructional factors (Kirk 1962). Specific Learning Disabilities is a chronic condition of presumed neurological origin which selectively interferes with the development, integration, and/or demonstration of verbal and/or nonverbal abilities. Specific Learning Disability exists as a distinct handicapping condition and varies in its manifestations and degree of severity. Throughout life, the condition can affect self-esteem, education, vocation, socialisation, and /or daily living activities (ACLD 1986 :15). Many previous studies on LD have focused on only one or two specific factors such as IQ, but the literature shows that a factor such as IQ does not yield valid results or assessments in regard to LD (Detterman and Thompson 1997). The literature also provides examples of where these students in normal classroom settings achieve little success in situations where technology was not regarded as an integral part of the curriculum (Zammit, Meiers and Frigo 1999).

The role of ICT can be easily realised now as the Victorian government has placed strong emphasis on its importance and availability. At a seminar in 2005, Victorian Government Minister, Marsha Thompson, reiterated a major policy to support schools in Victoria in various ways so that students would enhance their learning and employability position prospects. The policy has been also extended to Federal Government level, and tertiary institutions are seeking ways to incorporate ICT to improve graduate outcomes for these students (Adam, Rigoni and Tatnall 2005).

Teaching/Learning Paradigms

An important element in this study is a Learning Interface Model. The authors have examined earlier models, like the one shown in Figure 1 below, but have since adopted rather more sophisticated models.

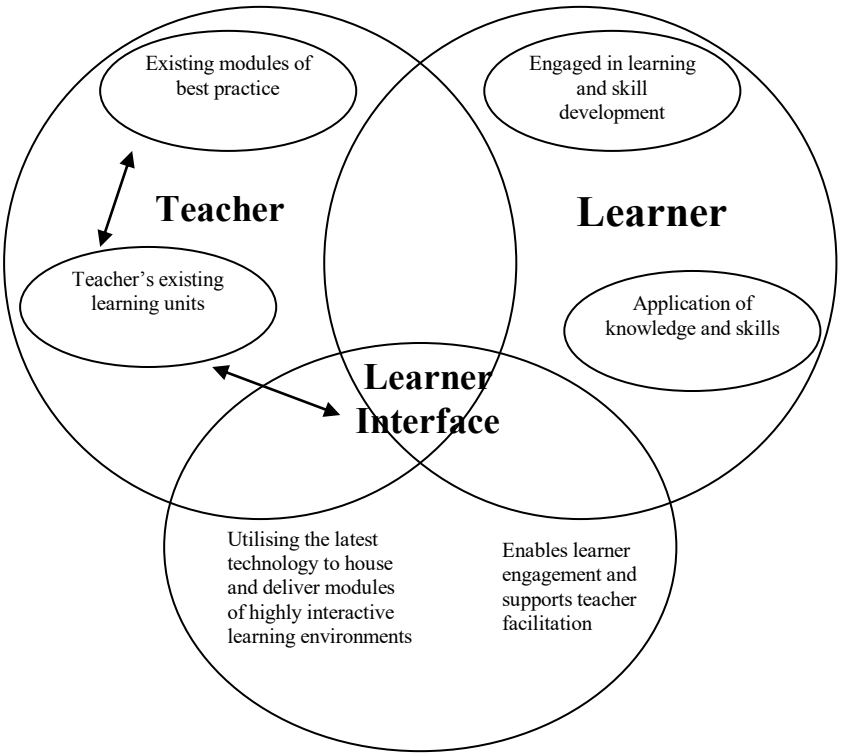

Figure 1: Learner Interface Framework

Teaching can be thought of as an interaction between teachers, students, experience and knowledge (Schunck and Nielsson 2001), and the way that these entities interact can be seen in different teaching/learning paradigms. Schunck and Nielsson (2001) outline three different stages in the development of current educational thinking, particularly as related to the use of technology in education. The first paradigm (Figure 2) is that of the verbal tradition (what Schunck and Nielsson call the paradigm of the past), which is characterised by a verbal flow of information streaming from the teacher directly to the students.

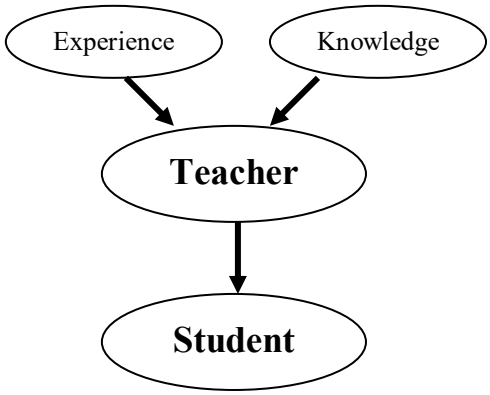

Figure 2: Paradigm of the verbal tradition

In the second paradigm (Figure 3), what they call the paradigm of today, communication is two way and students also communicate amongst themselves, but the teacher is really still at the centre. It is a paradigm where both teacher and student share responsibility, but the teacher remains the main source of information.

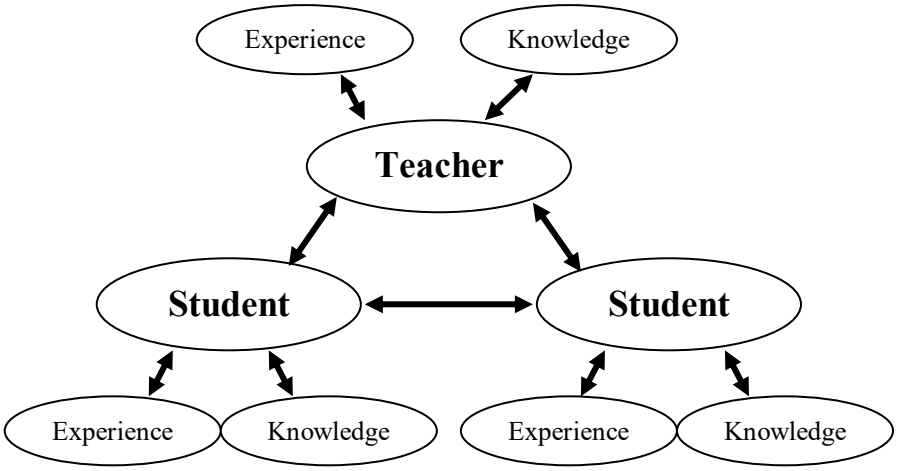

Figure 3: Paradigm of the teacher-centred classroom

The third paradigm (Figure 4) – the paradigm of tomorrow, differs in placing a knowledge base at the centre and giving both students and teachers important roles. Here, the teacher acts as a catalyst or consultant for students on where information can be obtained. The teacher also communicates their own knowledge and experience to the students, but this fills a smaller part of the interactions than before. This can really be considered as an e-learning paradigm where students make extensive use of technologies such as the World Wide Web to obtain information and experiences. With this teaching/learning paradigm the synchronous presence of both student and teacher is no longer necessary. The learning responsibilities of the students here are for 'searching', rather than 'receiving' as with earlier paradigms.

