

# Strengthening **Social Fabric** and **Quality of Life**



**SMU**

SINGAPORE MANAGEMENT  
UNIVERSITY



**RESEARCH**

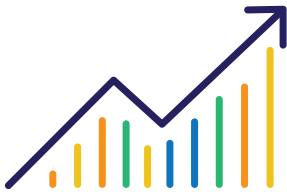
# INTRODUCTION

Singapore Management University is a dynamic city university in the heart of Singapore. We are a specialised university focused on Management, Social Sciences and Technology, and their intersections.

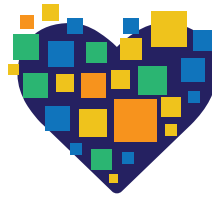
We adopt an integrated research-teaching-learning-practice approach that fosters innovative learning experiences, develops influential change agents and leaders, and creates positive impact on business, government and society in Asia and beyond.

# SOCIETAL CHALLENGE AREAS

From Singapore, the strategic hub of Asia, SMU applies its knowledge and global perspective in an Asian context to bridge concepts and provide critical insights. SMU research aims to create significant impact by addressing these five societal challenges.



**INTERPRETING ECONOMIES  
& FINANCIAL MARKETS**



**STRENGTHENING SOCIAL FABRIC  
& QUALITY OF LIFE**



**MANAGING FOR  
SUSTAINABILITY**



**NAVIGATING BOUNDARIES  
& BORDERS**



**ADVANCING  
INNOVATION &  
TECHNOLOGY**

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STRENGTHENING SOCIAL FABRIC  
& QUALITY OF LIFE

In this booklet, read about our research in the area of  
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# WELL-BEING OF PEOPLE, GROUPS, ORGANISATIONS, SOCIETIES

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The well-being of the people of a nation is not one and the same as that nation's measure of gross domestic product (GDP). Even as a nation such as Singapore continues to progress economically, special attention must be placed on understanding and supporting the well-being of various facets of society.

In this section, read about SMU's research into the well-being of at-risk youths, mothers, employees and low-income families.

# SERVING THE UNDERSERVED

Youths-at-risk refer to youths between the ages 12 to 25 who are more vulnerable towards problematic behaviours, such as criminal conduct, substance abuse, anti-social behaviours and dropping out of school, amongst others. In a study conducted by the SMU Lien Centre for Social Innovation, the needs of the youths-at-risk in Singapore were identified, to help social service organisations develop/enhance their service offerings to better cater to the needs of the youths-at-risk.

SMU researchers Tania Nagpaul and Chen Jinwen used a framework called the self-determination theory to design their interview questions in the study. Thereafter, they interviewed the youths-at-risk (who have been accessing services from social service organisations) about their needs and their thoughts on the programmes provided by the social service

organisations. They also spoke to social service professionals to understand their perception of the needs of youths-at-risk, and how those needs are being met.

The findings identified two key issues – (i) youths-at-risk found it difficult to build long-term meaningful relationships through the social service programmes; and (ii) there were difficulties in providing youths-at-risk with an environment that supports autonomy (to facilitate their personal development and growth), while at the same time maintain rules and regulations (to inculcate discipline and ensure smooth administrative operations).

The study provided recommendations on how the issues can be addressed, and through this, the researchers also hope to promote the use of self-determination theory as a framework to understand and address the unmet needs of the youths-at-risk and to promote positive youth development. For the next phase of their study, Dr. Tania and her colleague Dr. Alan Yu have embarked on a self-determination youth intervention programme designed to build career motivation and enhance the psychological well-being of youths from low-income backgrounds. The programme is funded by Barclays bank, and implemented in partnership with REACH Community Services Society.

*Source: Nagpaul, Tania and Chen, Jinwen. Self-determination theory as a framework for understanding needs of youth at-risk: Perspectives of social service professionals and the youth themselves. (2019). Children and Youth Services Review. 99, (1), 328-342. Lien Centre for Social Innovation: Research.*



# DOES FAMILY BACKGROUND AFFECT SOCIOECONOMIC MOBILITY?



Meritocracy is a fundamental value in our society and with it comes the notion of ensuring that every person has the opportunity to achieve upward mobility. To grease the wheels of socioeconomic mobility, societies have typically focused on providing basic education and equal access to educational opportunities.

Through his research, SMU Professor Marko Pitesa found that while education is an important prerequisite for one to achieve mobility, there is evidence indicating that even with the same education and job opportunities, being born from a low-income family can still impact one's socioeconomic mobility. His research discusses the impact of low-income family background to an individual's working capacity, working style, as well as third-party's provision of opportunity and assistance. More importantly, it highlights that while people are unable to choose the background they are born into, real socioeconomic mobility actually takes place during their working lives.

