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# Social sexual behavior and co-worker trust in start-up enterprises

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## Abstract

Workplace behaviors and norms are gaining increased prominence in the literature on start-up enterprises. Research attention has focused on the critical role that these behaviors and norms play in influencing start-up effectiveness but our understanding of their role in influencing trust in a start-up environment is underdeveloped. The present article investigates the role that workplace social sexual behaviors play in shaping co-worker trust within start-ups. Using data from the GUESSS (2018) international study of entrepreneurial attitudes and experiences, we find that certain social sexual behaviors undermine trust, and related outcomes such as the willingness to delegate and the sense that co-workers are honest. In particular, experiencing inappropriate looks, flirtation, or sexual gossip predict lower levels of co-worker trust. Our findings also indicate that characteristics of the source of the behavior are important in terms of gender and hierarchical relationship. In our discussion section, we consider the mechanisms underlying these relationships and in particular how social sexual behavior may influence trustworthiness. Taken together, our results point to a significant efficiency cost to new enterprises that take a permissive view of social sexual behavior in the workplace.

**Keywords:** Social sexual behavior, start-up employee, co-worker trust, entrepreneurship, harassing behaviors, start-up workplace.

**JEL:** L26 (Entrepreneurship); E24 (Employment); J28 (Labour/ Safety/ Job Satisfaction).

## 1 Introduction

As a start-up grows and evolves, a founding team can experience many novel challenges in its journey to scale. These relate to aspects of financing and bootstrapping, dealing with investors or suppliers, legal implications, IP legislation, and countless more. Often, workplace behaviors and practices are handled on an ad hoc basis, as the team ‘fire-fight’ their way through the initial years of operation. Yet

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amid this evolution, a workplace culture and norms are formed, and a set of accepted behaviors adopted (McKelvie, Brattström and Wennberg 2018). It has been suggested that innovative, dynamic or action-oriented workplace cultures may foster more open sexual behaviors and romantic liaisons due to the creative culture and deadline-driven, pressurised working conditions (Mainiero 1989; Baker 2016). In addition, the speed and dynamism inherent in the start-up context could result in a reduction of time and consideration spent on setting policies and workplace checks to ensure diversity and inclusivity are both tangibly and intangibly fostered. This may be ill advised given that the demands of the entrepreneurial career have been linked to stress, burnout and other workplace issues (Shepherd, Marchisio, Morrish, Deacon and Miles 2010; Lechat and Torrès 2016). De Winne and Sels (2010) found that human capital and human resource management are important determinants of innovation in start-ups. As a result, the start-up enterprise context is an interesting domain to explore sexual workplace behaviors.

Workplace social sexual behavior can include harassing or non-harassing conduct in the workplace that is perceived as having sexual connotations (Aquino, Sheppard, Watkins, O'Reilly and Smith 2014). It has been suggested that some social sexual behaviors can promote a culture that is more shared, fun, energetic and committed, due to an escalation of interaction and informality (Aquino et al. 2014). Indeed, positive experiences of social sexual behaviour have recently been linked to stress-relief in the workplace by boosting confidence and a sense of power (Sheppard, O'Reilly, van Dijke, Restubog and Aquino 2020). However, evidence suggests these behaviors also have a wide range of negative effects for organizations including a reduction in job satisfaction, organizational commitment, health and productivity (Willness, Steel and Lee 2007). Even for those who are not directly harassed, there is a cost (Glomb, Richman, Hulin, Drasgow, Schneider and Fitzgerald 1997). In particular, organizations that have more pervasive or damaging workplace behaviors are likely to experience low morale, deceptive behavior and an absence of trust (Van Fleet 2018). The negative consequences for trust are likely to be particularly costly in the entrepreneurial context where a willingness to be vulnerable is crucial for the efficiency and effectiveness of innovation in teams (Khan, Breitenecker, Gustafsson and Schwarz 2015). Chen and Wang (2008) found poorly trusting innovation teams feel the need to look externally for resources and assistance more, reducing their internal efficiency. The effects of negative workplace behavior on turnover is especially salient in the start-up context, as long-term survival in early venture companies is in part dependant on low employee turnover rates (Gjerløv-Juel and Guenther 2019).

In this study, we leverage the Global University Entrepreneurial Spirit Students' Survey (GUESSS) to quantitatively examine social sexual behavior and its impact on the entrepreneurial workplace<sup>4</sup>. GUESSS allows us to examine several different types of experienced workplace social sexual behavior and to offer a more nuanced understanding of how these behaviors impact important relational outcomes such as trust. Our study is an important step forward in understanding the impact of social sexual behavior in the workplace for four key reasons. Firstly, we demonstrate that there are important differences in the impact of different types of sexual behavior in the workplace and demonstrate that some forms - inappropriate looks, flirtation, and sexual gossip - are associated with reduced co-worker trust within start-ups. Our focus on trust and related outcomes as a dependent variable offers a second important contribution as the majority of the literature in this field has focused on individual level outcomes such as job satisfaction and workplace attitudes (Willness et al. 2007).

Thirdly, we establish important boundary conditions on the relationship between social sexual behavior and trust in relation to the gender of the source, the gender of the target and the hierarchical differences between the two parties. Specifically, our findings indicate that while social sexual behavior in the

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<sup>4</sup> For more information on the GUESSS project, see <http://www.guesssurvey.org>.

workplace can lower trust for both men and women, gender differences exist regarding the impact of particular types of behavior. We also demonstrate that the hierarchical position and gender of the source are critical in determining the impact of the behavior on trust. Finally, we offer an important context related contribution. There is a distinct lack of empirical work investigating the start-up employee and the start-up workplace (Ouimet and Zarutskie 2014; Fackler, Fuchs, Hölscher and Schnabel 2018; Sauermann 2017), and scholars have highlighted the need for human resource inquiry within this context (Bendickson, Muldoon, Liguori and Midgett, 2017). Establishing context specific relationships between variables is a critical step in building our understanding of workplace dynamics and organizational design (Johns 2018). In studying the relationship between social sexual behavior and trust in entrepreneurial employees, we hope to contribute to the understanding of working environments and employee relationships in new firms.