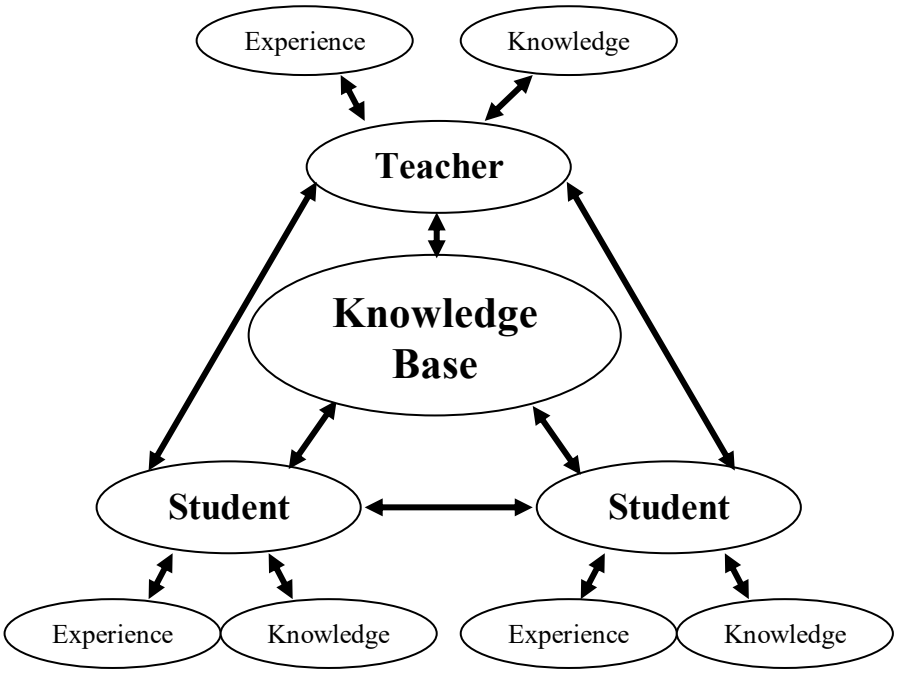

Figure 4: The e-learning paradigm

Learning with ICT – Teaching Models

A variety of teaching models are used with LD students. Agran (1977) describes a specific self instructional skills model for persons with mental retardation, and Bulgren (1998) used concept-based teaching routines to enhance the performance of LD students in secondary-level mainstream classes. Other studies used an individualised approach to enhance behavioural and special skills like maths,

history and familiarity with money (for example Fernell (1996), Browder and Yan (1998), Bulgren (1998), Van-Luit and Naglieri (1999)). The literature also describes studies on adolescents with LD (Dillon 1985; Deshler and Ellis 1996). Studies specific to individual reading and natural language include those of Kircaali-Iftar, Birkan and Uysal (1998), Johnson et al. (1998) and Swanson (1999). In general, these studies relate to mainstream classroom teaching and management strategies (McIntosh 1993). Wang, Reynolds and Walberg (1987) describe the theoretical approaches to the education of mildly handicapped children as follows: the Psychological Approach, the Sensory-Neurological Approach, the Ecological Approach, and the Behavioural Approach (Morrison, Macmillan and Kavale 1985).

Fuchs (1996) provides a more recent analysis of models of classroom instruction which relate to students with learning difficulties. Mercer and Mercer (1981) support the view that LD students should be provided with individualised programming. This relies on the social constructivist-transaction model where teachers and students exchange ideas to generate new knowledge, share the role of learner and focus on the social inter-subjective nature of knowledge. The alternative to this is the comprehensive programming model where consideration of curriculum decisions occurs in terms of an overall program for students with LD as groups. Other programs, or models, include the segregation of environments (or interventions) or school clinics (Danielson and Bellamy 1989; Kerns and Rondeau 1998; Klinger 1998; Lloyd, Forness and Kavale 1998).

The literature contains examples of early models of learning with the assistance of ICT such as computer assisted instruction (CAI), computer based learning (CBL), and computer based training (CBT) that were used with some success with LD students. Torgesen and Young (1983), Poon and Head (1985), Schmidt et al. (1986), and Wood and Stewart (1987) reported on studies that were carried out with microcomputer programs in literacy and numeracy to develop skills with LD students. Computer managed instruction (CMI) was also used to support teaching in general. In addition to these approaches, games were also used to develop and consolidate reading and spelling skills. The educational needs of LD students were considered and Torgesen and Young (1983) had established two important principles which were adopted in the design of software programs for LD students. These were referred to respectively as the:

1. Principle of uniqueness, and the
2. Principle of educational necessity.

The former used tasks or methods for motivation, whilst the latter focused on critical problems with LD students. Most efforts were placed on the development and testing of the software to support the development of more adaptive skills. Yamamoto and Miya (1999) used computer-based teaching with autistic children to develop their language skills, Johnson (1998) used CAI to develop vocabulary skills with LD students and Stevens and Edward (1991) used microcomputer time delay and CAI to teach spelling to LD students. Clearly the early studies were limited by both hardware and also software, and they weren't very efficient, even though they provided support to the teaching of these students.

Theories developed by Bloom et al. (1956) and Gardner (1993) also have a direct application to strategies for teaching and learning with the Internet. Bloom's taxonomy of learning domains for:

- Cognitive learning – demonstrated by knowledge recall and intellectual skills
- Psychomotor learning – physical skills, coordination, dexterity.
- Affective learning – awareness, interest, attention, concern.

is well known. In a theory of multiple intelligence, Gardner has identified several different kinds of intelligence in the context of which students learn (Adam and Tatnall 2002).

Visual/spatial	Visual and spatial demonstration of anything eye catching such as charts, graphs, maps, tables, illustrations, costumes, art and puzzles.
Verbal/linguistic	Language arts, speaking, listening, writing, reading. Best suited to traditional teaching.
Mathematical/ logical	Numbers, reasoning, problem solving. Suited to traditional teaching.
Bodily/ kinaesthetic	Activities, games, movement, hands-on tasks, building. These students can be considered 'overly active' when told to sit still.
Musical/rhythmic	Songs, patterns, rhythms, instruments and musical expression. Often overlooked in traditional teaching.
Intra-personal	Their own feelings, values, ideas. These students are more reserved, but intuitive about what they learn and how it applies to them.
Inter-personal	Other people, working in groups or with a partner. People oriented. These children are considered talkative or 'too socially outgoing'.
Naturalist	Outdoors, animals, field trips. Also an ability to pick up on subtle differences in meaning.
Existentialist	This intelligence is seen in the discipline of philosophy - where humanity stands in the big picture of existence.

Recent Learning Models or Concepts

Flexible learning is a form of learner-centred education designed to cater for individual needs in an increasingly diverse student body. It provides learners with greater flexibility in their preparation for tertiary study, teaching and learning approaches, learning pathways and points of entry and exit. Flexible learning approaches also increase learner choice in content, sequence, method, time and place of learning. Flexible learning approaches are often associated with the increased use of communication and information technologies but do not depend on technology and are unlikely to rely on online learning exclusively. Flexible learning approaches also encourage teachers to vary their response appropriately to address a student's learning request or demonstrated need.

Online learning (also known as *e-learning*, *web-based learning* or *distributed learning*) involves the use of communications and information technology networks, usually the Internet, to support learning. Online learning may include the provision of online learning resources, online support of student-student and student-teacher communication, online student assessment, online student learning support and online administrative services.

Online technology can make a key contribution to learner-centred flexible learning. To do so, online learning must focus on meeting learner needs to improve learning and not just on using technology to transfer information. The main intention of learner-centred flexible learning is to increase learner choice and accommodate learner diversity.

Online learning requires a simple-to-use, stable and reliable communication and information technology network. Servers and networks must be operated and maintained continuously and support must be available outside office hours. In the case of WebCT, this means that robust backup systems must be in place to ensure that WebCT is fully operational continuously.

