

# Allied Academies International Internet Conference

## 2009

## Allied Academies Internet Conference

## Proceedings

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# **Proceedings of the Allied Academies Internet Conference**

**2009**

**Jo Ann and Jim Carland  
Co-Editors  
Carland College**

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# NEED FOR ACHIEVEMENT AND NET PROFITS: MANIFEST NEEDS & ACCOUNTING

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## ABSTRACT

*Using a sample of 205 we examine the relationship between the entrepreneurs' Need for Achievement and organizational profitability. Using a median split of the data organizations created (and lead) by an individual with higher need for achievement averaged 61.1% greater net profit indicating that it can be important to study Need for Achievement in Accounting and Entrepreneurship. Suggestions for future research are provided. Some of the main factors that can influence achievement motivation are also examined in this paper. These items will include social and cultural differences, as well as how differing job functions can contribute to a change in the need for achievement. It is important to understand how many different factors can contribute to changes in ones motivation since entrepreneurial activity is such a vital part of a healthy economy. Finally the implications of this research as well as areas that need to be considered for future research are discussed.*

## INTRODUCTION/CONCLUSIONS

A healthy economy is dependent upon the growth created by entrepreneurs. It is estimated that nearly 50% of the growth in the United States can be explained by entrepreneurial activity (Ohland, Frillman, Zhang, & Miller, 2004). Many economists would believe that to understand and explain entrepreneurial behavior one would only need to look at the economic factors needed to make decisions; things like market supply and demand. It would be a mistake to completely neglect the individuality of the entrepreneur's personality and motivations (Brandstätter, 1997). This is not to suggest that only personality traits and motivators are the determinants and predictors of entrepreneurship. In fact it is most certainly a quite complex combination of many factors.

Research showed that monetary factors still outrank achievement motivation in factors of determining overall satisfaction with an entrepreneurial startup (Block & Koellinger, 2008). Even given this fact people are still willing to accept the lower level of earnings that are generally earned in nascent entrepreneurial endeavors as compared to regular employees at established firms (Block & Koellinger, 2008). This trend is usually attributed to the overall "package" of the other benefits entrepreneurship can provide to the founder. Things such as independence, control, and the ability to strive for achievement, counterbalance the loss of monetary rewards. This implies that the ability to fulfill achievement motivation provides a real value to the founder. As such, it is important in our study of entrepreneurship. Given the importance entrepreneurs play in the overall economy, understanding how to encourage and foster their activities is imperative.

Based on our findings as well as previous published research, suggestions for future research are provided for examining the relationship between Manifest Needs and Accounting (Buckley and associates, 1992- present; Carland and associates 1984-present; Carraher and associates 1991-present).

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## **RELATIONSHIP BETWEEN FACTORS IN THE HOUSING MARKET MOVEMENTS**

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### **ABSTRACT**

*This study analyzes the determinants of housing starts. Correlation analysis show that the relationship between housing starts and the number of houses sold is positive. However, inverse relationship exists between housing starts and the number of houses for sale. In addition, analysis also shows that these factors exhibit long-term statistical dependence. However, the magnitude and the nature of dependency differ between factors. Thus, these analyses suggest a link between housing starts and unobservable factors that are involved in the housing market movements. Regression analysis also provides similar results on these inter-dependent factors. Therefore, this study provides evidence suggesting endogenous factors exhibiting long memory with housing starts. Furthermore, associations between these factors with housing starts are inversely related.*

# **CODE COMPREHENSION AND AGGRESSIVENESS AMONG CORPORATE TAX EXECUTIVES: THE IMPACT OF CERTIFICATION AND LICENSURE**

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## **ABSTRACT**

*Research has shown that corporate tax executive certification and licensure (credentials) are important indicators of tax resource allocation within a corporation. This study investigates the overall impact of corporate tax executive credentials on job performance. We measure tax executive job performance in the following ways: understanding of tax guidance, perception of time constraints imposed by tax code changes, and reported aggressiveness of the corporate tax return. Corporate tax noncompliance can result from aggressive positions taken on a tax return or from the misunderstanding of relevant tax guidance, including the Internal Revenue Code, tax regulations, and tax law. Therefore, it is important to identify the differentiating factors related to corporate tax aggressiveness and comprehension of tax guidance by corporate tax professionals. Two hundred twenty-three experienced corporate tax executives responded to a detailed questionnaire regarding corporate tax compliance. Results of the study indicate that tax executive credentials significantly impact understanding of the tax code, perceptions of tax laws and regulations, and aggressive filing. Specifically, tax executives without credentials are more likely to report difficulty with tax code readability and more likely to report aggressive filing behavior.*



# AN ANALYSIS OF THE CATASTROPHIC BONDS MARKET

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## ABSTRACT

*The catastrophic risk (CAT) bonds are innovative financial vehicles. They have a significant role in financing mega-catastrophes and other types of losses. These vehicles are important because they access to the capital markets to provide capacity for insurance and reinsurance markets. Particularly, the cat bonds play a major role now in completing the market for catastrophic risk finance and are spreading to other lines such as automobile insurance, life insurance and annuities. They are not expected to replace reinsurance but to complement the reinsurance market by providing additional risk-bearing capacity.*