## **2. Theoretical development and hypotheses**

Aquino et al. (2014, p. 10) define social-sexual behaviors as “*workplace interactions occurring between two or more organizational members (including clients and customers) that are construed by the parties as having sexual connotations, but that are not necessarily perceived by one or more parties involved as having a threatening or harassing intent*”. These sexual behaviors can be split into harassing and non-harassing, yet difficulty exists in determining where the demarcation between these two conditions lie (Adikaram 2018). Behaviors characterised as sexual harassment are often suggested to be an exercise of power rather than of sexual interest (Gutek Cohen and Konrad 1990) and are considered part of a spectrum of abusive or counterproductive workplace behaviors (McDonald 2012; Van Fleet 2018). Definitions of sexual harassment typically include unwelcome contact, which has the purpose or effect of being intimidating, hostile, degrading, humiliating or offensive (McDonald 2012). In contrast, social sexual behaviors which are not outwardly considered, or intended, to be harassing also occur in the workplace (Aquino et al. 2014). While behavior in this category (e.g. flirting, sexual jokes and banter) is not perceived by employees as creating a legally hostile environment, evidence suggests it can have a negative impact on employee wellbeing and work attitudes (Baker 2016). In our study, we examine a number of these non-harassing, social sexual behaviors and their effect of co-worker trust in the start-up workplace context.

The most widely accepted definition of trust is provided by Rousseau, Sitkin, Burt and Camerer (1998, p. 395) who define the concept as a “psychological state comprising the intention to accept vulnerability based on positive expectations of the intentions or behavior of another”. It relates to an “expectation or belief that actions from another party will be motivated by good intentions” (Spector and Jones 2004, p. 311). Trust is considered valuable in an organizational context to decrease the need for monitoring and defensive behavior, to facilitate cooperation and positive social exchange, and free up cognitive resources that can be devoted to task performance (McAllister 1995; Mayer and Gavin 2005). Previous research demonstrates that positive, trusting relationships are an important predictor of well-being in the work environment (Downey, van der Werff, Thomas and Plaut 2015; Mo and Shi 2017). Trust within work teams has also been linked to an increase of innovative behaviors and work performance in the workplace (Serva, Fullerv and Mayer 2005; Lee 2008) particularly when there are high levels of interdependence and skill differentiation (de Jong, Dirks and Gillespie 2016). Empirical literature suggests that trust is crucial in the entrepreneurial context due to positive relationships with entrepreneurial persistence (Davidsson and Honig 2003) and team performance (Khan et al. 2015), and is likely to be particularly important in the start-up phase of a new enterprise (Welter 2012).

Given the importance of trust to organizations, many scholars have focused on determining the factors that contribute to, or undermine, trust development. Interpersonal trust theory suggests that trust among co-workers is likely to be driven by perceptions of the other party's trustworthiness (Mayer, Davis and Schoorman 1995), i.e. their evaluation of the character, motives and ability of a colleague based on knowledge of their past behavior and previous interactions (Dietz and DenHartog 2006). These perceptions of the other party are thought to be driven by range of factors including observation of their behavior (Dietz 2011) and the outcome of repeated interaction (Lewicki and Bunker 1996). The feedback loop depicted by the seminal Mayer et al. (1995) model of interpersonal trust suggests that the consequences observed when trustors make themselves vulnerable to another colleague in turn influence trustor perceptions of that colleague's trustworthiness and so ultimately, future trust decisions. As such, in repeated interaction with co-workers, past behaviors can predict future perceptions, thus behavior perceived as harmful to others or inappropriate is likely to have a negative impact on co-worker trust.

Non-harassing social sexual behavior includes a range of behaviors from erotic jokes and stories to flirting sexual comments and compliments, all of which have the potential to impact co-worker trust. For instance, while positive humor can be beneficial to workplace relationships (e.g. Weick and Westley 1996; Cooper, Kong and Crossley 2018), negative forms of humor are likely to create distance and alienate others (Martin, Kuiper, Olinger and Dance 1993; Mesmer-Magnus, Glew and Viswesvaran 2012). Indeed, Berdahl and Aquino (2009) argue that while sex related jokes and compliments may elicit positive reactions or responses initially, over time they can become triggers for shame, guilt or embarrassment. Other forms of social sexual behaviors are also thought to lower trust perceptions or hamper work relationships. Negative gossiping has previously been associated with negative perceptions of likability (Farley 2011), and lower trust (Turner, Mazur, Wendel and Winslow 2003). Moreover, Sheppard and Johnson (2019) report that engaging in social sexual behaviors such as flirting can prime sexual insecurity in others and leader women to be perceived as less truthful. In line with this, Searle, Rice, McConnell and Dawson (2017) argue that inappropriate sexual talk and behavior can damage trust within an organizational climate. Accordingly, we hypothesize:

*H1- Non-harassing social sexual behavior will be negatively related to co-worker trust in the start-up workplace*

While we expect social sexual behavior to have a generally negative impact on co-worker trust, there may be instances in which this behavior may be more or less damaging. Non-harassing social sexual behaviors can be somewhat ambiguous in their valence and can be interpreted by different perceivers in different ways (Jewell, Brown and Perry 2015). Whether a particular social sexual behavior is experienced as being negative is likely to be influenced by a host of factors including the level of ambiguity in the act (Bowes-Sperry and O'Leary-Kelly 2005), perceived characteristics of the actor (Hardies, 2019), characteristics of the target of the behavior (Berdahl and Aquino 2009; Madera, Podratz, King and Hebl 2007), as well as the norms of the workplace in which the behavior occurs (Baker 2016). These studies would lead one to expect that perceptions of the valence of the behavior will be influential in the strength of its impact on various workplace outcomes. Specifically, social sexual behavior with a negative valence could have more negative consequences particularly given psychological tendencies for negative events to evoke stronger cognitive and social responses (Taylor 1991). In line with this, Berdahl and Aquino (2009) report that while negative workplace sexual behaviors had a significant impact for employees, behavior that is deemed by the perceiver to be "non-negative" had an insignificant impact on the extent to which employees feel valued at work. Furthermore, positive experiences of social sexual behaviour have been linked to a reduction in stress (Sheppard et al. 2020). We extend this work to include a focus on the relational consequences of the

valence of social sexual behavior by considering how more or less negative experiences are related to trust in co-workers. Accordingly, we hypothesise:

*H2– The relationship between social sexual behaviors and coworker trust will be moderated by the valence of the experience, such that, social sexual behaviors that are perceived as unpleasant will have a more negative effect on co-worker trust in the start-up workplace than those perceived as pleasant.*

Our discussion of social sexual behavior thus far has focused on peer level interaction. However, hierarchical differences are commonplace in organizations and this is likely to play an important role in the relationship between social sexual behavior and trust. Willness et al. (2007) recommended that there is a need to study sexual harassment and inappropriate behavior in terms of the sources of harassment in terms of hierarchy/level of authority (e.g. supervisors, co-workers). Spector and Jones (2004) argue that hierarchical position impacts trust relationships due to the potential for the more junior party to feel dependency. Furthermore, the use of certain informal behaviors at work including humor are thought to influence relationship quality by highlighting hierarchical differences and making dependency and power asymmetry more salient (e.g. Cooper 2018). As a result, we hypothesise:

*H3 – The relationship between social sexual behavior and coworker trust will be moderated by level of hierarchy such that, social sexual behavior will have a more negative relationship on co-worker trust when the actor is from a higher level of hierarchy.*

### **3. Data and Measures**

#### **3.1 Data Collection**

The study sample for the analysis is generated from an international dataset of student responses to entrepreneurially-focused questions, the GUESSS international study. The GUESSS (Global University Entrepreneurial Spirit Students' Survey) project is a global research initiative designed to examine the entrepreneurial intentions and activities of students at university<sup>5</sup>. The most recent round of the survey was conducted between September and November of 2018 involving 54 countries and over 208'600 students. We focus on the sub-set of students who answered that they were currently “*working in a start-up as an employee, meaning in a business that has been created in the last 5 years and that is not owned by you?*” We focus on this group as the survey asks this group about their workplace experiences of sexual behaviors. Approximately 34% of the sample used in our main results are students in the field of Business/Management and 13% are engineering students. Our sample noted an age range of between 16 and 58 (53.36% below the age of 25, 76.89% below 30 and 90% 35 or younger).

#### **3.2 Measures**

The respondents were asked a number of classifying questions about their workplace (size, industry etc.) as well as questions relating to their perceptions of the workplace climate and to workplace behaviors they experienced.

*Social sexual behavior* Respondents who indicated that they worked in a start-up were then asked questions developed by the GUESSS international team in accordance to the work on social sexual

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<sup>5</sup> The international project was developed by Prof. Dr. Philipp Sieger (Swiss Research Institute of Small Business and Entrepreneurship at the University of St. Gallen).

behavior by Aquino et al. (2014) and Watkins, Smith and Aquino (2013). Relating to their work in a start-up, respondents were asked “In the last 6 months, have you been in a situation in the start-up where anyone:

- Looked at you in a sexually provocative way? (*Inappropriate Look*)
- Told you that you were pretty, beautiful, or handsome? (*Told Attractive*)
- Made you feel that you were attractive or desirable? (*Felt Desirable*)
- Made complimentary remarks about a specific part of your body? (*Remarks on Body*)
- Flirted with you? (*Flirted*)
- Told you an erotic joke or story (*Erotic Joke or Story*)
- Gossiped about your co-workers’ sexual activities?” (*Sexual Gossip*)

Our variables of interest, labelled parenthetically, are dummy variables which take a value of one if the respondent has experienced the behavior in question. They were also asked to indicate how positive or negative the experience was, from 1=very enjoyable, to 7=very unpleasant, and to indicate the main source of these behaviors in terms of hierarchical position in the company, and gender.

*Coworker trust* To measure workplace trust, three items taken from Jehn and Mannix (2001) were used in the GUESSS study. These items (Likert scale 1=not at all, 7=very much) developed from a study by Chatman (1991) were ‘*Are your colleagues truthful and honest?*’, ‘*How comfortable do you feel delegating to your colleagues?*’ and ‘*How much do you trust your colleagues?*’. We label these variables as *Honest*, *Delegate*, and *Trust*, respectively. Examining the factor structure of these items, Jehn and Mannix (2001) found that these items loaded strongly (0.60, 0.73, 0.87) on a trust dimension (explaining 6.79 of the variance). In the GUESSS dataset, the three items obtained a Cronbach’s alpha value of 0.86 indicating that it had a high internal consistency. In the analysis, both the 1 item (how much do you trust your colleagues?) and the 3 item scale are used. We employ the additional trust measures, and the composite of all three, in robustness exercises and show that our conclusions are robust to explicitly modelling the ordered categorical nature of the trust variable.

#### 4. Results

Table 1 presents the summary statistics for our sample for the variables used in our analysis. Clearly sexual behaviors are common in start-ups, on average. For example, 54% of our sample have been told that they are attractive and 37% have had complementary remarks made about specific parts of their body. There are some noticeable differences in the experiences of men and women with 43% of men having been told erotic jokes or stories versus 27% of women. However, in other categories of behavior, such as flirtation and being told they are attractive, men and women have similar experiences on average.

**Table 1: Summary Statistics**

Variable	Full Sample		Males		Females	
	N	Mean (SD)	N	Mean (SD)	N	Mean (SD)
<i>Trust</i>	10,799	5.08 (1.51)	4,994	5.21 (1.43)	5,805	4.97 (1.56)