A government project report included the study and role of educational technology in Australian schools. The project was titled 'Technology for Learning: Students with Disabilities' (Ministerial Advisory Committee: Students with Disabilities 2000). The core research questions that were investigated were: *What are the current processes used by teachers to implement learning programs for students with disabilities using computer-based learning technology? What are the critical components of such processes?*

The findings of the project clearly support many researchers (Holzberg 1994) that technology by itself does not make a difference, however, the integration of technology or ICT with effective teaching and learning strategies does enable students to enhance their learning in a considerable manner. There are several aspects which were identified as key inhibitors in schools:

- staff training
- computer literate staff
- staff release time
- external disability support staff
- parents as carers
- rural and remote settings
- teacher attitudes to technology and ICT.

The current research examines these inhibitors or blockers closely and tries to develop strategies towards the application of a robust e-learning and technology based model in a special pilot project.

Building a Learning Society

It has been demonstrated at the state level that a key aim was to foster an education system in which ICT became part of the every day classroom. This required an education system that adequately resourced students' and teachers' ICT needs so they would maximise the benefits of ICT in all subjects. Several case studies that relate to this policy framework include: New Realities, RED LAB, and Boosting E-commerce.

Virtual Communities and the Internet

The Collins English Dictionary defines a *community* as 'a group of people having cultural, religious, ethnic or other characteristics in common.' A *virtual community* is a group of people who share a common interest or bond, but rather than meeting physically they 'form communities that cross geographical, social, cultural and economic boundaries' (Matathia 1998 :156) and communicate via the Internet (Matathia 1998; Schneider and Perry 2001 :10). Rheingold (1993 :5) defines virtual communities as 'social aggregations that emerge from the Net where enough people carry on those public discussions long enough, with sufficient human feeling, to form webs of personal relationships in cyberspace'. Examples of virtual communities, using computer and modem, include the group of older people who share a common life stage, music lovers with an affection for a particular genre, and teenagers battling through 'the trials and tribulations of adolescence' (Matathia 1998 :156).

There are a number of alternative names for virtual communities such as 'communities of interest' (Hagel and Armstrong 1997) and 'Internet cultures' (Jones 1995). From an on-line marketing perspective Muniz (1997) calls them 'brand communities' and Kozinets (1998) uses the term 'virtual communities of consumption'. Barnatt (1998) suggests that there are two categories of virtual community: off-line and on-line. Both categories share common interests and bonds but on-line, Internet-based virtual communities today 'allow a wide range of global individuals to argue, share information, make friends, and undertake economic exchanges, in a flexible and socially-compelling common on-line arena' (Barnatt 1998). In contrast, members of an off-line virtual community do not communicate directly with one another but are reliant on 'broadcast' mediums such as newspapers, TV and radio to sustain their common interests or bonds.

An example of a virtual community (Lepa 2002) is the group of Australian older people who use the GreyPath Village. This provides for chat facilities, sharing a common bond of ageing (Bosler 2001). Matathia (1998 :156) suggests that these on-line relationships can be every bit as strong and permanent as their 'real world' counterparts.

The above definitions also apply to a community of special schools in the outer metropolitan area of Melbourne. The schools are keen to set up relationships involving students mainly through exchange programs, but there is growing interest to utilise ICT and the Internet. A major project will involve the schools participating in specially designed programs that will engage the students with online learning activities.

It should be mentioned here that each school has been asked by the State Government to propose its own Educational Technology plan. The proposed project will incorporate such a plan during the research data collection phase. It is hoped that the data will be useful in providing knowledge about the way technology and ICT can assist students with LD. As an extension, the study hopes to provide guidelines and directions about future career paths or options that are in accordance with government principles.

Transformation of Concord School's Victorian Certificate of Applied Learning Program via Implementation of One-to-One Information and Computer Technology

Concord School, Transition Centre

The Concord School Transition Centre caters for approximately 60 to 70 students from Years 10, 11 and 12. There are three learning programs delivered in the Transition Centre, each of which offers an applied learning curriculum. In Year 10, students complete the pre-transition learning program. This program has been specifically designed to prepare students for their post-compulsory schooling. In Years 11 and 12 there are four class groups of approximately twelve students. Students in three of the class groups complete their VCAL (Victorian Certificate of Applied Learning) award. The fourth class completes a Special Needs Learning Framework (SLNF) learning program (Concord School 2003). Both the VCAL and SNLF are completed over two years. The SNLF was developed by Transition Centre staff at Concord School to meet the needs of the high support students.

The One-to-One Information and Communications Technology Initiative

In this paper we will focus on the implementation of a One-to-One (121) Information and Communications Technology (ICT) initiative in the Transition Centre. In simple terms this will require the school to invest in a computer (lap-top or desk-top) for each student, as well as other accompanying software and hardware (including an interactive whiteboard) for VCAL students.

The 121 ICT initiative is in the initial phase of implementation. It is a direct response to a vision proposed by the teaching team in the Transition Centre (Davies and Davies 2005). The 121 ICT implementation plan was devised during discussions at a section planning day. Teachers made the decision that a significant way to improve teaching and learning practices – which assist personalised learning (Hargreaves 2004), would be via establishing 121 ICT learning classrooms. In this vision all the VCAL teachers identified the need for all students to have access to a computer during all their learning time. The initial proposal will be for one classroom to act as a pilot program – with other classes accessing 121 ICT over the following four year planning cycle. This would form a core part of the Transition Centre's Strategic Plan for 2006 to 2010.

The Blueprint from the Victorian Department of Education and Training (DET) for Government Schools requires the achievement of literacy and numeracy levels, participation in and outcomes from education, across the population for all Victorians from wherever and from whatever background, that has not yet been achieved anywhere in Australia and seldom elsewhere in the world (State Government of Victoria 2003 :Introduction). The 121 ICT project offers opportunities for students to use technology that will demonstrably improve their literacy output, access and exposure to technology as well as increase student engagement. Information technology is a targeted area for improvement in the Victorian Government's Flagship One strategy as part of its Blueprint for Government Schools (State

Government of Victoria 2003). The rationale that was be presented to Concord School Council reflected these ideas that were the result of the initial visioning process, as well as further team workshops amongst teachers (Harris 2005).

Charter Priorities and the 121 Initiative

121 ICT links directly with the provision and assessment in the VCAL program. One of the charter priorities is to improve access to the VCAL program for students in the Transition Section. Improving access means enabling more of the students to meet the requirements of more units of work, and thus, attain a VCAL award. The VCAL students have demonstrated that they experience learning success and engagement when they are given access to technology. It is the lack of on-going access to such technology that is a primary area of concern and must be addressed. Teacher observation regarding student behaviour and students' expressed learning preferences over the past twelve months have significantly raised the teams' awareness regarding students' need to access ICT. This need has now reached a tipping point (Gladwell 2001) and may lead to significant and sustained transformation in student learning (Caldwell 2005).

121 ICT will improve the delivery of the Victorian Certificate of Applied Learning Program, and thus support improved student learning. At Concord School a Foundation Level VCAL Program is offered over two years. The students complete a range of VCAL and Certificate of Transition Education (CTE) units as well as TAFE (Technical and Further Education) course work, as part of their VCAL Program.. The VCAL Program at Concord School will undergo significant change in 2006. The Victorian Qualifications Authority (VQA) has approved the introduction of new literacy and numeracy units at foundation level. Presently only four VCAL units are offered at Concord School whereas next year up to ten will be offered – including three Industry Specific Skills units, which are Vocational Education and Training (VET) certificates. For each VCAL unit of work a student completes, the VQA require the development of portfolios of evidence for units of study. Presently the VCAL students at Concord School develop electronic portfolios and it is hoped that access to 121 ICT will further support the students' skills and abilities in this area. The culture of continuous improvement in DET policy promotes change as part of Victorian State School cultural practice (State Government of Victoria 2003). The driving force behind this change is not to continuously re-invent education but to build upon existing best practice (State Government of Victoria 2003). The Transition Team believe that the integration of a 121 ICT program reflects the Schools' commitment to a culture of continuous improvement.