This insight is critical as it sheds light on within-organisational dynamics as the key for socioeconomic mobility of people from low-income families, and urges more research to be conducted at a micro-level (e.g. within-organisational dynamics) to complement those conducted at a macro-level (e.g. inequality and access to basic education, amongst others). The issues and difficulties that people from lower-income families face at a workplace can be identified thereafter and intervention schemes implemented accordingly to help them gain higher socioeconomic mobility.

*Source: Pitesa, Marko and Pillutla, Madan M.. Socioeconomic mobility and talent utilization of workers from poorer backgrounds: The overlooked importance of within-organization dynamics. (2019). Academy of Management Annals. 13, (2), 737-769. Research Collection Lee Kong Chian School of Business.*

# BECOMING A HAPPY ANALYST

For a nation that has thrived on a work ethic of long working hours, Singaporeans are no stranger to the concept of work-life balance. However, is it true that more work-life balance satisfaction will result in better work performance?

Curious about the role of work-life balance in work performance and career advancement, SMU Professor Lin An-Ping and his collaborators investigated this with a study focusing on sell-side financial analysts – a career widely considered to be one of the most challenging professions to achieve work-life balance due to its long working hours and competitive work environment.

Their research findings showed that for financial analysts who were not satisfied with their work-life balance, increasing it resulted in better performance and career advancement. However, for those who were

already satisfied with their level of work-life balance, further increasing it worsened work performance, as they were then shifting too much of their focus from work to their personal life. This means that more work-life balance satisfaction need not necessarily result in better work performance – there is an optimal level to be achieved.

With this notion of an optimal level of work-life balance – and that achieving it can help the company maintain its productivity – insights gleaned from this research will be useful not only to brokerage firms, but also other organisations seeking to ensure both their employees' wellness as well as the firm's competitive edge.

*Source: Hope, Ole-Kristian; Li, Congcong; Lin, An-Ping; and Rabier, MaryJane, Happy Analysts (February 19, 2020). 29th Annual Conference on Financial Economics & Accounting 2018; Singapore Management University School of Accountancy Research Paper No. 2019-96.*





# EFFECTIVE CHILDCARE SUBSIDIES



Women's economic empowerment has been hailed as one of the most remarkable revolutions in the past 50 years. Access to affordable childcare is one of the key determinants of maternal employment, with governments often stepping up to provide much needed support to working mothers.

As part of their research, SMU Professor Christine Ho and her collaborator studied the design for optimal childcare subsidies in an optimal welfare framework where mothers may have different labour market productivities as reflected by wages. In their framework, they show that it is optimal to subsidise formal childcare for low-income working mothers. Childcare subsidies help parents face a lower (subsidised) price of formal childcare. As mothers find it cheaper, they use more of formal childcare, which

frees up their time for work. This in turn results in higher financial income for the individual family and a larger workforce for the nation.

Professor Ho and her collaborator further show that it is optimal to have sliding scale childcare subsidy rates such that the optimal childcare subsidy rate decreases with income. Finally, the optimal childcare subsidy schedule is kinked such that the childcare subsidy rates are positive up to a cap on formal childcare costs. Interestingly, such qualitative features are very much in line with the key qualitative features of childcare subsidy programmes in the United States and in Singapore.

*Source: Ho, Christine and Nicola Pavoni. Efficient Child Care Subsidies. (2020). American Economic Review, 110 (1): 162-99*

# BIRDS OF A FEATHER FLOCK TOGETHER

Homophily refers to the tendency for people to associate and bond with others who are similar to themselves. To expound on the relationship between homophily and work performance, SMU Professor Gokhan Ertug and his collaborators studied bankers from the Sales and Trading division of a global investment bank.

By using data on the demographics and the performance of bankers, the researchers found that homophily does affect performance, but the relationship is largely dependent on the position bankers occupy in the formal and informal hierarchy of the organisation. For instance, bankers who form instrumental ties with colleagues of the same nationality are more likely to receive bigger bonuses if they are among the bottom ranks of the formal

or informal hierarchy of the firm, whereas the performance of those who are at the top of those hierarchies suffers as a result of a similar tendency.

This is an important insight for employees – while relying on people similar to yourself can be effective for people who face difficulties in accessing the help and information they need to carry out their jobs, i.e. those who are in lower positions in the formal and informal hierarchy of an organisation, the continued reliance on similar others can harm work performance when employees reach higher positions in the formal and informal hierarchy of the organisation.