<i>Delegate</i>	10,770	5.18 (1.53)	4,988	5.29 (1.45)	5,782	5.09 (1.58)
<i>Honest</i>	10,756	5.13 (1.58)	4,972	5.24 (1.49)	5,784	5.04 (1.64)
<i>Age</i>	10,799	26.11 (7.01)	4,994	26.48 (7.35)	5,805	25.8 (6.69)
<i>Female</i>	10,799	0.54 (0.50)				
<i>Inappropriate Look</i>	10,799	0.34 (0.47)	4,994	0.36 (0.48)	5,805	0.32 (0.47)
<i>Told Attractive</i>	10,799	0.54 (0.50)	4,994	0.53 (0.50)	5,805	0.55 (0.50)
<i>Felt Desirable</i>	10,799	0.46 (0.50)	4,994	0.51 (0.50)	5,805	0.42 (0.49)
<i>Remarks on Body</i>	10,799	0.37 (0.48)	4,994	0.42 (0.49)	5,805	0.33 (0.47)
<i>Flirted</i>	10,799	0.35 (0.48)	4,994	0.37 (0.48)	5,805	0.34 (0.47)
<i>Erotic Joke or Story</i>	10,799	0.35 (0.48)	4,994	0.43 (0.50)	5,805	0.27 (0.45)
<i>Sexual Gossip</i>	10,799	0.28 (0.45)	4,994	0.34 (0.47)	5,805	0.22 (0.42)

Table 2 suggests that the source of social sexual behaviors is generally from someone of the opposite sex and this is particularly true in terms of women's experiences. Table 3 indicates the source is generally people at same level but for women about a third (30.98%) comes from higher level.

**Table 2: Source of Behavior by Gender**

%	Full Sample	Males	Females
Male Source	58.93	38.83	77.39
Female Source	41.07	61.17	22.61

**Table 3: Source of Behavior by Level in Hierarchy**

%	Full Sample	Males	Females
Lower Hierarchical Level	21.47	23.12	19.93
Same Hierarchical Level	53.09	57.40	49.09
Higher Hierarchical Level	25.45	19.48	30.98

The aim of the study is to examine estimates of the association between the respondent's trust in their co-workers and their experience of social sexual behavior in the workplace. Although we had not hypothesized gender differences, previous research (e.g. Sheppard et al., 2020) suggests that there may be differences in how men and women perceive and evaluate social sexual behavior. We conducted post hoc analysis to investigate this further. To do so, we estimate OLS models, controlling for age,

field of study, and gender, though we also split our sample by gender to investigate the possibility that men and women may respond differently to different types of behavior. The GUESSS survey is not a panel and so cannot account for individual unobserved heterogeneity. We do, however, allow for country specific fixed effects, which control for variation arising from country characteristic, acknowledging country context can bring relevant factors such as formal and informal institutional conditions, value systems, cultural implications, and, attitudes towards entrepreneurship (Acs, Audretsch, Lehmann and Licht, 2016; Acs, Estrin, Mickiewicz and Szerb, 2018). The frequency, format and perception of sexualised jokes and language is considered to be context and industry-specific (Wilson et al. 2013; Lin and den Besten 2018). We also cluster the standard errors by groups defined by country and sector to allow for within-group correlation in the residuals.

We focus on the explicit trust outcome variable as opposed to an average value or other aggregation method (of the three items) to allow us to model explicitly the ordered categorical information captured by the survey. Moreover, it is far from clear that a four on the trust scale really represents twice the level of trust as a two. An ordered probit model allows for both of these features of our data and will be used to further investigate the relationship of the hypothesised factors on workplace trust. Daykin and Moffait (2002) note that while the use of linear regression techniques in the modelling of ordinal data is clearly inappropriate, ordered probit models are very effective.

#### 4.1 Main Results

Table 4 presents the main results of the study using the one item trust indicator. We generally find that older respondents are statistically significantly less trusting though the magnitude of this age effect is small. Females were statistically less trusting of co-workers in the start-up workplace also. The first seven columns of Table 4 include each category of social sexual behavior in isolation from the others. These results, which allow for unobserved country, sector, and field of study heterogeneity, support H1 as they suggest that social sexual behavior in the workplace is detrimental to interpersonal trust within start-ups. Each of these are statistically significant and of a magnitude comparable to or in excess of the estimated gender effect. For example, Column 7 tells us that, on average, hearing one's colleagues relay sexual gossip about other co-workers reduces trust by approximately 0.4 of a unit on the seven-point trust scale.

Many of these variables are likely to be correlated leading to an omitted variable problem. Therefore, we include all of the behaviors simultaneously in Column 8. Inappropriate looks, flirtations, and sexual gossip remain statistically significantly and meaningfully associated with lower trust. However, this specification suggests that being told that you are attractive increases trust. The final two columns (9 and 10) split the sample into groups defined by gender. Inappropriate looks and gossip are associated with lower trust in both groups. However, some behavior is only harmful to trust when experienced by particular genders. Flirtation and remarks on one's body only reduce trust for women, whereas erotic jokes reduce trust only for men. While the coefficient for being told that you are attractive is positive for both groups, it is only statistically significant in the case of men. We further explore these findings below, but first examine the robustness of our results to alternative measures of trust and estimation methods.

Table 5 presents the results from replicating the final three columns of Table 4 using alternative outcome variables. The first three columns of Table 5 use the delegation variable. The first column finds that inappropriate looks, flirtation, and gossip reduce this measure of trust, while being told that you are attractive increases it. This accords with the results of Table 4. There are some differences, however, when we break the sample into gender groups.

**Table 4: Main Results**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	<i>Trust</i>	<i>Trust</i>	<i>Trust</i>	<i>Trust</i>	<i>Trust</i>	<i>Trust</i>	<i>Trust</i>	<i>Trust</i>	<i>Trust</i>	<i>Trust</i>
Age	-0.01*** (0.002)	-0.01*** (0.003)	-0.01*** (0.003)	-0.01*** (0.003)	-0.01*** (0.002)	-0.01*** (0.002)	-0.01*** (0.002)	-0.01*** (0.002)	-0.00 (0.004)	-0.01*** (0.003)
Female	-0.20*** (0.032)	-0.20*** (0.033)	-0.22*** (0.033)	-0.22*** (0.033)	-0.21*** (0.032)	-0.24*** (0.032)	-0.24*** (0.032)	-0.23*** (0.033)		
Inappropriate Look	-0.42*** (0.034)							-0.27*** (0.042)	-0.30*** (0.052)	-0.24*** (0.066)
Told Attractive		-0.21*** (0.030)						0.09** (0.040)	0.13** (0.060)	0.07 (0.053)
Felt Desirable			-0.26*** (0.030)					0.03 (0.046)	-0.04 (0.065)	0.06 (0.067)
Remarks on Body				-0.31*** (0.030)				-0.05 (0.039)	0.02 (0.059)	-0.11* (0.057)
Flirted					-0.37*** (0.034)			-0.13*** (0.046)	-0.02 (0.064)	-0.22*** (0.057)
Erotic Joke or Story						-0.31*** (0.028)		-0.03 (0.042)	-0.11** (0.054)	0.06 (0.060)
Sexual Gossip							-0.42*** (0.032)	-0.25*** (0.045)	-0.20*** (0.060)	-0.31*** (0.065)
Constant	5.24*** (0.381)	5.22*** (0.395)	5.22*** (0.390)	5.28*** (0.392)	5.29*** (0.394)	5.28*** (0.399)	5.17*** (0.395)	5.24*** (0.384)	5.94*** (0.367)	4.36*** (0.385)
Sample	Full	Full	Full	Full	Full	Full	Full	Full	<b>Men</b>	<b>Women</b>
<i>Fixed Effects for</i>										
Field of Study	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sector	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	11,072	11,039	11,024	11,011	11,032	11,019	11,000	10,799	4,994	5,805
R-squared	0.058	0.046	0.048	0.051	0.055	0.051	0.056	0.063	0.053	0.074