The implementation of 121 ICT classroom environments will also require the development of a new shared curriculum and a new pedagogical focus (Davies and Davies 2005). This will necessitate moving away from autonomous teaching practices and incorporating new approaches to teaching (Southworth 2005), including a teacher commitment to personalised learning for students (where learning experiences are student directed). Sustained transformation will require that staff commit to undertaking the necessary professional development required in order to prepare for these changes (Southworth 2005). Teachers will also be required to share information and teaching resources in a professional learning team and on a school based VCAL resource bank (Hargreaves 2005). There has also been discussion pertaining to sharing the professional learning with the wider education community (the method by which this will occur is still being negotiated).

Inclusion of Key Stakeholder Groups

It is essential to include the students themselves in the change process being embarked upon (Davies and Davies 2005). As the driving force of current change initiatives are concerned with improving student learning outcomes (State Government of Victoria 2003) it is of critical importance that students have a part in driving that change. Each of the key stakeholder groups have been invited into the change process via questionnaires, discussion groups, meetings and sharing of information (via the school newsletter for instance). This has encouraged all members of the school community to share their ideas

about how to maximise the use of a 121 ICT environment by, for instance, asking parents what their needs will be, inviting students to express their ideas and linking teachers to create a shared process (Harris 2005). The Leadership team at Concord are supporting staff by providing professional training not only in technology skills, but also in pedagogy.

Many partnerships need to be established between members of the Concord learning community in order for the 121 ICT initiative to be successful. The nature of the partnerships will vary. Some partnerships will be defined by fiscal relationships, others by ensuring clear and constant communication between stakeholder groups. Of particular importance will be the links between technology staff and VCAL teaching staff. Fundamental to the initiative will be expert technological support to assist teachers as they learn new skills and teaching processes. Technological expertise will also be required to maximise functionality of any new technology implemented.

A Virtual Community of Special Schools

The aim of the research project is to set up an environment using the Internet and ICT to enable the communication of students through videos, email, and other suitable programs for students of peer group ability and function. There has been a growing interest to set up a virtual community between the schools and expand this further to include an overseas school from Hong Kong. There has also been interest in involving TAFE, the Royal Children's Hospital (RCH) Educational Institute and some other organisations.

The research will involve a pilot study of a group of students in the upper secondary (Transition) group in outer metropolitan area of Melbourne. The pilot study will focus on curriculum design and the issues associated with this for a special 'thinking curriculum'. The school population is approximately 250, which includes students from lower primary to upper secondary age groups. The school caters for students with mild disabilities and it has a technology-based focus. This is recognised as one of the strengths of the school curriculum. The research goal is to find out how technology can be used to establish and/or increase engagement (and thus improve student learning outcomes) for special needs students. The desired outcome is to develop a plausible model of technology implementation (hardware and software) to achieve the desired result of increased student engagement and improved learning outcomes. This involves:

- The study of learning models and understanding how kids learn as well as the study of teacher paradigms.
- Establishing a technology skills matrix and developing an appropriate teaching/learning model that marries with the skills matrix. The matrix will be developed in two parts – thinking/learning skills and technology skills. The skills matrix will include such things as problem solving and communication skills (for example). The study will analyse what skills might be included in the skills matrix – in reference to 'learning to learn' / 'thinking curriculum' pedagogy.
- The model with then be tested via its application in a learning environment and applying appropriate measures. This involves setting criteria for measurement. This part of his study will examine whether the application of technology leads to students meeting the expected learning outcomes.

The overarching questions are to what extent can technology be integrated into the curriculum? How can we harness technology to enhance learning? How can technology support our VCAL and CTE module learning outcomes? How can we increase student participation in 'the 'virtual (global) community'? The role of the teacher will be as an 'action learner', to become skilled in the use and application of ITC and then to train other teachers.