*Source: Ertug, Gokhan; Gargiulo, Martin; Galunic, Charles; and Zou, Tengjian. Homophily and Individual Performance. (2018). Organization Science. 29, (5), 912-930. Research Collection Lee Kong Chian School of Business.*



# SUCCESSFUL AGEING OF PEOPLE, OF POPULATIONS

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Singapore's population is amongst the most rapidly ageing in the world. To anticipate and prepare for the many facets of this societal transformation, SMU researchers are investigating social and economic aspects of ageing of people, and of the entire population, from a variety of perspectives.

In this section, read about SMU's research into retirement adequacy and successful ageing, the effectiveness of smart technology for eldercare, the upskilling and reskilling of mature workers, and the impact of sleep quality on dementia.

# ECONOMIC AND SOCIAL ASPECTS OF AGEING SUCCESSFULLY

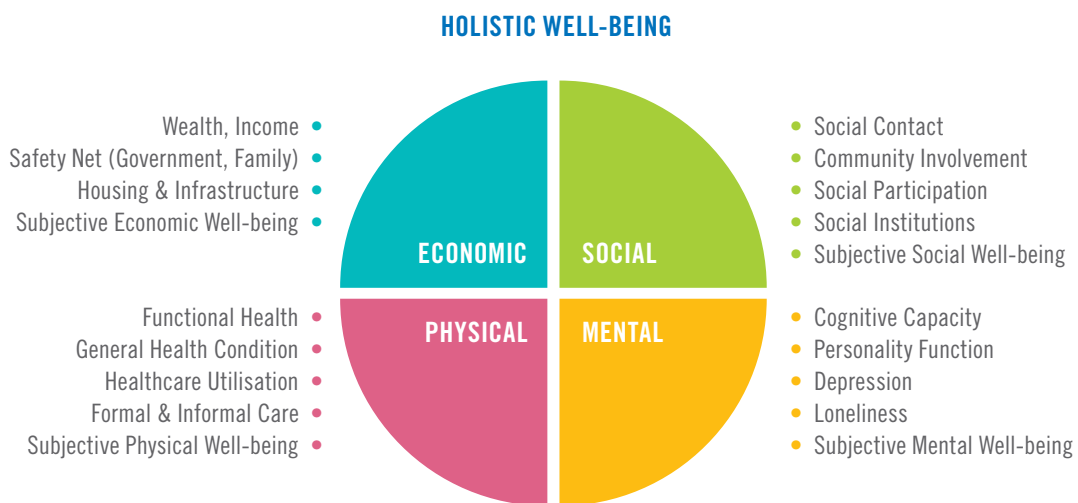
The SMU Centre for Research on the Economics of Ageing (CREA) was established in 2014 to carry out a research programme titled “Economic Security and the Ageing Demographic”, with emphasis on studying retirement adequacy and its contributing factors.

In 2015, the research effort started a longitudinal survey of a population representative cohort of ageing Singaporean citizens and permanent residents (aged 50-70 years), called the Singapore Life Panel® (SLP). The SLP has since been fielded for 56 waves<sup>1</sup>, with an average of 8,000 completed surveys each month. The survey has covered a range of retirement-related questions – including labour force participation, income and expenditure, health, household structure and transfers, and assets. This information has enabled CREA researchers to more clearly see how the financial and savings situation of ageing Singaporeans evolve over time. They have been able to analyse the

relationships among key variables affecting financial adequacy, and evaluate existing and potential policy measures designed to improve well-being for the elderly.

For its second phase (2020-2025), the research will continue to build on the findings of the past five years and broaden the scope beyond the economic and financial domains, to include an evaluation of the holistic well-being of Singapore’s elderly. The SLP will add new questions to measure and analyse social well-being as well as aspects of mental well-being.

This multidisciplinary research effort will define and measure a holistic construct of well-being, and identify the factors that impact Singaporeans’ well-being as they progress through the later phases of their life. The project will also track emerging concerns as the population ages, and contribute to the formulation of prevention and intervention policies that aim to promote the overall well-being of older adults.



<sup>1</sup> As of 31 March 2020.

# EXPLORING THE EFFECTIVENESS OF SMART TECHNOLOGIES IN ELDERCARE

Smart technologies are increasingly integrated into eldercare. While they facilitate ageing-in-place and can help with better deployment of caregivers, the usage of smart technologies can also cause a different set of problems which can undermine their potential effectiveness.

To further understand how smart eldercare technologies are being used, misused, or not used by the seniors they are designed to benefit, SMU Professors Lily Kong and Orlando Woods conducted a series of in-depth interviews with elderly residents in Singapore whose homes have been installed with three smart eldercare technologies (motion sensors, a panic button, and smart medicine box), as well as with caregivers.

