

A Behavioral Economics Approach to Understanding Sexual Harassment in Workplaces

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INTRODUCTION

In the United States, in 2024, around 37% of women and 14% of men reported experiencing some form of sexual harassment at work, with even higher rates among marginalized groups (Raj et al., 2024). Despite decades of training programs and legal protections, sexual harassment remains common in workplaces across the globe. The consequences are not just personal—they ripple through organizations, impacting the mental health of employees, lowering productivity, increasing turnover, and exposing companies to legal and reputational risks.

Traditionally, efforts to prevent workplace harassment have centered around compliance training, HR policies, and legal deterrents. Yet these strategies often fall short. Although employers may inform employees of the rules, such efforts rarely shift the underlying behaviors, beliefs, or power dynamics that allow sexual harassment to persist; it persists not because people lack awareness of its inappropriateness and harmful effects, but because of a complex interplay of power imbalances, social norms, fear of retaliation, and organizational inaction (Elsesser, 2018). In many workplace environments, particularly those with hierarchical structures, individuals in positions of power may sexually exploit others with little fear of consequences. Moreover, organizations often foster cultures of silence, where victims and bystanders alike are discouraged from speaking up. According to the U.S. Equal

Employment Opportunity Commission (EEOC), approximately 75% of all workplace harassment, including sexual harassment, goes unreported (EEOC, 2016). Researchers have identified three main factors that contribute to the culture of silence in workplaces (e.g., Pacheco et al., 2015). The first one is the absence of psychological safety, which is the extent to which employees feel safe to express ideas, questions, concerns, or even mistakes without fear of negative consequences like ridicule, punishment, or damage to their career. The second is the lack of instrumentality, which relates to employees' belief that voicing their opinions will lead to positive change or have an impact. The last one is a question of personal efficacy, an employee's belief in their own capability to voice their opinions or contribute to the organization successfully. Addressing sexual harassment, therefore, requires interventions tailored to organizational and even national cultural contexts—reducing hierarchical fear, reframing authority, and deliberately designing environments that encourage voice.

This proposal for research examines sexual harassment in the workforce through the lens of psychological safety, framed within a behavioral economics model. Behavioral economics, the framework proposed for this research, is the study of how cognitive biases and social pressures influence decisions. Traditional approaches prioritize legal liability over genuine cultural change, which is problematic as harmful behaviors are perpetuated. Rather than assuming rational

behavior, behavioral economics acknowledges that context, culture, and subtle framing have a powerful influence on how employees act with different organizational structures.

At its core, the study argues that power distance—the extent to which people in organizations accept and respond to unequal power distribution (Hu et al., 2018)—is a critical cultural determinant of silence. Power distance shapes employees' sense of psychological safety, which in turn affects whether they report harassment, with notable variations across cultures. From a behavioral economics perspective, the persistence of silence in high power distance settings is not irrational but predictable: cognitive biases, such as loss aversion and the fear of social sanctions, interact with hierarchical norms to suppress reporting. Thus, failures to report harassment are not simply lapses in awareness but culturally patterned outcomes. By positioning power distance as a root cause of psychological safety and reporting behavior, this study aims to advance a culturally informed analysis of sexual harassment reporting that integrates Hofstede's cultural dimension of power distance – which reflects how societies manage inequality and hierarchy in organizations, influencing whether subordinates feel empowered to challenge authority—with the construct of psychological safety (Hofstede, 2011). In doing so, it broadens the scope of harassment prevention beyond compliance to include organizational behavior and cross-cultural psychology.

The central hypothesis is that **higher power distance reduces psychological safety, therefore leading to increased failures to report harassment**. By framing psychological safety as the mediating mechanism between cultural power hierarchies and reporting behavior, this project develops a novel theory while using past analytical models to explain cross-national variation in harassment reporting.

This project extends prior research by moving beyond compliance- or policy-centered explanations and instead situating harassment reporting behavior within cultural logics of authority and risk. Therefore, by embedding Hofstede's dimensions into harassment reporting research, this framework highlights why interventions that succeed in more egalitarian cultures may falter in stronger hierarchical cultures, underscoring the need for culturally tailored strategies to prevent harassment. The results from this project will contribute to our understanding of the need to tailor organizational strategies to cultural dynamics, linking specific cultural dimensions to the likelihood of reporting sexual harassment through the mediating role of psychological safety.

