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Finally, we would like to express our sincere gratitude to numerous paper reviewers and editorial board for their contributions in making this issue.

Warm Regards,

Dr. Marek Ćwiklicki

Editor-In-Chief

TABLE OF CONTENTS

Page

KNOWLEDGE AND APPLICATION OF CROWDFUNDING BY NONPROFIT ORGANIZATIONS IN GERMAN-SPEAKING COUNTRIES Marietta Hainzer, Johannes Kepler University Linz, Austria	7
Sandra Stötzer, Johannes Kepler University Linz, Austria Christine Duller, Johannes Kepler University Linz, Austria	
THE INFORMATIVENESS OF GOING CONCERN OPINION: EVIDENCE FROM ITALY	21
Alessandro Ghio, ESSEC Business School, Department of Accounting and Management Control, Cergy, France & University of Pisa, Department of Economics and Management, Pisa, Italy	
Luigi Marangi, University of Pisa, Department of Economics and Management, Pisa, Italy Gianluca Risaliti, Università di Napoli Parthenope, Naples, Italy Roberto Verona, University of Pisa, Department of Economics and Management, Pisa, Italy	
UNION DENSITY AND IDV IN THE NORDIC COUNTRIES	39
Gylfi Dalmann Adalsteinsson, School of Business, University of Iceland, Reykjavik, Iceland Thorhallur Gudlaugsson, School of Business, University of Iceland, Reykjavik, Iceland Svala Gudmundsdottir, School of Business, University of Iceland, Reykjavik, Iceland	
THE VAN WESTENDORP PRICE-SENSITIVITY METER AS A DIRECT MEASURE OF WILLINGNESS-TO-PAY	45
Dennis Kloss, Roland Berger GmbH, Frankfurt am Main, Germany Marcus Kunter, European University of Applied Sciences Rhein/Erft, Brühl, Germany	
THE ESTIMATION OF EQUITY VALUE: A PREDICTIVE MODEL FOR SMES	55
Fabio Giulio Grandis, Department of Business Studies, University of Roma Tre, Italy Federica Palazzi, Department of Economics, Society and Politics, University of Urbino, Italy	
ATTRIBUTE CONTEXT COVARIATION WITHIN ALL-IN-ONE PRODUCTS	67
Timothy K. Mantz, Keiser University, Fort Lauderdale, Florida, USA Kathy Mantz, Argosy University, Seattle, Washington, USA	
IMPLEMENTATION PROCESS OF ERP SYSTEMS – QUALITATIVE-EMPIRICAL FINDINGS FROM LARGE AUSTRIAN ENTERPRISES OF THE INDUSTRY SECTOR	75
Bernhard Gärtner, Johannes Kepler University, Austria Michael Kuttner, Johannes Kepler University, Austria	

UNION DENSITY AND IDV IN THE NORDIC COUNTRIES

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ABSTRACT

Collectivism and individualism are widely seen as different management practices within organizations but there are strong indications that these practices are an attempt to meet the requirements of both employees and employers. It's been stated that that labour unions doesn't thrive well within societies which measure high on the degree of individualism. By looking at Hofstede's IDV dimension and figures on union density one can see that countries with high degree of Individualism has relatively low union density while the Nordic countries, Iceland, Denmark, Sweden, Norway and Finland (Nordic cluster) are different, with high degree of individualism and high union density.

In this paper two hypothesis are put forward. First is; the relationship between UD and IDV is weak amongst OECD countries and the second is; the relationship between UD and IDV is strong amongst the Nordic countries. The results indicate that societies with high degree of individualism can have high union density as is the case with the Nordic countries. The explanation is not collectivism or individualism per se, rather the institutional structure and framework of the labour market concerning issues such as closed shop, pension funds and unemployment benefits.