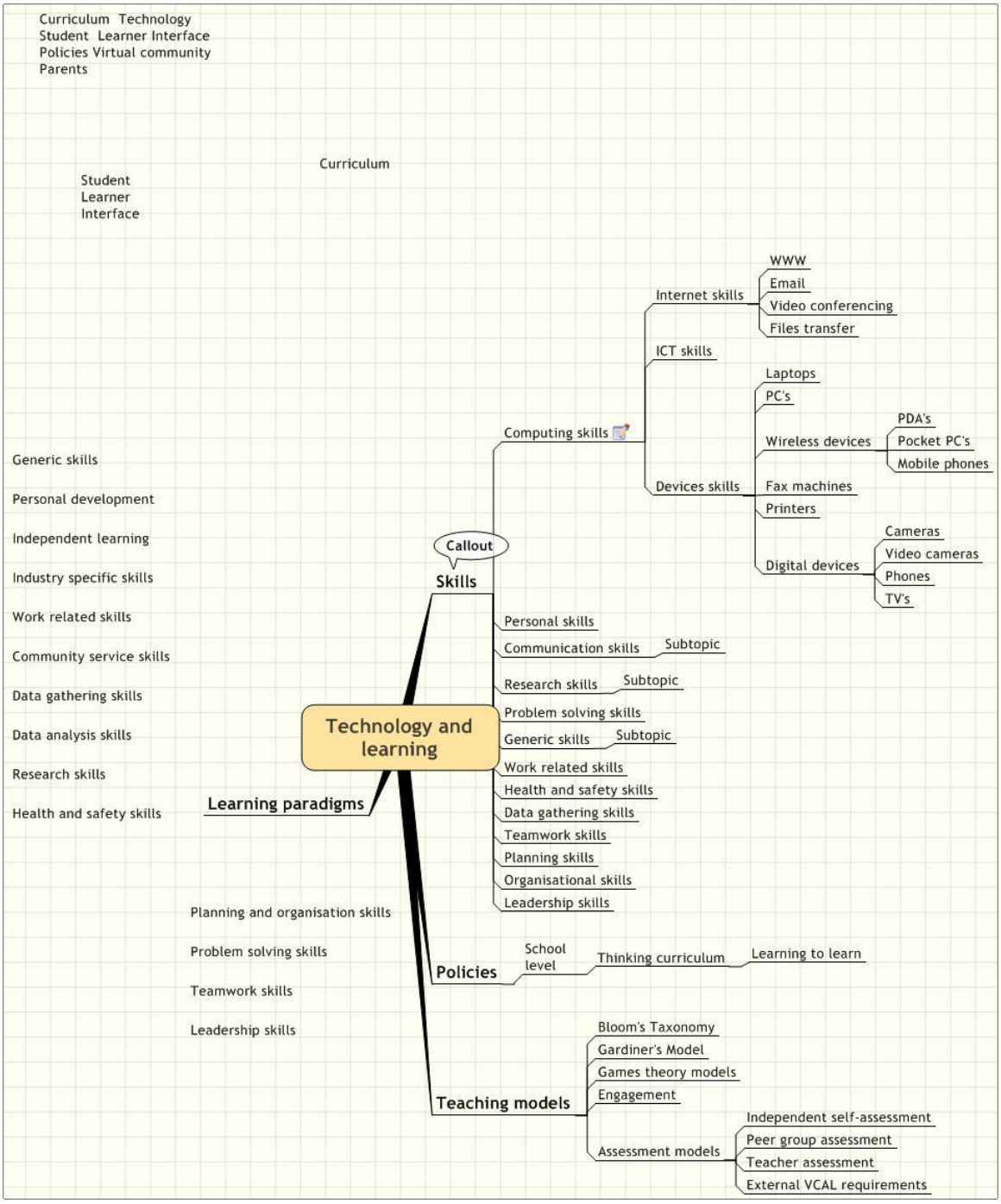

Figure 5: Mind Map of teaching, learning, skills and technology

Methodology and Data Collection

The project will require establishment of a pilot 121 Learning Classroom and the provision of a laptop computer to each student and teacher and a SmartBoard to the pilot class. It will be necessary to consult with technology staff regarding purchase, installation and training of teachers and students in the use of this new technology. The 121 Learning would require a partnership between teaching and technology staff, with technology staff advising and assisting teachers with the integration of ICT into a 121 Learning Environment involving fully integrating technology. Student progress will be tracked via the production of technology-based work.

The following data will be tracked to demonstrate that investment in establishing a 121 Learning Environments has contributed to improved student learning outcomes:

- Number of students attaining VCAL Certificate, completing unit requirements
- Student self assessment – reporting on use of ICT in own learning
- Teacher assessment – running records of tasks completed by individuals and class, ICT employed by teacher and students
- Tracking Internet sites accessed
- Parent and student opinion surveys – internal and external (benchmarks)
- Engagement – tracking incident reports, level of behavioural issues, absentee rates
- Development of student digital portfolios for demonstration night.
- Demonstration classes/open classroom for members of the school community to see 121 in action.

The anticipated outcomes are: increased student engagement, increased opportunities for students to participate in learning that contributes to competency based assessment, increased opportunities for students to produce high quality work independently, completion of core work on line, and the capacity to complete required assessment tasks as defined by the Victorian Qualifications Authority in respect to VCAL Certification.

Conclusion

The 'thinking curriculum' or 'learning to learn' pedagogy requires students learning programs to be personalised, meaning that student learning is student-driven. Learning to learn and understanding how one learns is a critical part of personalised learning pedagogy. ICT offers students an increased capacity to construct their own learning experiences. Technology can assist students with LD and research with the virtual community will demonstrate how the relationships are fostered through the use of ICT and Internet-based technologies. The outcome of the research will be a suitable learning model that incorporates technology and human factors in the development of skills and knowledge of students with LD. This research will add to work carried out earlier in the national project in 2000 for this important and vital virtual community.

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Comparing Cross-Cultural Dimensions of the Experiences of International Tourists in Vietnam

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Abstract

Vietnam's location in South East Asia places it well to benefit from tourism growth trends regionally and globally. It appeals to international tourists because of its long history, its culture and its unique customs and habits. Vietnam is experiencing rapid international tourism growth of visitors from different cultural backgrounds which places pressure on tourism service providers. If development is to be well managed, tourism professionals will need to broaden their understanding of both Western and Asian visitors, and managers need to encourage an atmosphere of familiarity and comfort amongst tourist groups, thus enhancing visitor satisfaction. However, appealing to diverse tourists markets is difficult because the needs of visitors are culturally determined and complex. Despite the importance of tourism for Vietnam, no research has attempted to measure tourist satisfaction in a cross-cultural context. In the present paper, a conceptual framework is proposed to explain the determinants of satisfaction amongst international tourists from different cultures when holidaying in Vietnam. In developing the proposed model, a review is undertaken of the concepts of culture, rules of behaviour, tourist perception and satisfaction. A range of factors are take into account including internal factors (such as cultural values, rules of behaviour, socio-demographics, behavioural and other travel characteristics) and external factors including tourist perceptions of their hosts and of products and services.

Introduction

Vietnam is endowed with abundant historical and cultural heritage and offers a variety of beautiful and unspoiled natural attractions. Such attributes have potential appeal for a wide cross-section of travellers. Its tourist attributes lend themselves to the development of a diverse range of products from coastal and beach tourism settings to adventure, ecotourism, cultural heritage and urban tourism. Vietnam's economic reforms have given further impetus to the growth of international tourism prompting the upgrading of tourism facilities and gradual relaxation of entry requirements.

Since 1990, Vietnam's tourism industry and tourism receipts have been transformed into one of the country's leading sectors. Tourism is now one of Vietnam's leading exports. According to official VNAT (Vietnam National Administration for Tourism) (2005) forecasts, inbound tourism will be maintained and will reach 2.3 million growing to around 6 million in 2010. Vietnam appeals to holidaymakers who are seeking novel and exciting destinations. It is also popular with independent travellers following the East Asia back-packers route. As is evident from the international tourist arrival trends over the period 2000 to 2005, highlighted in

Table 1, Vietnam is already accustomed to handling inbound travellers from different cultural backgrounds. China, France and the USA currently account for nearly 50% of total overseas arrivals in Vietnam. They have been selected as the subjects of the present research. Though each exhibits distinct cultural characteristics, they all have strong historical and cultural links with Vietnam.

The combination of affordability and proactive promotion by the Vietnamese government has stimulated strong inbound tourism growth. As various air transport links have been fully re-established, Vietnam will be placed to take advantage of the Chinese, French and American leisure, business and VFR markets. The depreciation of the Vietnamese Dong relative to the USA and China currencies has enhanced the affordability of Vietnam as a destination.

Table 1: International Tourist Arrivals to Vietnam by Major Countries (2000-2005)

Nationality	2001	2002	2003	2004	2005
China	672,846	724,385	639,423	778,431	684,054
Japan	204,860	279,769	209,730	267,210	298,979
Taiwan	200,061	211,072	207,866	256,906	260,987
USA	230,470	259,967	218,928	272,473	299,442
France	99,700	111,546	86,791	104,025	114,779
Australia	84,085	96,624	93,292	128,661	132,398
Britain	64,673	69,682	63,348	71,016	73,828
Thailand	31,789	40,999	40,123	53,682	77,599
Total	1,588,484	1,794,044	1,559, 501	1,932,404	1,942,066
Grand Total	2,330,050	2,627,988	2,073,433	2,927,876	3,140,426

Source VNAT (2005)

Despite the various comparative studies within the customer satisfaction literature, and despite the importance of tourism for Vietnam, no specific tourist satisfaction research has been focussed on Vietnam apart from a single investigation by Truong (2002). Since the production and distribution of international tourism services form an integral component of the cross-cultural experience, they impact upon tourism service providers. Given the marked differences between the cultures of Asian travellers and their Western counterparts, it will be critical for Vietnam's tourism service providers to understand the perceptions and satisfaction of visitors from different cultures with various tourist products and services, including their Vietnamese hosts. The current study proposes a model to investigate the cultural differences, the rules of behaviour and relative perception and satisfaction levels of American, French and Chinese tourists when visiting Vietnam. It will also take into account the cultural differences between tourists and Vietnamese tourist providers.