Through their interviews, they found that the seniors did not fully understand the value of the smart technologies; in some cases, this lack of understanding translated into a fear of using them. Without a good understanding of the technologies, when the technologies did not work as they expected them to, the seniors would often revert to their past

behaviours of calling out to their neighbours for help or calling the police for assistance. In most cases, these practices defeated the purpose of having those smart technologies at home.

For the caregivers, even though using smart technologies can increase their reach to the seniors (i.e. one caregiver can technically look after more people), it can also cause them to take on an expanded sense of responsibility, which further increases caregivers' stress.

Through the findings, they showed that while technology can be used to better lives, users' behaviours and cultures, as well as their behaviour towards technology, play a huge part in the effectiveness of the smart technologies. Future research should therefore explore ways to develop smart eldercare solutions that augment, rather than seek to change, users' pre-existing behaviours.

*Source: Kong, Lily and Woods, Orlando. Smart eldercare in Singapore: Negotiating agency and apathy at the margins. (2018). Journal of Aging Studies, 47, 1-9.*



# KEEPING OUR SILVER EDGE SHARP

The SMU Centre for Research of the Economics of Ageing (CREA) was established in 2014 to carry out a programme of economic research on Singapore's ageing population. Research at CREA is based on data collected from their flagship longitudinal monthly survey, the Singapore Life Panel® (SLP).

In a joint research project with the Ong Teng Cheong Labour Leadership Institute, an established centre for labour education and training, the team found that older Singaporeans have a strong appetite to upskill and reskill. This is especially true for homemakers looking to re-enter the workforce, non-PMET (professionals, managers, executives and technicians) workers, and even for workers older than 62 years. Mature workers feel that training helps them keep up with new technology and improve job performance.

Employers in Singapore are already supportive of mature workers' training, helping to overcome two of the main barriers to participation: paying course fees and participating in training during work hours.

However, employers can continue to play a crucial role in extending training opportunities to workers of all occupations, education levels and age groups.

Another common barrier to training is the difficulty in finding relevant courses. This research suggested a need for age-friendly teaching styles, particularly in teaching computer & IT skills, and better targeting of training opportunities: manual workers are especially eager to learn computer & IT skills, mid-level workers aim for communication and technical skills, and PMETs look for leadership skills.

These research findings will help the Institute to improve the design of its programmes and remove barriers to further training – supporting mature workers and enabling them to contribute to society with their work as long as they desire.

*Source: Hoskins, Stephen and Facchinello, Luca. Upskilling of Mature Workers. (2018). Technical Report, Ong Teng Cheong Labour Leadership Institute, Singapore.*



# SLEEP QUALITY & DEMENTIA

Dementia is a term to describe the symptoms and conditions that affect the memory, language and cognitive skills which are severe enough to interfere with a person's ability to perform everyday activities. In Singapore, an estimated 82,000 seniors are currently living with dementia, and this figure is anticipated to increase to 130,000 by 2030.

With evidence showing that patients with Mild Cognitive Impairment (MCI) are at higher risk of developing dementia, SMU Professors Tan Hwee Pink and Tan Hwee Xian, along with their research team, set out to use Internet of Things (IoT) devices to detect MCI symptoms in seniors living alone. Through this, it is hoped that an early detection of seniors with MCI symptoms can lead to prevention against dementia.

The IoT devices used include sensors that are installed in the seniors' home and wearable devices that can unobtrusively monitor seniors' activities related to mobility, leisure and self-care. Through the data collected by the sensors, the researchers found that quality of sleep is a promising indicator to identify seniors with MCI.

To further substantiate the research findings, the research team is planning to conduct an in-depth study, with continuous in-home monitoring of seniors for up to two years.

*Source: B. Chen; H. Tan; I. Rawtaer; and H. Tan. Objective Sleep Quality as a Predictor of Mild Cognitive Impairment in Seniors Living Alone. 2019 IEEE International Conference on Big Data (Big Data), Los Angeles, CA, USA, 2019, pp. 1619-1624.*



# SOCIAL INCLUSION, EXCLUSION, INEQUALITY

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A society can be inclusive in many ways. For instance, where one sees others as their own; where societies support vulnerable adults to lead lives free from harm; where barrier-free access routes are made available to persons requiring them; and where youths have a conducive environment to grow up in.

In this section, read about SMU's research on the advantages of ethnic diversity in neighbourhoods, laws that protect vulnerable adults, technology that guides those with mobility restrictions to find access paths that they can use, and studies on the well-being of Singaporean youth.