Keywords: Hofstede's Cultural Dimensions, Individualism, Collectivism, Union density

1. INTRODUCTION

It's sometimes said that labour unions doesn't thrive well within societies which measure high on the degree of individualism. By looking at Hofstede's Individualism dimension, IDV and figures from OECD on union density one can see that countries with high degree of Individualism (> 70) such as United states, United kingdom, Canada, Australia, New Zealand, and Netherlands (Anglo cluster) has relatively low union density (below 27%) while the Nordic countries, Iceland, Denmark, Sweden, Norway and Finland (Nordic cluster) has high degree of individualism (> 63) and high union density (> 55%). Singh (2001) points out that society which score high on Hofstede's Individual dimension are less likely to have positive attitudes towards labour unions and union density tends to be lower within individualistic countries. In this paper we look at the degree of individualism within the Anglo and Nordic cluster (Gudmundsdottir, Adalsteinsson and Gudlaugsson, 2014; Gudlaugsson, Adalsteinsson and Gudmundsdottir, 2014) and compare it with union density among this countries. In this paper we focus on two hypotheses; (1) The relationship between UD and IDV is weak amongst OECD countries and (2) The relationship between UD and IDV is strong amongst Nordic countries

A questionnaire, VSM 94 measuring the IDV dimension within the national culture, was sent by email to students at the University of Iceland, faculty of social science, in October 2013. The figures showing degree of IDV amongst OECD countries comes from Singh (2001). Figures on union density come from OECD. This paper is organized as follows: After section one, the introduction, section two provides the literature review, section three describes the methodology. Section four discusses the results and finally section five provides discussion and conclusion.

2. LITERATURE REVIEW

Collectivism and individualism are widely seen as different management practices within organizations, but there are strong indications that these practices are an attempt to meet the requirements of both employees and employers (Deery and Walsh, 1999; Salamon, 2000; Hegewisch, Tregaskis and Morley, 1997). Within collectivism, employers and employees are seen as two different groups, the needs of employees being the same and therefore there is no scope for individual interests, based on the unitaristic approach of human resource management. Thus the best

way of securing employee contribution is through collective bargaining and agreement (Beardwell and Claydon, 2007; Salamon, 2000).

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Collectivism is often described as a method for reducing costs within organisations, and many consider collectivism to be more devoted to unions than individualism, since organisations are generally viewed as being made up of groups rather than individuals (Hegewisch, Tregaskis and Morley, 1997; Deery and Walsh, 1999). Individualism differs from collectivism in that individualism emphasizes the uniqueness of each employee and regards their individual interests and needs as being different (Salamon, 2000). It has been assumed that individualism is more closely linked to human resource management approaches such as individual pay contracts, flexibility in pay systems, emphasis on performance management, and increased productivity by the individual efforts of employees as well as by closer communication between them (Kessler and Purcell, 1995). Thus, labour unions "come to be marginalized and collectivism weakened" (Kessler and Purcell, 1995; 340).

A labour union may be defined as a group of individuals possessing certain common characteristics, who have a structured relationship, the main objective of which is to work on the common interests of its members (Webb and Webb, 1894; Farnham and Pimlott, 1993). Hyman (2001) examined three different functions of labour unions: First, they are by nature economic organizations which engage in collective bargaining in an attempt to affect the wages and benefits of their members. Second, they provide a platform for workers in their struggle against employers where their collective strength strengthens them in their battle against employers. Finally, labour unions form part of the community whose aim is to improve society in general.

Union density in Western Europe has declined considerably in recent decades (Boeri, Brugiavini and Calm Fors, 2001; Ebbinghaus, 2002; Ferner and Hyman, 1998; Adalsteinsson, 2003; Kelly, 1998; Pettinger; 2000; Visser, 2002; Waddington and Kerr, 2002). During the same period, union density in the Nordic countries has decreased little or remained unchanged. In 1993, union density in Iceland was 87.1% (Ačalsteinsson, 2003) while in 2014 it was 86.4% (Trade union density, n.d.). Union density in Denmark was 74.9% in 1999 and 68.8% in 2009. In Sweden, union density was 80.7% in 1999 but had decreased to 67.3% in 2014. Union density in Norway was 54.8% in 1999, and has remained static, being 54,6% in 2011. In Finland, union density was 76.3% in 1999, and this had decreased to 70% in 2010. The average union density within the OECD countries was 16.7% as of 2014. As examples of OECD member states with high individualism the USA had a union density of 17.8% in 2014 (Trade union density, n.d.).