OLS estimates. Standard errors are clustered by country and sector and reported in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

**Table 5: Robustness to Additional Trust Indicators**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	<i>Delegate</i>	<i>Delegate</i>	<i>Delegate</i>	<i>Honest</i>	<i>Honest</i>	<i>Honest</i>	<i>Combined</i>	<i>Combined</i>	<i>Combined</i>
Age	-0.00 (0.002)	0.00 (0.003)	-0.00 (0.004)	-0.01*** (0.002)	-0.01** (0.003)	-0.02*** (0.004)	-0.01*** (0.002)	-0.00 (0.003)	-0.01*** (0.003)
Female	-0.21*** (0.033)			-0.20*** (0.033)			-0.21*** (0.027)		
Inappropriate Look	-0.24*** (0.049)	-0.32*** (0.062)	-0.17** (0.076)	-0.25*** (0.052)	-0.30*** (0.062)	-0.21*** (0.072)	-0.25*** (0.042)	-0.31*** (0.049)	-0.21*** (0.066)
Told Attractive	0.15*** (0.043)	0.19*** (0.058)	0.12* (0.062)	0.12*** (0.043)	0.26*** (0.057)	0.02 (0.057)	0.12*** (0.037)	0.19*** (0.050)	0.07 (0.051)
Felt Desirable	0.03 (0.047)	-0.03 (0.065)	0.07 (0.064)	0.03 (0.052)	-0.03 (0.071)	0.05 (0.067)	0.03 (0.044)	-0.03 (0.057)	0.07 (0.059)
Remarks on Body	0.03 (0.042)	0.14** (0.065)	-0.06 (0.056)	-0.03 (0.042)	-0.04 (0.062)	-0.02 (0.057)	-0.02 (0.034)	0.04 (0.054)	-0.06 (0.048)
Flirted	-0.09* (0.047)	-0.00 (0.067)	-0.15** (0.070)	-0.23*** (0.049)	-0.17** (0.069)	-0.29*** (0.066)	-0.15*** (0.042)	-0.06 (0.061)	-0.22*** (0.057)
Erotic Joke or Story	-0.06 (0.043)	-0.09 (0.057)	-0.03 (0.063)	-0.04 (0.041)	-0.08 (0.049)	0.00 (0.061)	-0.04 (0.036)	-0.09** (0.047)	0.01 (0.053)
Sexual Gossip	-0.19*** (0.040)	-0.20*** (0.060)	-0.18*** (0.063)	-0.34*** (0.045)	-0.30*** (0.067)	-0.37*** (0.060)	-0.26*** (0.038)	-0.23*** (0.056)	-0.29*** (0.055)
Constant	5.31*** (0.395)	5.54*** (0.498)	4.86*** (0.469)	5.71*** (0.358)	6.28*** (0.286)	4.97*** (0.381)	5.37*** (0.352)	5.87*** (0.372)	4.73*** (0.388)
Sample	<b>Full</b>	<b>Men</b>	<b>Women</b>	<b>Full</b>	<b>Men</b>	<b>Women</b>	<b>Full</b>	<b>Men</b>	<b>Women</b>
<i>Fixed Effects for</i>									
Field of Study	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sector	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	10,776	4,990	5,786	10,762	4,974	5,788	10,733	4,968	5,765
R-squared	0.037	0.039	0.044	0.065	0.065	0.073	0.060	0.054	0.069

OLS estimates. Standard errors are clustered by country and sector and reported in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Both columns two and three, show positive responses to comments on attractiveness and men who have had remarks made on their body have more favourable attitudes to delegating. Also contrary to Table 4, men do not change their views of colleagues in this regard in response to erotic jokes and stories. While a willingness to delegate implies only a certain type of trust, the broad agreement of these results supports the contention that social sexual behaviors in the workplace impose efficiency costs on start-ups. Similar findings are obtained when we examine the view that colleagues are honest and truthful in columns four to six. While some differences exist relative to Table 4 in the gender split samples in terms of the particular behaviors that are significant, the results regarding inappropriate looks, flirtation and sexual gossip are robust to this change in dependent variable. Finally, using the combined construct gives results that line up almost perfectly with those in Table 4. The only difference being that remarks on body, which were significant for women in Table 4 at 10%, are not significant in the final column of Table 5.

Table 6 presents the results of the Ordered Probit models for the trust (1-item) variable for the full sample and gender sub-samples. While the magnitudes of the coefficients do not have a direct interpretation, negative (positive) signs tells us that the significant variables increases (decreases) the probability of trusting ‘not at all’ and decreases (increases) the probability of trusting ‘very much’. This change in estimation approach does not alter our conclusions (H1 is partially supported).