# THE HELPING HAND OF DIVERSITY



Singapore is a multi-racial and multi-cultural society, and preserving racial harmony is one of the key tenets of the nation's values. To that end, the Singapore government has been deliberate in designing some of its policies to ensure social inclusivity – for instance, for public housing, the Housing & Development Board (HDB) has an Ethnic Integration Policy that sets out quotas for HDB neighbourhoods and blocks according to the ethnic make-up of Singapore, to make sure that there is a balanced mix of ethnic communities in HDB towns.

While there are differing views on diversity – whether it has a positive or negative impact on an individual or society – in a research study by SMU Professor Jared Nai and his collaborators, they found that people living in more racially-diverse neighbourhoods are more likely to lend a helping hand to others in need.

This could be attributable to the environment they live in – in a neighbourhood with different racial groups living together, residents are exposed to members of the other groups, and as such, have the opportunity to perceive more similarities between prototypical members of different groups. More specifically, their surroundings made them appreciate that they are all members of a common diverse group of individuals, and this broadened their sense of identity, enabling them to see others as their own – rather than as someone from a particular racial or ethnic group.

*Source: Nai, Jared; Narayanan, Jayanth; Hernandez, Ivan; and Savani, Krishna. People in more racially diverse neighborhoods are more prosocial. (2018). Journal of Personality and Social Psychology. 114, (4), 497-515. Research Collection Lee Kong Chian School of Business.*

# PROTECTING VULNERABLE ADULTS

Singapore enacted the Mental Capacity Act to allow proxy decision-makers for those without the mental capacity to make important decisions for themselves. In addition, to deter abuse or neglect of those who lack mental capacity, a new criminal offence of “ill-treatment” was created. However, the number of abuse or neglect cases continued to increase.

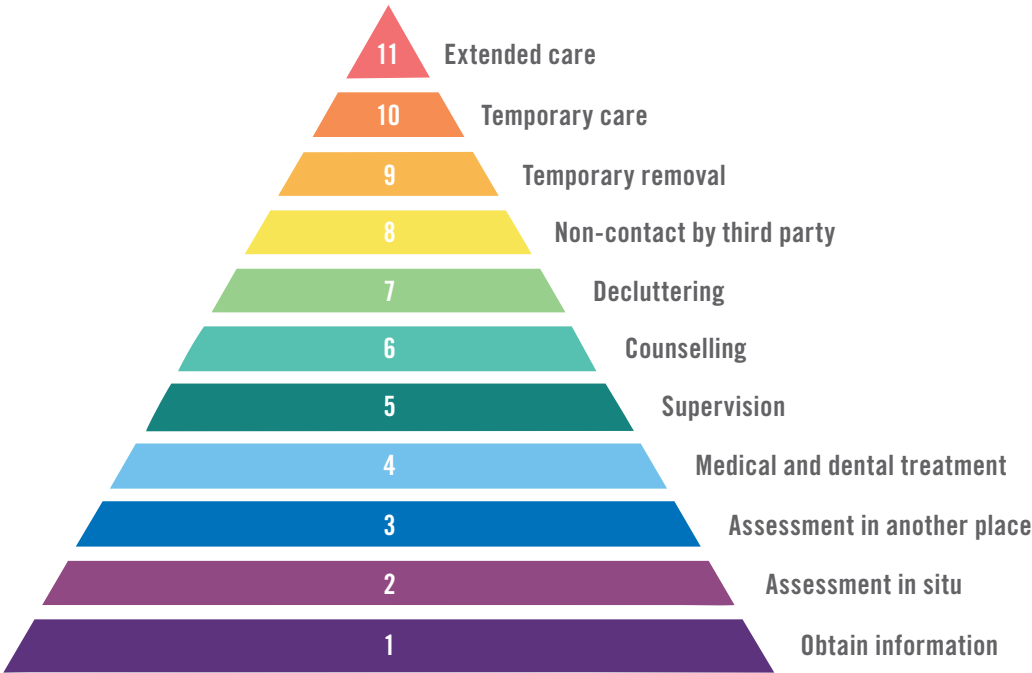
Legislatures in a number of jurisdictions have responded to concerns about the abuse, exploitation and neglect of vulnerable adults (including older adults). In his paper on balancing autonomy and protection, SMU Professor Chan Wing Cheong expounds on Singapore’s attempt to balance the competing concerns of protection and individual freedom in a new law enacted in May 2018 called the Vulnerable Adults Act (VAA), which attempts to fill the current gaps in the law by keeping vulnerable adults safe through increasing powers of intervention.

The powers of intervention can be placed in a hierarchy (please see below), where the level of protection (as well as compulsion) increases as one progresses up the pyramid. Where the vulnerable adult to be protected has mental capacity but refuses to accept support, intervention is still possible but is limited and subject to legal safeguards. However, rather than focusing on the coercive powers of the VAA, these interventions should be seen as supporting vulnerable adults to lead lives free from harm.