BACKGROUND AND DEVELOPMENT

Research on workplace harassment has long emphasized individual-level factors such as awareness, courage, or access to formal reporting systems (Cortina & Magley, 2003; Cortina & Areguin, 2021). More recent organizational behavior scholarship has shifted attention to contextual determinants, showing that silence is shaped by broader social norms, leader behaviors, and cultural expectations (Detert & Burris, 2007; Cortina & Areguin, 2021; Liang, 2024). Within this scientific literature, psychological safety has emerged as a central group-level construct, as studies consistently find that psychological safety predicts employees' willingness to speak up at work (Edmondson & Lei, 2014).

However, most of this research has been conducted in Western, low power distance settings. This creates a significant issue as the behaviors used to measure psychological safety in Western contexts may manifest differently or carry different meanings in high power distance settings, where cultural hierarchies shape how

people interpret, express, and respond to interpersonal risk (Dorfman, 1988). Moreover, although prior studies have linked power distance to organizational silence (Morrison et al., 2011; Hu et al., 2018), few have directly connected cultural hierarchies to harassment reporting through the mechanism of psychological safety.

This project addresses that gap by advancing a culturally informed framework that connects power distance to harassment reporting through psychological safety. In addition, it contributes to theory development by incorporating insights from behavioral economics, highlighting how cognitive biases such as loss aversion and fear of sanctions interact with hierarchical norms to suppress reporting.

METHOD

To empirically test the proposed theoretical model, this study will employ a cross-sectional, cross-national survey design. Within each country, models will be estimated separately, comparing relationships at the team and individual levels. Data will be analyzed separately within each country to account for cultural differences, and the results will then be compared across countries. A two-level multilevel model, with individuals nested within teams, will be used, thereby capturing both individual-level and team-level dynamics. At the individual level, failure to report sexual harassment will be assessed as the main outcome variable. At the team level, psychological safety will be measured as a factor influencing reporting behavior. Psychological safety will be measured using a validated scale, most commonly Edmondson's (1999) Psychological Safety Scale. This instrument asks individuals to evaluate the degree to which their team climate encourages openness, risk-taking, and speaking up, with items such as "It is safe to take a risk on

this team" and "Members of this team are able to bring up problems and tough issues." Responses will be collected from all team members and then aggregated to create a team-level measure of psychological safety. Cross-country comparisons will be interpreted through Hofstede's cultural dimension power distance, which allows the study to test how power distance shapes the link between psychological safety and reporting behavior.

This structure enables testing both between-country differences in cultural norms and within-organization variations in psychological safety climates. Although cross-sectional designs do not permit strong causal inferences, the use of multilevel and cross-national framework provides a strong basis for identifying both within-organization patterns and between-country cultural differences.

Measures

The dependent variable, whether employees fail to report sexual harassment, will be captured in two ways. First, participants would be asked to report whether they have personally witnessed or experienced harassment in the workplace and, if so, whether they took action by reporting or confronting the perpetrator, or remaining silent. A binary outcome variable will be coded as 1=did not report sexual harassment, 0=reported sexual harassment. Second, vignette-based scenarios describing hypothetical harassment situations would be presented, and participants will indicate the likelihood they would report sexual harassment under those circumstances. This combination of behavioral self-report and vignette-based measures addresses concerns about social desirability bias and enhances construct validity. Control variables would include participant demographic characteristics such as gender, job tenure, and occupational

role, as well as organizational characteristics, such as size and industry sector.

The independent variable will be measured using Hofstede's country-level indices for levels of power distance. To address critiques of Hofstede's reliance on dated data, organizational culture will be measured with adapted surveys from established tools (e.g., Dorfman & Howell, 1988), allowing for assessment of micro-level cultural variation within organizations. Psychological safety, the proposed mediator, will be measured with Edmondson's (1999) seven-item scale, which has been extensively validated in organizational research. Responses will be based on a seven-point Likert scale. Prior to aggregation, psychometric analyses will be conducted to confirm that the scale works properly at the individual level, and aggregation to the team level will be evaluated through interrater agreement and standard reliability statistics.