Concept of Cultures and Values

Culture has been defined and conceptualized drawing upon a range of social science disciplines including anthropology, sociology, psychology, intercultural communication, marketing and management. The various prevailing definitions range from viewing culture as "everything" to a narrower view. Most studies refer to culture in its "broader" sense in psychological terms such as values, norms, rules, behaviour, perceptions, attitudes, beliefs, symbols, knowledge, ideas, meanings, thoughts (Bennett & Kassarjian, 1972; Argyles 1978; Peterson, 1979; Leighton, 1981; Camilleri, 1985; Ember & Ember, 1985; Mill & Morrison, 1985; Moutinho, 1987; Robinson & Nemetz. 1988; Kim & Gudykunst, 1988). Though there are various definitions of culture in the literature, there is general agreement that it is a "theory" (Kluckhohn, 1944), an "abstract" or a "name" for a very large category

of phenomena (Moore & Lewis, 1952). The present study has drawn upon this range of definitions to analyse the national cultures of Vietnamese hosts and international tourists to Vietnam. Special emphasis is given to Kroeber & Kluckhohn's (1952) definition as it provides the basis for the study objectives with its emphasis on culture as values, rules of social behaviour, perceptions, and differences and similarities between people. This particular definition was chosen because it appears to accommodate the view that the cross-cultural satisfaction of tourists and service providers is influenced by the differences and similarities evident amongst tourist and host cultural values and perceptions.

Values may be defined as culturally determined standards of socially desirable behaviour, which influence rules of social behaviour and perceptions. They are prevalent amongst people within the same culture and distinguish them from those emanating from others. As a means of differentiating between cultures and explaining cultural differences, they have clear advantages. Kluckhohn (1952, p.395) has defined a value as "a conception, explicit or implicit, distinctive of an individual or characteristic of a group, of the desirable which influences the selection from available modes, means and ends of actions". Consistent with this definition, Rokeach (1973, p.5) characterised a value as "an enduring belief that a specific mode of conduct or end-state of existence is personally preferable to an opposite mode of conduct or end-state of existence". According to Pizam et al. *(*1997), cultural values involve shared values, beliefs and norms that collectively distinguish a particular group of people from others as well as different perceptions of what is considered appropriate behaviour. These widely shared values are programmed into individuals in subtle ways from quite an early age (Otaki et al., 1986), are resistant to change (Hofstede 1991) and remain evident when at home or while travelling abroad (Pizam and Reichel 1996).

National culture has been defined in numerous ways (Erez and Earley 1993). Based predominantly on the work of Kluckhohn and Strodbeck (1961) and Hall (1976, 1983,1996), there is substantial empirical evidence of differences between the cultural value patterns of Eastern and Western societies. The most widely referenced dimensions of culture are undoubtedly the five presented by Hofstede (1980) and Hofstede and Bond (1988) using an instrument known as the Values Survey Module (VSM). These may be summarised as follows: (a) power distance (a tolerance for class differentials in society); (b) individualism (the degree to which welfare of the individual is valued more than the group); (c) masculinity (achievement orientation, competition, and materialism); (d) uncertainty avoidance (intolerance of risk); and later (e) the Confucian dynamic, or long-term orientation (stability, thrift, respect for tradition and the future). According to Hofstede (1991), Asian societies may be characterized as scoring high in terms of long-term orientation, collectivism and power distance, but exhibiting mixed results in terms of masculinity and uncertainty. Western societies by contrast tend to score lower on long-term orientation, collectivism, power distance and uncertainty avoidance, but are mixed in terms of masculinity. For the purposes of the study, it is hypothesised that the cultures of Chinese, French and American tourists are different.

Cross-Cultural Measurement

The role attributed to national or cultural characteristics as determinants of tourist behaviour has been given limited attention, though there is evidence of growing interest being shown amongst tourism researchers. Pizam (1999) has proposed the use of direct or indirect methods when carrying out cross-cultural research in consumer behaviour. Researchers have used empirical methods to discover any differences between the behaviour of tourists of different ethnicities and/or nationalities by using direct methods. Using the diary method, Ibrahim (1991) noted differences between the leisure behaviour of various nationalities. Tourist behaviour studies employing indirect methods were conducted via surveys of resident perceptions of tourists or tourism practitioner perceptions of tourists. Pizam and Telisman-Kosuta (1989) found that residents in destination areas perceived tourists as exhibiting a variety of behavioural characteristics and lifestyles that distinguish them from locals. From these examples, it is clear that nationality exerts considerable influence over consumer or tourist behaviour. In terms of attitudes and behaviour, such differences focus on the importance of exploring the features of each

customer group, segmenting tourism markets and releasing new marketing strategies, which are appropriate for each market with a view to achieving effective destination management. Decision makers within tourist destinations which attract visitation from different cultures and countries will need to have an advanced understanding of the behaviour of tourists from different cultural backgrounds.

Perceptions

Perception is an important element of culture. Perceptions are based on physiology (the five senses) and also have characteristics related to demography, behaviour, society, culture, economics and psychology (Usunier, 2000). Culture is particularly important as a determinant of perceptions and has a great influence on how experiences are perceived and also on interpreted meanings (Samovar & Porter, 1991). McCracken (1986) has referred to "culture" as a lens through which people view the world. Somewhat similarly perceptions are defined as the process through which people see the world around them (Schiffman and Kanuk, 1987) or as "the impressions people form of one another and how interpretations are made concerning the behaviour of others" (Hargie 1986, p. 47). Cultural influences may be viewed as influencing how people perceive and assimilate phenomena. Wei et al. (1989) observed that cultural differences lead to different perceptions of what constitutes appropriate behaviour (p. 329). Given that worldviews are very diverse, it is perhaps unsurprising that perceptions also differ (Krech & Crutchfield, 1948; Robertson, 1970). Perceptions rely on cultural values, expectations, experiences and interests and are culturally determined.

Three types of perceptions play an important role in social interactions: (1) perceptions of other people; (2) perceptions of oneself and (3) perceptions of the perceptions (meta-perceptions). Perceptions play an important part in social interactions (Cook 1979). Rules of social interaction influence the development of social perceptions and differ across cultures. Generally speaking, cultural similarities within perceptions will encourage social interaction whereas dissimilarities will discourage it. The quality of interactions and associated holiday satisfaction involves the extent of similarity between the cultural values systems of tourists and hosts (Pearce and Moscardo, 1984). Culture determines perceptions of service quality and thus satisfaction with social interaction in the delivery of a service. Perceptions of others, namely tourist and host perceptions of one another, will be analysed in the present paper. Host perceptions of tourists are important because they are key points for the identification of tourist perceptions of hosts. Tourist perceptions of hosts on the other hand will influence the selection of a holiday destination and will determine tourist satisfaction and the likelihood of repeat visitation.

Researchers have become increasingly involved in examining the various dimensions of the tourist perspective. The findings of previous cross-cultural research have confirmed that tourist perceptions of a destination or of service providers may vary on the basis of country of origin (Richardson & Crompton, 1988; Calantone, Di Benedetto, Halam & Bojanic, 1989; Luk, De Leon, Leong & Li, 1993; Huang & Wu, 1996; Armstrong, Mok, Go & Chan, 1997). Pizam & Sussmann (1995) investigated tour guide perceptions of similarities and differences between tourists from four countries. The same survey was subsequently repeated among Israeli tour guides (Pizam & Reichel, 1996). In both studies, tour guides perceived that different behavioural characteristics were evident amongst tourists from different nationalities.

A number of studies have examined host perceptions of tourists. Undertaken in Mexico, Brewer's (1984) study concluded that local residents have "general" stereotypes of all Americans, which lead to "specific" stereotypes which are then applied to American tourists. Pi-Sunyer (1978) found that Catalans stereotype English tourists as stiff, socially conscious, honest, and dependable. Boissevain & Inglott (1979) observed that the Maltese characterized Swedish tourists as misers, and the French and Italians as excessively demanding. Since these factors have the prospects of influencing tourist perceptions negatively, it is important to determine host perceptions of tourists and whether or not hosts are accepting of tourists.