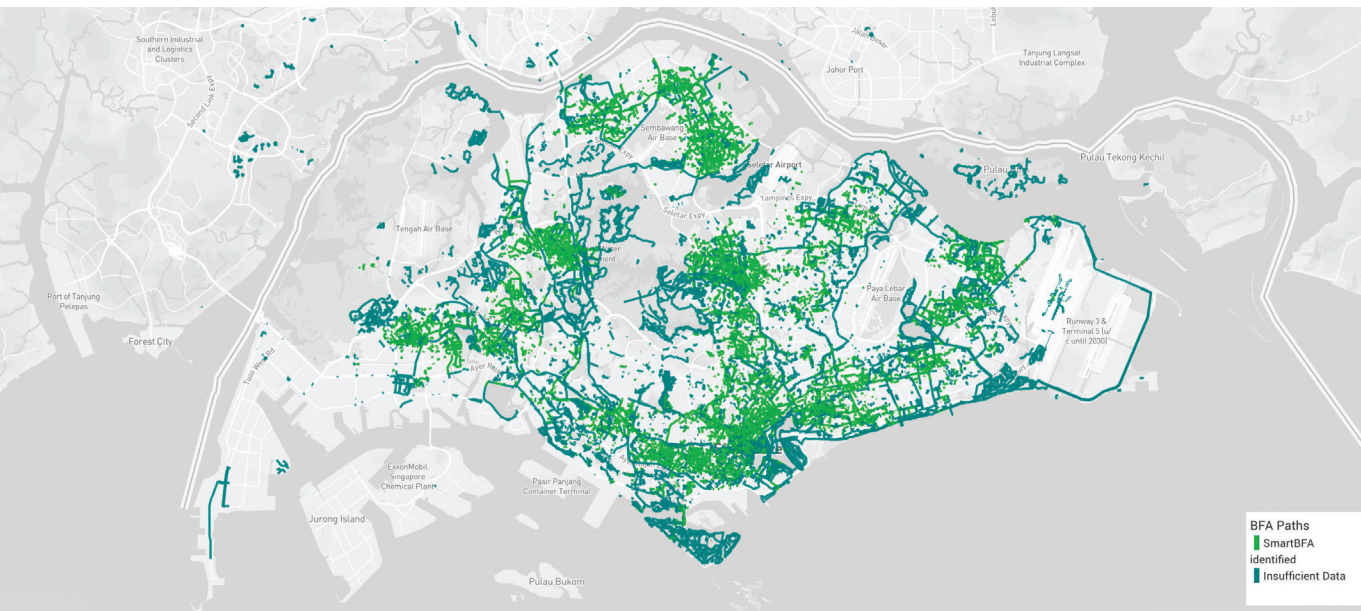
The VAA is only one step of the journey towards giving vulnerable adults the care that they deserve, and seen holistically, the VAA seeks to strike a balance between respecting the individual rights of the vulnerable adult and the duty to protect.

*Source: Chan, Wing Cheong. Holding the therapeutic state at bay? Balancing autonomy and protection in Singapore’s Vulnerable Adults Act. (2020). Elder Law Review. 12, 1-17. Research Collection School of Law.*

## POWERS OF INTERVENTION



# FINDING THE PATH TO AN INCLUSIVE SOCIETY



Overview map of barrier-free access paths, as at February 2020

The Smart Mobility & Accessibility for Barrier-free Access (SmartBFA) project is a publicly-funded initiative in Singapore that aims to determine barrier-free paths for persons requiring barrier-free access (such as wheelchair users and seniors with mobility aids). To do so, the research team, comprising SMU Professors Tan Hwee Pink and Tan Hwee Xian, and the non-profit organisation Trampoline Limited, designed a system to collect, classify and determine barrier-free paths around Singapore.

The system relies on data acquired from Internet of Things (IoT) devices that are retrofitted on the wheelchairs of participants, and point-to-point accessibility information is passively collected as the participants go about their daily commute.

In addition to mapping out barrier-free paths, the system is also able to show path surface conditions, such as whether the road is smooth or cobbled, or if there are steep descents – which serve as important information – as participants have shared that the top three obstacles they fear most are uneven ground, small steps and ramps/slopes.

As part of their ongoing research efforts, the team will work towards increasing the spatial coverage for SmartBFA, and to further improve the system for path surface condition detection and map construction. The team is also developing a mobile application, slated for release in early 2020.

This research is funded by Tote Board's Enabling Lives Initiative (TB-ELI) Grant, and supported by SG Enable.