*The research intends to highlight the current status of the cat bonds market to put in evidence as the market has matured and has become a steady source of capacity for both primary insurers and reinsurers. The analysis has been carried out by collecting and analyzing data published by Bloomberg and updated on September 30, 2008. The study is realised through a descriptive analysis of the sample composed by 59 cat bonds (divided in 119 tranches). The sample was analyzed with regards to several aspects. Particularly, the characteristics relating to emissions, the sponsoring firms, the type of placement, the insured risks, the rating and the performance have been analyzed.*

## INTRODUCTION

The risk-linked securities are innovative financing devices that enable insurance risk to be sold in capital markets, raising funds that insurers and reinsurers can use to pay claims arising from mega-catastrophes and other loss events (Morton, 2002). The most prominent type of risk-linked security is the catastrophic risk (CAT) bond, which is a fully-collateralized instrument that pays off on the occurrence of a defined catastrophic event (Clarke, Faust & McGhee, 2005; Cummins, 2008). The cat bonds are similar to regular bonds, but they have an additional forgiveness provision: in the case of a catastrophic event, the bond holders lose the total or a fraction of the principal amount of the bond to the benefit of the cat bond sponsor (Swiss Re, 2001).

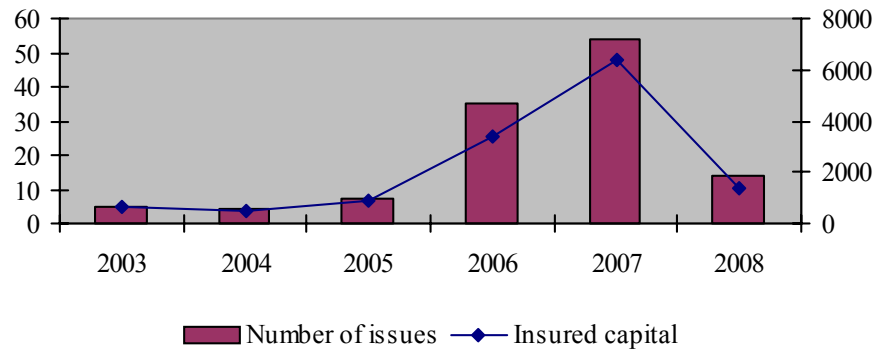
The cat bond market expanded significantly in recent years and now seems to have reached critical mass. Since the early 1990s, the cat bonds have evolved as a prominent alternative to standard reinsurance contracts. From 2005 to 2007, the cat bond market has been growing gradually. The cat bonds now appear to be priced competitively with conventional catastrophe reinsurance and comparably rated corporate bonds.

The analysis has been carried out by collecting and analyzing data published by Bloomberg and updated on September 30, 2008. The study is realised through a descriptive analysis of the sample composed by 59 cat bonds (divided in 119 tranches) by 13.147 billion of dollars. The sample was analyzed with regards two aspects. Particularly, the structural characteristics (issues, sponsoring firms, type of placement) and the characteristics in terms of the risk (insured risks, rating) and performance have been analyzed. The aim is to provide an overview of the current status of the market for the cat bonds to put in evidence as the market has matured and now has become a steady source of capacity for both primary insurers and reinsurers.

## THE STRUCTURAL OF THE CAT BONDS MARKET

In the first nine months of 2008, the insured sum is reduced to a total of 1.38 billion of dollars, below the 6.347 billion of dollars recorded in total during 2007. In fact, just the 2007 is the year with the highest number of issues (54 against 35 the previous year and 14 the following year). In addition in 2003-2005, the issues in terms of the number and insured capital were particularly low (Figure 1).

Figure 1 The issues cat bonds (2003-2008) (thousands of dollars)



We look both on the supply side than the demand side by understanding the causes of the decrease recorded in the last two years. With regards to the supply, for example, in 2008 the low level of threat of natural disasters (like the tsunami of 2004 or the hurricane Katrina in the summer of 2005) does not led the issuers to launch new cat bonds. Thus, in the absence of fear of incurring large costs for reimbursement of damages, the insurers are taken to limit the use of bonds that eventually force them to pay high coupons. Regarding the demand, instead, there are more problems. In full liquidity crisis linked to subprime loans, the banks and institutional investors do not have the resources to meet a too high supply of cat bonds.

On average, the cat bonds in the sample have duration (average duration of life) of 3 years. Moreover, that the SPV are, in most cases, in countries with favorable tax laws. Specifically, the 87% of the SPV are present in the Cayman Islands, the 3% in Bermuda (3%), the 2% in Ireland and the 8% in USA. The study focused on the sponsoring firms too. The sample showed that 47 operations were carried out by Swiss Re (38%), 13 by Munich Re (10.65%) and 7 by USAA (5.7%). The remaining 45.65% was performed by a large number of sponsorship that has completed the securitization transactions. Regarding the distribution of cat bonds, it showed that the private placement is the most used (97% of cases), while the euro/dollar market is less used (3%). With reference to the private placement is important to highlight the different classes of investors that participated in the purchase of cat bond issuance. Particularly, they are: the money market operators (32%), hedge funds (16%), international banks (10%), life insurance (10%), P & C insurance (5%), reinsurers (27%).