The literature has indicated that there is a significant relationship between culture and perceptions. Perceptions of the world are influenced by the culture into which one has been socialized and it is important to have a proper understanding of cultural value orientations that affect perceptions. Most tourism and hospitality industry employees appear to acknowledge the existence of tourist cultural differences either implicitly or explicitly in terms of interests, needs, expectations, destination or hotel selection and activities preferred. Destination image and perceptions appear to influence vacation choice decisions and national cultural characteristics appear to affect tourist perceptions. According to Gee (1986), tourist perceptions of hosts are the most important of the various tourist perceptions. Any examination of the tourist perceptions of the performance of service providers will need to highlight any negative perceptions and indicate how they may be changed or modified leading to better responses to the needs of tourists from different cultural backgrounds. An investigation of the different perceptions of American, French and Chinese travellers towards Vietnam could be particularly valuable with respect to their perceptions of Vietnamese service providers. The current study will examine tourist perceptions of those expectations which were fulfilled based on the service encounters in Vietnam, and those of the Vietnamese hosts as well as the factors that determine these perceptions.

Satisfaction

According to Pearce and Moscardo (1984), one condition of tourist satisfaction with hosts is the match between tourist and host value orientations. Tourist satisfaction is higher if the value system of the tourist aligns with the value system of the host. Pearce (1991) mentioned that tourist satisfaction is often referred to as the "fit" between expectations and the perceived evaluative outcome of the experience. For instance, the "fit" between tourists and hosts increases when hosts are able to meet tourist expectations. Tourist satisfaction will increase with the degree of fit. Anton (1996) defined customer satisfaction as a state of mind in which the customer's needs, wants and expectations have been met or exceeded throughout the product or service life, resulting in subsequent repurchase and loyalty. Over the past decade, the number of empirical investigations of tourist satisfaction with destinations has increased (Danaher and Arweiler 1996, Qu and Li 1997, Kozak and Rimmington 2000). Some attempts have been made to assess the differences between tourists from different countries visiting the same destination. For example, Sussmann and Rashcovsky (1997) explored the similarities and differences into the vacation travel patterns and attitudes between two groups towards the selected destinations.

In comparing tourist and service providers, Reisinger and Turner (1998) found cultural differences in communication style, expressing feelings, establishing relationships and attitudes between Mandarin tourists and Australian service providers. Although the customer satisfaction literature has been replete with measurements of guest satisfaction with tourism and hospitality services, little work has examined cultural differences. Research into the cross-cultural differences between tourists perceived satisfaction levels with their holiday experiences may contribute to Vietnamese destination manager decision-making with respect to destination positioning and market segmentation strategies. According to Hughes (1991), satisfaction with hosts is the most critical component of the total holiday experience. Tourist satisfaction is unlikely to be achieved unless the tourism industry generally, and front line staff in particular, understand the cultural background of tourists. In the particular case of Vietnam, serving international tourists from different cultural backgrounds may create problems for tourism service providers because of the major cultural differences evident between Western and Asian societies. Vietnam's tourism service providers appear to lack a basic knowledge of the Western and other Asian regions, their people and value orientations. The destination authorities appear to pay limited attention and give minimal recognition to the role of cultural understanding in promoting international tourism. The proposed study will use the direct method of cross-cultural research with surveys completed by tourists. Differences will be identified, where and if these exist, in the perceived satisfaction levels of American, French and Chinese tourists with holiday experiences in Vietnam. A comparative analysis will also be conducted to understand the national similarities and differences between tourists and Vietnamese hosts. To test the various hypotheses, the proposed conceptual model considers the different perceptions and satisfaction

of international tourists towards Vietnam as a destination generally, and towards Vietnamese service providers in particular. A description of the model is provided with a brief outline of the proposed research method.

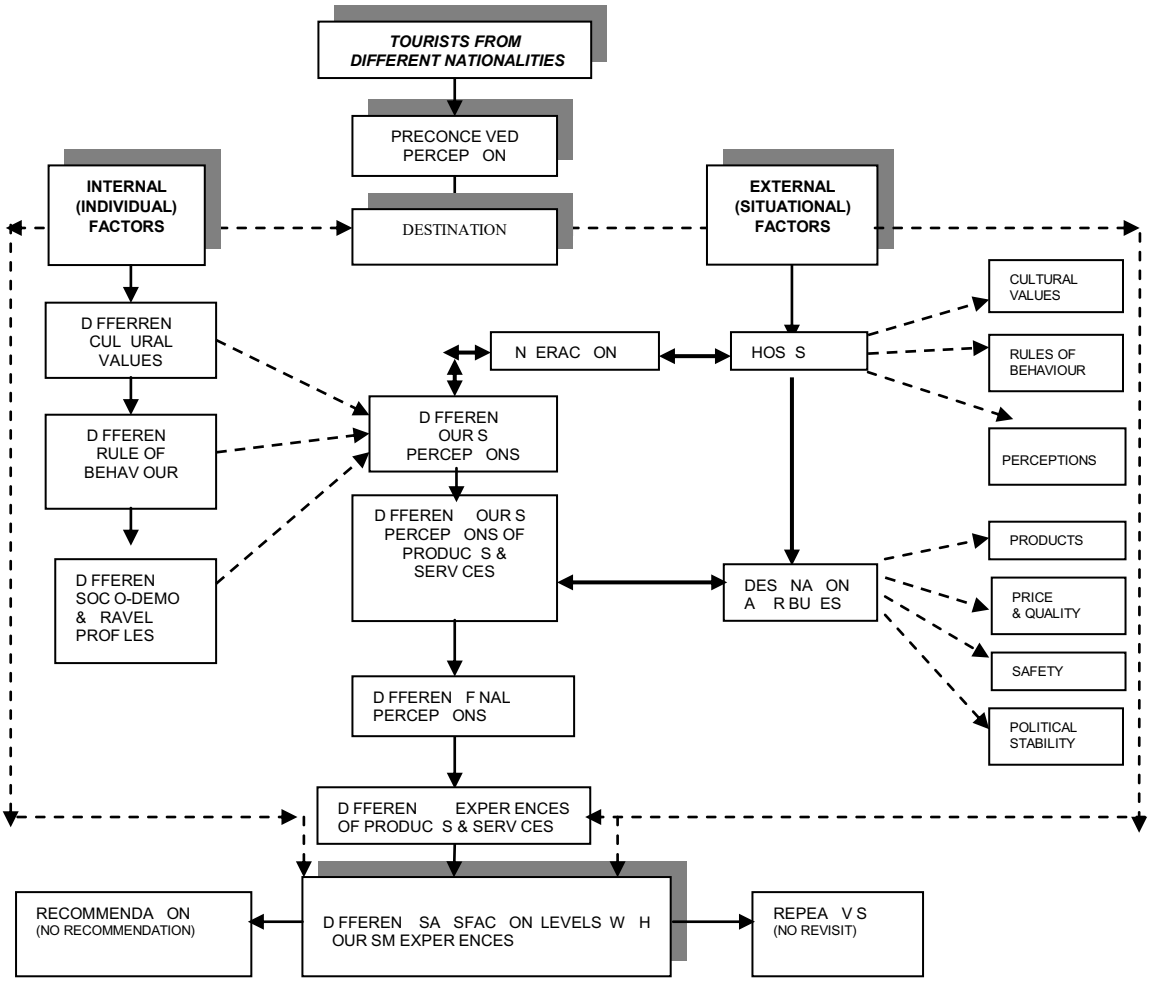
A Conceptual Model of Cross-Cultural Holiday Satisfaction

This paper amalgamates several concepts drawn from the literature and presents them as a conceptual model. This approach aims to enhance our understanding of the influences of holiday satisfaction in a cross-cultural context. The model encompasses concepts drawn from various disciplines including tourism, marketing, psychology and sociology. It is the view of the authors that certain of these approaches have been inadequately acknowledged in the tourism literature, and that no satisfactory explanation has been provided of the relationship with cross-cultural holiday satisfaction. Since holiday satisfaction is a multi-faceted concept, the model gives proper consideration to several independent factors. The variables considered in the model as outlined in Figure 1 are discussed in the following section.