Samples and Settings

Data will be collected from multinational corporations operating in six countries selected purposely to maximize variation across the power distance construct. The United States will be included as a case of low power distance (Hofstede score ~40), as its egalitarian workplace norms make it a benchmark for comparison with more hierarchical settings. Sweden is included because it represents one of the lowest power distance cultures (~31) and is well known for flat organizational structures and a strong societal emphasis regarding equality. Germany provides an important mid-range case (~35), combining structured and rule-oriented organizational processes with relatively egalitarian norms compared to other hierarchical cultures. Japan, by contrast, reflects a high power distance environment (~54), where organizational hierarchies, seniority-based

systems, and deference to authority are deeply embedded in workplace practices. India, with a much higher power distance (~77), exemplifies societies where inequality in decision-making is expected and accepted, making it a critical contrast with Western egalitarian contexts. Finally, Mexico, with one of the highest power distance scores (~81), illustrates a context of centralized authority and deep respect for hierarchical structures, thereby rounding out the sample with an extreme high-end case (Hofstede, 2025).

Within each country, approximately twenty pre-existing work teams of 10–15 employees would be recruited, resulting in an anticipated sample of 120 teams and approximately 1,200 employees overall. Teams would be drawn from a stratified set of industries, including traditionally hierarchical and male-dominated sectors such as finance, technology, and manufacturing, as well as more egalitarian sectors such as education and healthcare. This approach increases generalizability and ensures that findings are not driven solely by industry-specific reporting norms. Based on Monte Carlo simulations for multilevel mediation models, the expected sample size provides sufficient statistical power to detect medium-sized indirect effects (Harrison, 2010).

Procedures

All survey instruments will undergo rigorous translation and back-translation procedures to ensure linguistic and conceptual equivalence across cultural contexts. In addition to Brislin's method (Jones et al., 2001), bilingual expert panels will be established to review translations to preserve cultural nuance. Data collection will occur via anonymous online surveys, and participants will be assured that their responses are confidential and will not be shared with employers. Given the sensitive

nature of the study, surveys will be prefaced with a clear statement of voluntary participation and confidentiality, and resources for psychological support will be provided to any respondents who may experience distress. Sensitive harassment-related items will include a “prefer not to answer” option to respect participant autonomy. Ethical approval will be secured from the appropriate institutional review board, and all procedures will adhere to international guidelines for research on sensitive workplace topics.

Data Analysis Plan

Analyses will employ multilevel structural equation modeling (MSEM) (Silva, 2016) to test mediation pathways. At Level 1 (individual), failure to report sexual harassment would be modeled as the outcome variable. At Level 2 (team), psychological safety will be modeled as the mediator. At Level 3 (organization/country), Hofstede’s cultural dimensions will be modeled as predictors. All models will include the control variables identified earlier. The central hypothesis predicts that the effect of cultural dimensions on failure to report is mediated by psychological safety. The analyses will proceed in several stages. First, the data will be screened for missingness and normality, and confirmatory factor analyses will be conducted to validate the measurement models. Measurement invariance tests will then be performed to confirm that psychological safety and other constructs operate equivalently across cultural groups (six countries). Null multilevel models will be employed to partition variance in reporting across individuals, teams, and countries, providing an empirical justification for the multilevel design. The primary hypothesis will be tested using multilevel structural equation modeling, which allows for simultaneous estimation of direct and indirect effects across levels. Specifically, Hofstede’s cultural dimensions measured at the

country level will be modeled as predictors of team-level psychological safety, which in turn would predict individual-level failures to report harassment. Indirect effects would be estimated using bootstrapping methods. Robustness checks will compare Hofstede indices across alternative cultural frameworks, such as GLOBE, and the study will test potential moderation effects.