Hofstede's research within different cultures has had a major influence on our understanding of national culture in different countries, and his findings enable us to gain a better understanding of the cultural differences between nations. His work on national culture is one of the most cited pieces of research (McSweene, 2002; Shi, & Wang, 2010). Hofstede (1980 and 1991) pointed out that among the defining features of a nation are a common language, literature, written language, educational system, media and law. The objective of Hofstede's research on national culture was to conduct a comparative study of nations. Using IBM employees as his research population, he conducted two independent surveys within multinational subsidiaries of IBM. At the time, the company operated in 40 countries and 66 worldwide locations, and had 116,000 employees. Hofstede later expanded the database by adding an additional 10 countries and three regions (Hofstede, 1980, 1991, 2001; and Hofstede, Neuijen, Ohayv and Sanders, 1990). Originally, Hofstede introduced four dimensions of national culture: Power distance (PDI), Individualism (IDV), Masculinity (MAS), and Uncertainty and Avoidance (UAI) (Hofstede, 2001). Later Hofstede and Bond (1988) added a fifth dimension to the framework: Confucian dynamism, later renamed by Hofstede as Long term orientation (LTO). The IDV dimension in Hofstede's model describes the individualistic or collectivist ethic evident in a particular society. Hofstede (1994) argues that in collectivist societies, individuals grow up learning to identify themselves as members of a group (a family), and quickly learn to distinguish between in group members and out group members. As they grow, they remain loyal to their own group, In individualistic societies, however, individuals learn to think in terms of "I" instead of "we" and that they will someday have to rely on their own performance and merits to succeed in society (Hofstede 1991, 2001). Singh (2001) in his paper "National culture and union density" states that "highly individualistic societies are not likely to see benefits of unions. As such, individuals from such societies are less likely to have positive attitudes towards unions. Union density is likely to be lower in countries with a

high degree of Individualism" (Singh, 2001; 333). In this paper we will show that high union density and high individualism may well be compatible within a single society.

3. METHODOLOGY AND DATA ANALYSIS

A questionnaire was sent to students at the University of Iceland, School of Social Sciences by e-mail inviting in October 2013. The total number of responses was 344. A total of 73.5% of participants were women and therefore the answers from men were weighted equal as the total number of answers from women. Following that procedure the total number of answers was 498. The five dimensions of national culture were measured using scales developed by Hofstede (2001) called VSM 94. Figures regarding degree of nation's individualism, other than Iceland come from Singh (2001). Numbers on union density comes from OECD (Trade union density. n.d).

3.1 Data analysis and execution

When the data gathering for Iceland was completed the data was transferred to SPSS and Excel for further analysis. In SPSS the average score for each question was calculated and examined to determine if there was a difference in attitudes by gender. In Excel dimension values were calculated according to:

PDI = -35m(03) + 35m(06) + 25m(14) - 20m(17) - 20IDV = -50m(01) + 30m(02) + 20m(04) - 25m(08) + 130MAS = +60m(05) - 20m(07) + 20m(15) - 70m(20) + 100UAI = +25m(13) + 20m(16) - 50m(18) - 15m(19) + 120LTO = -20m(10) + 20m(12) + 40

The m(03) is the average score for question 3, m(06) is the average score for question 6, m(14) is the average score for question 14, etc. The Index is usually between 0-100 where a low index represents an inconspicuous cultural feature while a high index indicates a decisive cultural feature. Technically the index can be less than 0 and more than 100 but that has no effect on the results. The relationship between variables was investigated using Pearson product-moment correlation coefficient.