Internal or individual factors are presented as directly determining tourist perceptions and ultimately satisfaction. These factors include different national-cultural indicators such as: (1) the distinct cultural backgrounds of the visitors, (2) the socio-demographic profiles of the visitors (age, sex, occupation) (3) the behavioural and travel characteristics of the visitors (travel mode, travel companion, length of holiday and information search behaviour). The distinct cultural backgrounds of tourists influence perceptions and lead ultimately to differing levels of satisfaction with the holiday experience. The three internal factors noted above contribute to differing tourist perceptions of their hosts. This, in turn affects tourist perceptions of tourism products and services and ultimately perceptions of the overall holiday experience. Different levels of satisfaction arise as a result of various product and service encounters.

External or situational factors are located on the right hand side of the model. These comprise intercultural interactions between the hosts and tourists, and tourist perceptions attached to various destination attributes such as (1) the scope and type of the attributes, (2) the price and quality of available products and services, (3) the personal safety of tourists, and (4) political stability. The following are noted as important factors impacting on tourist perceptions of the holiday experience from a host perspective: cultural values, social interactions with tourists, and tourist perceptions. The achievement of overall holiday satisfaction may be understood in terms of these two interacting components. Satisfaction with hosts is a critical component of the holiday experience and the most prominent determinant of tourist-host interaction is culture. Cultural values determine rules of social interaction and in turn influence tourist perceptions. These perceptions will significantly determine tourist holiday satisfaction or dissatisfaction and will greatly affect post-trip evaluation such as recommendations to others and the prospects of repeat visitation.

Figure 1: Conceptual Model of Cross-Cultural Holiday Satisfaction



Source: Developed by the Researchers

Research Issues

The following key research questions provide the chosen line of inquiry into cross-cultural holiday satisfaction based on the subject matter and sequencing proposed in the conceptual model.

- What are the major differences in cultural values and rules of behaviour between American, French and Chinese tourists, and the major differences between the three samples relative to the Vietnamese tourist service providers? Will the tourist cultural values lead to different perceptions and diverse levels of holiday satisfaction?
- How do the differences in cultural values and rules of behaviour of American, French and Chinese tourists impact upon their views and perceptions of Vietnamese products and services in general and the hosts attributes and performances in particular?
- What are the host perspectives of the various tourism products, services and facilities towards their suitability for the three different guest groups?
- What are the key cultural determinants of perception and satisfaction amongst American, French and Chinese tourists? Are there any significant differences between the satisfaction levels exhibited by these tourist groups have when holidaying in Vietnam?

- Is the prospect of positive word-of-mouth communication and repeat visitation influenced by different attitudes towards perception and satisfaction by Western and Asian tourists? How can the strength and direction of this relationship be identified and measured?
- How might tourism marketers use knowledge of cultural differences between Western and Asian tourists and Vietnamese hosts to develop marketing strategies to develop niche products targeted at each of the three markets with a view to increasing tourist satisfaction and attracting more international tourists to Vietnam?

Methodology and Future Directions

In terms of future directions, it is expected that testing and refinement of the conceptual model presented in this paper will deliver theory-based outcomes that may be applied to cross-cultural tourism and marketing. Consistent with the objective, the conceptual model will be tested on a sample of international visitors as well as Vietnam based service providers. The proposed sample will be drawn from American, French and Chinese residents visiting Vietnam for leisure purposes. Prospective respondents will be approached randomly in the places of highest visitation. Tourism service providers from a variety of sectors will be surveyed including tour operators and travel agents, and employees within the accommodation, food and beverage and transportation sectors.

Survey questionnaire techniques will be used as the method of collecting data. The survey will attempt to capture the socio-demographics profiles, travel characteristics, cultural values and rules of social behaviour of each population. It will also measure tourist perceptions and satisfaction with Vietnam's holiday attributes in term of tourism products in general, and the hosts' attribute and performances, in particular. A similar instrument will be designed to measure the perceptions of Vietnamese hosts towards tourist satisfaction. The perceptions of hosts concerning cultural differences and levels of satisfaction will then be developed to compare the degree of understanding of these issues amongst tourists and hosts.

A variety of measurement techniques will be used to interpret the data:

- The first part will consist of socio-demographic information gathered from tourists and hosts as well the travel characteristics of the three groups of tourists.
- The second will employ Rokeach's Value Survey (Rokeach, 1973) to compare the values between the American, French, Chinese and Vietnamese cultures.
- The third will utilise Argyle's (1986) instrument to measure the cross-cultural variations governing the rules of relationships.
- The fourth will feature the 10 criteria of service quality developed by Parasuraman et al. (1985, 1988) to measure subject perceptions and satisfaction of the quality of Vietnamese services provided, as well as the inter-perceptions between Vietnamese hosts and international guests.
- The fifth will feature Vietnam's destination attributes (Truong, 2002). It consists of thirty-one attributes and comprises the key variables regarding destination attractiveness, amenities, variety, price, quality of tourism products and services and the safety at the destination.
- The sixth aimed to investigate respondent destination loyalty. Respondents were asked to indicate their intention of repeat visitation to Vietnam and their recommendation of Vietnam to others.

The quantitative outputs will be analysed using SPSS and will include the following:

- Descriptive statistics will be employed to analyse the socio-demographics of hosts and guests as well as the travel characteristics of the three group of tourists;
- The Mann-Whitney-U test will be applied to compare sample means of the three different groups to test for statistical differences between individual responses; and
- Multivariate techniques will be employed such as cluster analysis, factor analysis and structural equation modelling, e.g. factor analysis will be conducted to establish the dimensions of cultural differences and tourist perceived satisfaction levels of their holiday experiences in Vietnam.

Conclusions

The aims of the model are both theoretical and practical. The former include identifying the cultural determinants of holiday satisfaction. Practical aims include establishing procedures to help evaluate tourist holiday satisfaction, viewing this as a multi-faceted concept consisting of a number of independent factors. The goal is to understand cultural determinants and the extent to which they influence the degree of tourist holiday satisfaction. It is hoped that the consequences of this influence may be predicted with particular reference to repeat visitation and positive word of mouth communication.

It is anticipated that the model will make a useful contribution to an under-researched aspect of tourism, namely cross-cultural satisfaction between Asian, European and Anglo-Saxon cultures. It should provide researchers with an enhanced understanding of the factors determining tourist satisfaction by undertaking a cross-disciplinary approach to the development and testing of a multivariate conceptual model of cross-national cultural characteristics. The outcomes generated by the testing of this model will have implications for infrastructure planning, product development, facility design, service provision and marketing for inbound holidaymakers not only in Vietnam but also for the tourism sectors internationally.

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