**Table 6: Ordered Probit Model**

	(1) <i>Trust</i>	(2) <i>Trust</i>	(3) <i>Trust</i>
Age	-0.01*** (0.002)	-0.00 (0.003)	-0.01*** (0.002)
Female	-0.15*** (0.023)		
Inappropriate Look	-0.19*** (0.029)	-0.23*** (0.039)	-0.16*** (0.045)
Told Attractive	0.06** (0.029)	0.09** (0.043)	0.04 (0.037)
Felt Desirable	0.01 (0.033)	-0.04 (0.046)	0.04 (0.047)
Remarks on Body	-0.03 (0.026)	0.01 (0.042)	-0.06* (0.037)
Flirted	-0.09*** (0.032)	-0.00 (0.047)	-0.15*** (0.038)
Erotic Joke or Story	-0.02 (0.029)	-0.08** (0.041)	0.03 (0.040)
Sexual Gossip	-0.18*** (0.031)	-0.15*** (0.043)	-0.21*** (0.044)
Sample	Full	<b>Men</b>	<b>Women</b>
<i>Fixed Effects for</i>			
Field of Study	Yes	Yes	Yes
Sector	Yes	Yes	Yes
Country	Yes	Yes	Yes
Observations	10,799	4,994	5,805

Ordered Probit estimates. Standard errors are clustered by country and sector and reported in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

## 4.2 Type and Source of Experience

Having established that many manifestations of social sexual behavior are associated with lower trust and that this result is robust to changes in dependent variable and estimation strategy, we next extend the analysis to consider the respondent's view as to the unpleasantness of the experience and the source of the experience in terms of gender and hierarchal relationship. The survey follows up each social sexual behavior experience question, by asking the respondent to rate the experience from one (very enjoyable) to seven (very unpleasant). From this information we create variables capturing each category of experience: a baseline category that captures no experience of the behavior in question, one that captures enjoyable experiences (one to three on the scale), and the final category reflects neutral or unpleasant experiences (four to seven).

Table 7 presents the results from estimating our key specifications with these categorical variables instead of the simple dummy variable for experience of the behavior. Column 1 tells us that, contrary to hypothesis two and the arguments that give rise to it, for many social sexual behaviors it is immaterial whether the respondent found it enjoyable or not (H2 is unsupported).

**Table 7: Types of Experience**

	(1) <i>Trust</i>	(2) <i>Trust</i>	(3) <i>Trust</i>
Age	-0.01*** (0.002)	-0.01 (0.004)	-0.02*** (0.004)
Female	-0.23*** (0.033)		
<i>Relative to no experience of the encounter in question:</i>			
Inappropriate Look: enjoyable experience	-0.30*** (0.066)	-0.38*** (0.083)	-0.23*** (0.084)
Inappropriate Look: neutral or unpleasant experience	-0.25*** (0.050)	-0.28*** (0.064)	-0.23*** (0.070)
Told Attractive: enjoyable experience	0.05 (0.050)	0.05 (0.078)	0.04 (0.064)
Told Attractive: neutral or unpleasant experience	0.12*** (0.045)	0.20*** (0.066)	0.08 (0.057)
Felt Desirable enjoyable experience	0.06 (0.050)	0.01 (0.081)	0.09 (0.070)
Felt Desirable: neutral or unpleasant experience	0.01 (0.055)	-0.05 (0.069)	0.04 (0.083)
Remarks on Body: enjoyable experience	-0.06 (0.050)	0.02 (0.076)	-0.12 (0.081)
Remarks on Body: neutral or unpleasant experience	-0.07 (0.045)	-0.04 (0.062)	-0.08 (0.066)
Flirted: enjoyable experience	-0.18*** (0.058)	-0.07 (0.075)	-0.27*** (0.079)
Flirted: neutral or unpleasant experience	-0.09* (0.051)	-0.00 (0.073)	-0.17*** (0.065)
Erotic Joke or Story: enjoyable experience	-0.05 (0.060)	-0.09 (0.077)	-0.01 (0.081)
Erotic Joke or Story: neutral or unpleasant experience	-0.01 (0.043)	-0.10 (0.059)	0.07 (0.069)
Sexual Gossip: enjoyable experience	-0.21*** (0.055)	-0.18*** (0.066)	-0.27*** (0.086)
Sexual Gossip: neutral or unpleasant experience	-0.28***	-0.20***	-0.35***

	(0.046)	(0.070)	(0.074)
Constant	5.31***	6.01***	4.42***
	(0.382)	(0.349)	(0.392)
Sample	Full	Men	Women
<i>Fixed Effects for</i>			
Field of Study	Yes	Yes	Yes
Sector	Yes	Yes	Yes
Country	Yes	Yes	Yes
Observations	11,007	5,068	5,939
R-squared	0.065	0.057	0.074

OLS estimates. Standard errors are clustered by country and sector and reported in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

For example, inappropriate looks that the respondent reports finding enjoyable still reduce trust. Furthermore, for the statistically significant behaviors with a negative effect, we cannot reject the null hypotheses that the estimated effect of the enjoyable experience is the same as that of the neutral or unpleasant experience (Inappropriate Look, p-value = 0.5; Flirted, p-value = 0.15; Sexual Gossip, p-value = 0.2). Once again, we find a different effect in terms of being told you are attractive. Here, enjoyable experiences have no statistically significant effect whereas neutral or unpleasant experiences have a positive effect on trust on average and for men according to Column 2. We also see a gender difference in terms of responses to flirting. Column 2 tells us that men do not lose trust in response to flirting, be it a positive experience or otherwise. However, women, according to Column 3, lose trust in their colleagues if they experience flirting, regardless of whether it is a positive or negative experience. Once again, we cannot reject the null that positive experiences of flirting have the same effect as neutral or unpleasant experiences (p-value = 0.24).

Finally, we examine if the hierarchical source of the behavior mitigates its impact on trust. Table 8 reports the results of estimating our main specifications on samples split according to the experience source, with the first three columns examining the role of hierarchical position. Recall that we cannot identify the source of each behavior only the (hierarchical) relationship with the person with whom these situations mostly happened. The results suggest that inappropriate looks and sexual gossip reduce trust when they are received from any hierarchical level. Being told you are attractive only influences trust positively if the source of social sexual behavior is at the same level. This suggests that the significant and somewhat puzzling results regarding this category of experience that we have observed thus far may be an artefact of complementary comments amongst close colleagues rather than predatory or inappropriate behavior from superiors. Flirtation reduces trust as long as the source of your experiences is not at a lower level, whereas jokes and stories only reduce trust if social sexual behavior experiences come from subordinates. There is therefore mixed support for Hypothesis three in that while some behaviors are only associated with trust when the source is from a different level of the organization, it is not the case that the effects of social sexual behavior increases when the source outranks the respondent (H3 partially supported).