4. RESULTS

In this section the findings of the research will be detailed. The first part deals with hypotheses 1, the relationship between union density and IDV amongst OECD countries and the second part deals with hypotheses 2, the relationship between union density and IDV amongst the Nordic countries. Union density amongst those OECD countries investigated is very different. It is relatively high for Nordic countries, Iceland, Denmark, Sweden, Norway and Finland as well as China, but lower for other countries. Data for union density and IDV amongst those OECD countries investigated can be seen in figure 1.

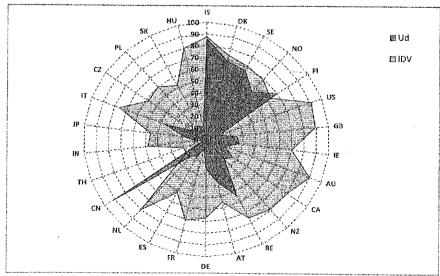


FIGURE 1: UNION DENSITY AND IDV FOR 26 OECD COUNTRIES

The relationship between union density and IDV were investigated using Pearson product moment correlations coefficients. According to Cohen's (1988) classifications of strength of association there was no relationship between Ud [r=0,002, n=26, p<0.0005] and IDV amongst OECD countries (see table 1).

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TABLE 1: RELATIONSHIP BETWEEN UD and IDV AMONGST OECD COUNTRIES

	Ud	IDV	
Ud	1		
IDV	0,002201		1

As can be seen from table 1 the relationship is very weak which indicates that there is no connection between union density on the one hand and IDV on the other hand. Therefore the hypothesis 1 is supported.

The relationships between union density and tDV among the Nordic countries were investigated using the same method as for the first hypothesis. According to Cohen's classifications of strength of association there was strong relationship between Ud [r=0.74, n=5, p<0.0005] and IDV (see table 2)

TABLE 2: RELATIONSHIP BETWEEN Ud and IDV AMONGST NORDIC COUNTRIES

	Ud	IDV
Ud	1	
IDV	0,737974	1

As can be seen from table 2 the relationship is positive and strong which indicates that when the level of UD is high the level of IDV is also high. When the relationship between the variables is investigated without the Nordic countries the relationship is medium negative [r=-0.22, n=21, p<0.0005] and therefore the hypothesis 2 is also supported.

5. DISCUSSION AND CONCLUSION

It has been argued that labour unions find it difficult to establish themselves in societies where individualism is high. Our findings suggest that so may not necessarily be. In general high union density in countries with high degree of individualism raises the question how it can coincide with employees joining collective organizations such as labour unions.

Societies which measure high on the degree of individualism can certainly have high union density. The main reason for high union density in the Nordic countries is partly because of highly unionized public sector, closed shop arrangement, unemployment benefits was linked to union membership as well as that unemployment benefits where administered by the labour unions and there were certain link between pension funds and union membership (Kiellberg, 2011; Adalsteinsson, 2003; Böckerman and Uusitalo, 2006). Although union density is relatively high in the Nordic countries the membership has fallen in Sweden, Denmark and Finland. Kjellberg points out the existence of labour union unemployment funds and their close links between unions and unemployment funds "have no doubt promoted the very high union density (about 70%) in these countries" (Kjellberg, 2011;73) and lack of such funds such as in Norway is the main reason for lower union density there despite being similar to other Nordic countries. In the case of Iceland there has been a long tradition for employees joining unions, closed shop arrangement has been in force since 1938, the emergence of pensions funds through collective agreement in the 1960's where employers paid certain amount for each employee in a pension fund also facilitated more employees to join labour unions and finally as in Sweden, Denmark and Finland there was close links between unions and unemployment funds. In order to receive unemployment benefits the employee needed to be a member of a labour union. Thus in societies with high degree of individualism there can exists societies with high union density. The explanation is not collectivism or individualism per se, rather the institutional structure and framework of the labour market concerning issues such as closed shop, pension funds and unemployment benefits.

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