**View the barrier-free accessibility map here. For more details on the project, please see visit <https://smartbfa.com>**

Source: Kamaldin, Mohammed Nazir; Kee, Susan; Kong, Songwei; Lee, Chengkai; Liang, Huiguang; Saini, Alisha; Tan, Hwee-pink; and Tan, Hwee Xian. SmartBFA: A passive crowdsourcing system for point-to-point barrier-free access. (2019). IEEE LCN 2019, Osna-brück, Germany, 2019 October 14-17. Research Collection School of Information Systems.

# WELL-BEING OF SINGAPORE YOUTH

Subjective well-being refers to one's experience and evaluation of his/her life. Using data collected from the National Youth Survey (NYS)\*, SMU Professor Ho Kong Weng shares his findings on the important factors that contribute to the subjective well-being of Singapore's youth.

Based on his analysis, Professor Ho found that life goals, in particular, non-zero-sum life goals (such as family-oriented life goals and altruism-oriented life goals) enhance happiness and life satisfaction of Singaporean youths, while zero-sum life goals (such as career-oriented life goals) have a negative impact on their well-being. In addition, expectations about the future (i.e. expected realisation of personal aspirations and career opportunities) as well as perceived social mobility (e.g. career opportunity and meritocracy) are also key contributors to youths' well-being.

Based on exploratory empirics, Professor Ho further found an improvement of intergenerational education mobility (i.e. the change in a family's social position between generations through education) over the various waves of NYS, as well as the observation that upward mobility is an important avenue to uplift the subjective well-being of youths in Singapore.

To build on this research, Professor Ho will further examine the interaction of inequality, mobility and subjective well-being of youths in Singapore, and an intergenerational transmission of both economic and non-economic well-being in Singapore.

*\* The National Youth Survey, a flagship survey by the National Youth Council Singapore, looks into the major concerns and issues of schooling and working youths in Singapore.*

*Source: Ho, Kong Weng. Contributors of Singaporean youths' wellbeing: Life goals, family-community-nation capitals, opportunity and social mobility. (2018). The state of youth in Singapore: Research compilation. 108-123. Research Collection School of Economics.*



# FAIRNESS, TRUST, ETHICS

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Fairness, trust and ethics are core to the strength of a nation's social fabric.

In this section, read about SMU's research on

- how an organisation regains the trust of its stakeholders after a CEO's transgression;
- the relationship between a society's level of trust and corporate tax reporting behaviours;
- how the humility of leaders creates deeper trust and connections among employees; and
- how people react to news of unethical behaviour of an organisation.

Uncover the power and impact of trust and ethics, or its lack thereof. Flip the page to find out more.

# RESTORING TRUST

What can an organisation do to gain back their stakeholders' trust after a transgression has been committed by its Chief Executive Officer (CEO)?

Typically, stakeholders' perceptions of an organisation are heavily influenced by its CEO as the CEO is the symbolic representative of the organisation. Consequently, in the aftermath of a CEO's transgression, stakeholders' trust – not only in the CEO – but also in the organisation, is likely to be damaged. As such, organisations often need to take steps to regain their stakeholders' trust after a CEO transgression. In their research, SMU Professor Donald Ferrin and his collaborators uncovered insights on how organisations can do so.

Their findings revealed that even if the CEO refuses to act to repair the situation, other individuals/entities, such as the Board of Directors, can act effectively

on behalf of the organisation to do so. Specifically, their research found that responses initiated by the Board, such as dismissing the CEO, or asking the CEO to apologise and then make amends for the damage done, resulted in positive effects on trust towards the organisation. For the former, dismissing a CEO sends a signal that the CEO is distinct from the organisation, which in turn helps to shape people's views on the trustworthiness of the organisation. For the latter (i.e. asking the CEO to apologise and make amends), it can positively impact both the trust towards the organisation, and also the trust towards the CEO, which is an important redeeming factor to note for organisations where the CEO is required to play an enduring role (e.g. Martha Stewart for Martha Stewart Living Omnimedia).

*Source: Donald L. Ferrin; Cecily D. Cooper; Kurt T. Dirks; and Peter H. Kim. Heads will roll! Routes to effective trust repair in the aftermath of a CEO transgression. (2018). Journal of Trust Research, 8:1, 7-30.*



# THE EFFECT OF TRUST

Corporate taxes form part of the revenue that a government uses to support its economic, security and social programmes. In recent years, corporate tax revenue collected in the US has been on a declining trend.