The remaining columns look at the gender of the source the respondent was referring to in the question regarding hierarchical relationship. Except in the case of women-women experiences (Column 9), inappropriate looks are significantly associated with lower trust in all cases. We also gain further insight into the seemingly beneficial effect of being told you are attractive as we can see that while men gain trust if such behaviors arise from male or female colleagues, women only trust more if the majority of their experience of sexual behavior comes from other women (Column 9). Having complementary remarks made about specific body parts is also harmful for trust for this sub-sample.

**Table 8: Source of Experience**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Source of experience	<i>Trust</i> Lower Level	<i>Trust</i> Same Level	<i>Trust</i> Higher Level	<i>Trust</i> Man	<i>Trust</i> Woman	<i>Trust</i> Man	<i>Trust</i> Man	<i>Trust</i> Woman	<i>Trust</i> Woman
Age	-0.00 (0.006)	-0.01 (0.004)	-0.01** (0.007)	-0.01* (0.004)	-0.00 (0.004)	0.01 (0.007)	-0.02*** (0.005)	-0.00 (0.006)	-0.02** (0.008)
Female	-0.13 (0.093)	-0.23*** (0.045)	-0.31*** (0.092)	-0.28*** (0.066)	-0.03 (0.068)				
Inappropriate Look	-0.40*** (0.095)	-0.24*** (0.055)	-0.24** (0.099)	-0.28*** (0.059)	-0.20*** (0.072)	-0.47*** (0.117)	-0.22*** (0.069)	-0.23*** (0.076)	-0.14 (0.188)
Told Attractive	0.09 (0.117)	0.23*** (0.067)	0.13 (0.132)	0.18** (0.080)	0.22** (0.085)	0.25** (0.118)	0.12 (0.098)	0.20** (0.099)	0.25* (0.139)
Felt Desirable	0.21* (0.115)	0.02 (0.060)	0.01 (0.097)	0.10 (0.067)	0.03 (0.067)	0.07 (0.132)	0.09 (0.078)	0.00 (0.082)	0.11 (0.143)
Remarks on Body	-0.12 (0.096)	-0.03 (0.056)	-0.03 (0.084)	-0.07 (0.055)	-0.03 (0.056)	0.02 (0.126)	-0.08 (0.064)	0.06 (0.070)	-0.27** (0.118)
Flirted	-0.02 (0.091)	-0.16** (0.061)	-0.17* (0.097)	-0.14** (0.064)	-0.06 (0.068)	0.01 (0.132)	-0.20*** (0.069)	-0.04 (0.081)	-0.09 (0.139)
Erotic Joke or Story	-0.23** (0.089)	0.04 (0.059)	0.14 (0.087)	0.06 (0.053)	-0.07 (0.065)	-0.07 (0.084)	0.10 (0.067)	-0.05 (0.071)	-0.12 (0.144)
Sexual Gossip	-0.23*** (0.087)	-0.22*** (0.058)	-0.22** (0.095)	-0.29*** (0.056)	-0.21*** (0.071)	-0.08 (0.093)	-0.41*** (0.068)	-0.28*** (0.083)	-0.00 (0.143)
Constant	5.36*** (0.360)	5.44*** (0.296)	5.23*** (0.355)	5.42*** (0.289)	4.31*** (0.241)	5.24*** (0.389)	5.45*** (0.261)	7.48*** (0.321)	4.57*** (0.404)
Sample	<b>Full</b>	<b>Full</b>	<b>Full</b>	<b>Full</b>	<b>Full</b>	<b>Men</b>	<b>Women</b>	<b>Men</b>	<b>Women</b>
<i>Fixed Effects for</i>									
Field of Study	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sector	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,456	3,601	1,726	4,111	2,865	1,297	2,814	2,043	822
R-squared	0.113	0.077	0.108	0.083	0.067	0.089	0.099	0.067	0.136

OLS estimates. Standard errors are clustered by country and sector and reported in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Column 7 tells us that women who have men as the source of their experience lose trust as a result of flirting but such an effect is missing in other samples columns of Table 8. Finally, columns 7 and 8 suggest that sexual gossip is only harmful to trust if it one's primary source of workplace social sexual behavior is of a different gender to one's own.

## 5. Discussion and Conclusions

### 5.1 Discussion

The #MeToo movement which has gained widespread awareness and traction has caused an upsurge of attention on sexual harassment in the workplace and has highlighted the ubiquity of inappropriate sexual behaviors and harassment at work (Fernando and Prasad 2018). Workplace social sexual behavior describes harassing or non-harassing behavior in the workplace that is perceived as having sexual connotations (Aquino et al. 2014). The purpose of this study is to investigate the impact of social sexual behavior on workplace trust in start-ups enterprises. Taken together, our results point to a statistically significant and meaningful relationship between social sexual behaviors and trust between co-workers in new enterprises and highlight a number of important nuances in understanding this relationship.

Drawing on a large cross-country survey of students who have worked in start-up firms, we found that experiences such as inappropriate looks, flirtation, and sexual gossip generally predict lower co-worker trust. While women may have different interpretations of harassment, (Bell et al. 2002; Berdahl and Aquino 2009), our results show that both men and women who have experienced such behaviors have lower trust. These results accord with studies that have noted the negative effect of consensual sexual behavior (flirting, joking) on job satisfaction and turnover intentions for both males and females (Salvaggio, Hopper and Packell 2011). Interestingly, our results also suggest that even experiences which are viewed as pleasant are associated with lower trust. This supports Berdahl and Aquino (2009) who noted that employees who experienced social sexual behavior simply reported more work withdrawal, regardless of perception of it as positive or negative. However, our results offer an interesting comparison to the recent work by Sheppard et al. (2020). In their research Sheppard and colleagues report that positive experiences of social sexual behavior are associated with increased psychosocial resources including feelings of confidence and power. Our study suggests that although positive experiences of social sexual behavior may have positive consequences at an individual level, they may also be harmful in terms of their impact on relational perceptions of coworkers such as trust.