Ethical Considerations

Given the sensitivity of sexual harassment, the project requires ethical review. Confidentiality must be clearly explained, including how mandatory reporting obligations would be handled. Participants should have access to counseling and HR resources, and surveys must be trauma-informed with opt-out options. Because successful interventions may initially increase reporting, organizations must be prepared to respond quickly and effectively to disclosures, demonstrating the instrumentality of the system.

Limitations and Practical Translation

The study faces risks, including short-lived Hawthorne effects- the tendency for individuals to change their behavior because they know they are being observed, measurement reactivity, and contamination across teams. These can be mitigated by embedding rituals into team routines, supplementing self-reports with behavioral proxies, monitoring cross-team ties, and investing in leader coaching. Success will be defined through cross-sectional evidence of higher psychological safety in teams that show stronger alignment with egalitarian cultural values, alongside greater reported willingness to report harassment.

DISCUSSION

Theoretical Contributions

Theoretically, the model, informed by a behavioral economics framework, will contribute in two key ways. First, the study situates psychological safety not simply as an interpersonal dynamic within teams, but as a mediating mechanism linking macro-level cultural values to micro-level behavioral choices. This integration highlights that the lack of reporting harassment is not only a function of immediate individual behavior but also reflects deeper cultural orientations toward hierarchy and risk. Second, the study clarifies the role of power distance by analyzing how high power distance is related to a lack of sexual harassment reporting behavior through risk aversion and harmony preservation. The model thereby provides a framework for explaining cross-national variation in reporting behavior.

Practical Contributions

Practically, the study underscores the importance of tailoring harassment prevention strategies to power distance contexts. Traditional approaches—such as standardized compliance training—often assume that employees would rationally act on knowledge of the company rules and the legal landscape. However, this study suggests that in high power distance cultures, such interventions may be insufficient because employees perceive the social risks as too high. Instead, organizations must design interventions that address hierarchical barriers directly. For example, in such settings, visible leader assurances and non-retaliation rituals may be essential for signaling that speaking up is safe.

Benefits and Barriers

If this power distance–attuned model,

framed within behavioral economics, were applied, it may bring greater effectiveness in reducing silence and encouraging reporting across diverse organizational contexts. By focusing on psychological safety as the mediator, organizations can identify targeted levers—such as leader framing, norm feedback, and structured voice opportunities—that are adaptable across cultures while still sensitive to hierarchical values. However, there are barriers. Leaders in high power distance cultures may resist practices that reduce hierarchy, viewing them as a threat to authority. High power distance organizational climates may stigmatize vulnerability, making interventions that encourage open dialogue difficult to sustain. Additionally, implementing culture-specific interventions requires resources, cross-cultural expertise, and sustained leadership commitment.

Alternative Recommendations

While leader-driven and hierarchy-sensitive interventions are central, the results of this study may suggest alternative strategies. A recommendation is the use of technology-enabled anonymous reporting systems that allow employees to raise concerns without immediate personal exposure. Peer-led initiatives may also help mitigate silence even when top-down authority discourages speaking up. Finally, gamified bystander training or digital nudges can normalize intervention behaviors without directly challenging hierarchical norms, offering incremental pathways toward safety. These alternatives may mitigate resistance while still promoting long-term cultural change.

CONCLUSION

Overall, this study will investigate how sexual harassment reporting is conditioned across three levels: individual, team, and organizational/cultural context. Psychological

safety serves as the key mechanism linking power distance to employees' willingness to act, offering both a theoretical framework for research and practical guidance for organizations. The central challenge for organizations is not simply creating new policies but adapting interventions to the cultural logics of hierarchy, risk, and trust in workplaces.

The results of this study may show how sustaining psychological safety requires a deeper shift in organizational culture. Edmondson's work shows that sustaining psychological safety is the foundation of trust and openness, while behavioral economics demonstrates how environments can be intentionally designed to shape decisions in predictable ways. Before harassment occurs, tools, such as social norm feedback, framing, and nudges, can help embed respect into daily routines. After incidents are reported, the same tools can reinforce protection and validation, ensuring that employees feel safe, supported, and empowered to act. More research is needed to support these expectations.

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