In their collaboration with researchers from other universities, SMU Professors Jimmy Lee and Lim Chee Yeow set out to examine whether corporations' tax reporting behaviour correlates with the level of trust in a society. More specifically, the researchers looked at whether a high level of trust in a society can help to restrain corporate tax avoidance tendencies, in consideration that trust is an important foundation to a society, and studies have shown that trust within a society affects a wide range of social and economic outcomes.

Their research supported their theory – they found that societal trust plays a significant role in mitigating corporate tax avoidance – even more so than the effects of formal institutions (such as the country's taxation system), which are usually designed to reduce tax avoidance. This is because for societies with high

levels of trust, corporate managers have the tendency to conform more closely to societal norms and refrain from actions that will betray the trust that the society places in them.

Not only that, the researchers also found that higher levels of societal trust result in lower corporate tax evasion (tax avoidance is the legitimate way of minimising tax liability, however, tax evasion is the intentional practice of not paying taxes or misrepresenting the actual taxes payable, which is illegal). In addition, the research findings also showed that trust in the government complements societal trust in reducing corporate tax avoidance.

For policymakers concerned with declining corporate tax revenues, this research provided a different dimension for them to take into consideration, and showed that informal institutions, such as societal trust, can have an impact on corporate tax reporting behaviours.

*Source: Kanagaretnam, Kiridaran; Lee, Jimmy; Lim, Chee Yeow; and Lobo, Gerald. Societal trust and corporate tax avoidance. (2018). Review of Accounting Studies. 23, (4), 1588-1628. Research Collection School of Accountancy.*



# HUMBLE LEADERS

A feature from the Harvard Business Review (Seppälä, 2014) tells the story of a technology startup in Bangalore which ran out of funds. As a result, the founder had to let her staff go – however – her team of high-calibre engineers refused to leave her, and instead offered to work for 50% of their salaries. The engineers stayed on and worked, and in just a few years, the startup bounced back and thrived, and was subsequently sold for \$14 million.

When asked why they chose to stay, the engineers shared that their founder treated them like family, and took the effort to know them personally. She was honest, humble, and authentic in her relationships with them.

This story brought out the importance of authentic humility in leadership, and research conducted by SMU Professors Michael Bashshur, Gary Greguras, and their collaborators substantiated what was observed in the story. They found that when leaders are honest about their weaknesses and are not afraid to admit their mistakes, they create an environment

where their staff feel less vulnerable, and in doing so, a deeper connection can be built with their staff. They also found that the authenticity of the leader is critical; the humility that leaders express needs to be authentic in order for the staff to be able to respond positively to them.

Tapping on this insight, organisations should explore training that encourages authentic humility among their leaders, not just a desire to be strategically humble. In addition, organisations should also inculcate a culture of authenticity in the company, so that stronger and deeper relationships can be built throughout the organisation.

*Source: OC, Burak; Daniels, Michael A.; Diefendorff, James M.; Bashshur, Michael Ramsay; and Greguras, Gary John. Humility breeds authenticity: How authentic leader humility shapes follower vulnerability and felt authenticity. (2019). Organizational Behavior and Human Decision Processes. 1-14. Research Collection Lee Kong Chian School of Business.*





# STOCK MARKET RESPONSES TO UNETHICAL BEHAVIOUR

When an organisation acts in an unethical manner and its actions are captured in the news, the stock market will respond negatively and these responses can have a profound impact on the organisation.

Along with his fellow researchers, SMU Professor Marko Pitesa sought to understand how people react to news of unethical behaviour of an organisation, by studying how people form moral judgments of unethical acts, and whether those judgments translate into actions which will cause economic damage to the firm.

The researchers categorised unethical behaviours into two; pro-organisational and pro-self – where the former seeks to benefit the firm (e.g. illegal sales practice that increase the profit of the firm), and the latter seeks to benefit the perpetrator (e.g. misappropriation of company's funds for self).

They found that the two behaviours elicit different responses and ultimately different outcomes for the firm depending on whether the firm's goal is perceived as morally upright – more specifically, the greater the perceived moral goal of the organisation, the more people are willing to extend leniency towards the organisation when a pro-organisational unethical act is committed. However, there can also be situations where those moral judgments negatively impact the firm's stock market performance even when the act is pro-organisational, as people may view the organisation an “accomplice” to the act.

This research shared insightful findings for understanding reactions to organisational unethical behaviour; they showed that the economic consequences of an organisation's unethical behaviours are determined by how the public perceives the beneficiary of the act, and the morality of the organisation's goals.

*Source: Baker, Bradford E.; Derfler-Rozin, Rellie; Pitesa, Marko; and Johnson, Micheal D.. Stock market responses to unethical behavior in organizations: An organizational context model. (2019). Organization Science. 30, (2), 319-336. Research Collection Lee Kong Chian School of Business.*



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