Previous studies have often struggled to determine whether the observed social sexual behavior occurred between friendly peers or management (Salvaggio et al. 2011). The GUESS data allows us to make some progress in this regard and we conclude that the source of the behavior is indeed important. Experiences of inappropriate looks and sexual gossip are associated with lower trust, regardless of the hierarchical origin of the majority of the respondent's experience of social sexual behavior. However, the negative effect of flirting is only evident when the source of social sexual behavior is someone at the same or higher level, and inappropriate looks only significantly predict lower trust when the source is someone lower in the hierarchy. The gender of the respondent's main source of social sexual behavior is also important. For example, we find that sexual gossip only harms trust when it originates from someone of a different gender. For men, being told they were attractive or handsome predicts higher levels of trust regardless of the gender of the source. However for women, only female-female experiences of such interactions predict higher trust. These results echo findings that all-female workgroups who converse about intimate aspects and relationships develop stronger bonds (Dellinger and Williams 2002). However, remarks on specific body parts by female colleagues

lowered trust when directed to other females. Within the start-up environment, Markussen and Røed (2017) investigated the effect of gendered peer influences on entrepreneurial career behaviors in Norway. They found that same-sex peers had a larger influence on the entrepreneur than opposite-sex.

The primary proximal predictor of trust is trustworthiness (Baer and Colquitt, 2018). Trustworthiness perceptions are formed through an aggregate evaluation of another party's ability, benevolence and integrity (Mayer, Davis and Schoorman, 1995). Although our data did not allow us to explore the mechanisms through which social sexual behavior influences trust, it is likely that its influence operates through one or more of the sub dimensions of trustworthiness. In particular, the relevance of integrity perception is clear. Integrity is defined literature as a judgement regarding whether another party adheres to a set of principles or values that you find acceptable (Mayer et al., 1995). In many work environments, experiencing social sexual behavior is likely to impact perceptions that one's coworkers follow principles of behavior appropriate to that social context. In certain situations, social sexual behaviors may also impact perceptions of professional ability or benevolence depending on their attribution. Attributions to an ability or competence issue might lead employees to explain sexual behavior by thinking "my coworkers don't know any better". Similarly, attribution of the behavior as a benevolence issue might lead employees to interpret social sexual behavior as "my colleagues don't care to treat me any better". Future research is needed to consider the situations in which each of these underlying mechanisms is likely to be the most salient and important.

## 5.2 Limitations and Future Research

The results of our study should be interpreted in light of several limitations in our data. Firstly, the cross sectional nature of our data limits our ability to claim that these relationships are causal. It is possible that people with low levels of trust are more likely to report social sexual behaviors, though the opposite is more consistent with theoretical arguments in our field. Certain types of people may also be less likely to trust and be more likely to attract social sexual behaviors in the workplace. Future work could usefully explore these issues using experimental or longitudinal designs.

Secondly, our sample of students working in start-ups is clearly not representative of the workforce at large, as they may be more homogenous in terms of life experience or education. Yet within the start-up space, the age demographic of employees is typically young. Ouimet and Zarutskie (2014) noted that approximately 27% of employees in firms aged one to five years are between 25 and 34 years old, and over 70% are under the age of 45. As a result, we believe our sample to be somewhat representative of this population. It would be interesting for future work to examine the extent to which individual characteristics such as age and education level impact the relationship between social sexual behavior and trust in the workplace. Similarly, the external validity of these results should be examined in the future using data on types of worker and work environment or culture as well as the possibility for cultural and institutional features of countries to moderate the relationship between workplace behavior and trust. Finally, it should also be borne in mind that the R-squared values of our models are quite low (approx. 0.1) suggesting that while social sexual behaviors may explain part of the variation in trust between workers, and are a meaningful as well as statistically significant correlate, they are by no means the whole story.

## 5.3 Practical Implications

Despite these limitations, our results should be of practical interest. From a policy standpoint, our results suggest that managers in the start-up context be more cognisant of their evolving workplace norms and

company culture, and the presence of social sexual behavior within this. In dealing with social sexual behavior in the workplace, Gutek (2013) recommends that it be viewed as an organizational phenomenon and once made visible, can be managed through traditional organizational and management practices or policies. Existing research offers some suggestions that may be fruitful in dealing with these behaviors in the workplace. For instance, in a study of companies transitioning to more gender inclusive practices, it was recommended that conversational rituals associated with male bonding, such as gender offensive jokes or use of expletives should be curtailed through staff discussions about respect and workplace expectations (Kulkarni, Vohra, Sharma and Nair 2018). Research also suggests that deliberate workplace policy on social media use can be particularly effective in reducing instances of sexual harassment in the workplace, and encouraging transparency more generally (Pina et al. 2009; Willness et al. 2007). While we acknowledge that adopting a zero-tolerance policy to social sexual behaviors in the workplace would be stifling for employees, we agree with Sheppard et al. (2020) that there be more clear boundaries and policies to limit its occurrence across hierarchical relationships in a company setting.

## 6. Conclusion

Overall, our results indicate that many forms of social sexual behaviors influence trust, even those considered to be pleasantly received, can negatively affect trust within the start-up workplace. This poses a challenge for employee and ventures alike, as positive, trusting relationships are an important predictor of well-being in the work environment (Downey et al. 2015; Mo and Shi 2017), and can encourage more innovative action and teamwork behaviors (Serva, et al. 2005; Lee 2008). The early strategic and financial decisions of a new company has significant bearing on its survival, requiring it to negate liabilities of newness with a developed internal infrastructure (Wiklund, Baker and Shepherd 2010). Moreover, within employment contexts of fast pace and high psychological demands, employee burnout poses a significant risk to staff (Fagerlind Ståhl, Ståhl and Smith 2018). As the entrepreneurship literature begins to grow in the areas of human resource and people management (Bendickson et al. 2017), we suggest that further context specific work understanding the impact of workplace behaviors will be critical to allowing start-up organizations to reach their full potential and create positive, healthy and effective working climates.

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