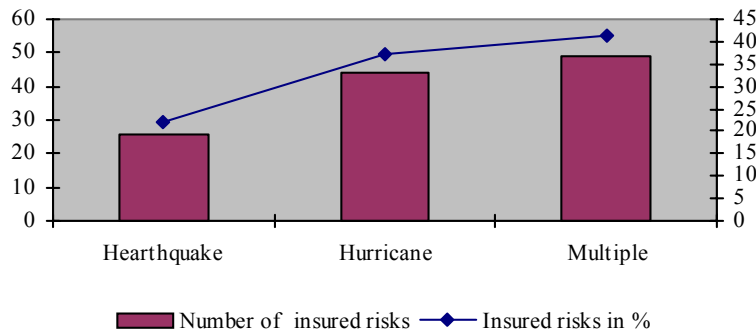
The money market operators are the major participants and include the largest mutual funds and pension funds. It is important liquidity, especially when involved in transactions for a period of several years. Some money markets are motivated only by the spread of yield between conventional securities and securities offered through securitization, while others are seeking through the purchase of portfolio diversification. The hedge funds are among the major players in the purchase of whole tranches of issues cat. The liquidity is one of the key aspects for these investors. The international banks are motivated only by the highest rate of remuneration and they generally prefer short-term transactions. Recently they took part in the long term transactions too. The life insurance and P & C insurance are motivated only by the spread and, generally, they prefer

multi-peril transactions. Unlike traders (speculative investors), they have a portfolio with long term securities. The reinsurers have low-capacity to differentiate their portfolio risks.

### RISK AND PERFORMANCE OF THE CAT BONDS

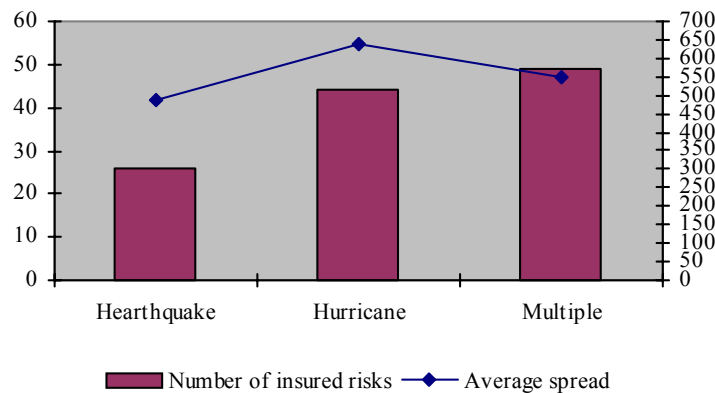
With reference to the risks insured by the cat bonds, it shows that the 21.85% of the sample covers the earthquake risk, the 36.98% the risk hurricanes and the 41.17% the risk multiple (Figure 2). Specifically, the sample shows the issues securitized with earthquake risk are equal to 26, rather than with hurricane risk are 44 and finally those with risk multiple are 49.

Figure 2 The insured risks



Furthermore, it has been taken accounting the performance in terms of spread interpolating two data: the classes of insured risk and the spread on the Libor for insured risks (Figure 3).

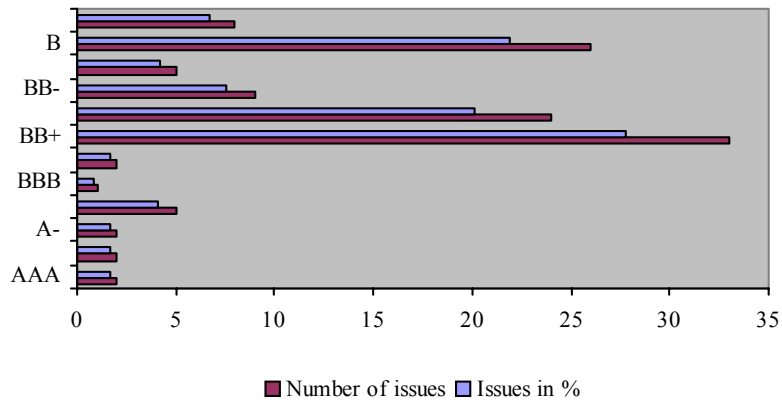
Figure 3 Classes of insured risk and average spread



The figure shows how the risk hurricanes is the risk that in terms of the spread goes paying more investors, on average 641 basis points on Libor, following the risk multiple with 551 basis points and the earthquake risk with 487 basis points.

The last aspect considered relates to the rating. Particularly, this study shows that the 27.05% of cat bonds of the sample are rated BB+, the 19.67% are rated BB, while the 21.31% are rated B (Figure 4).

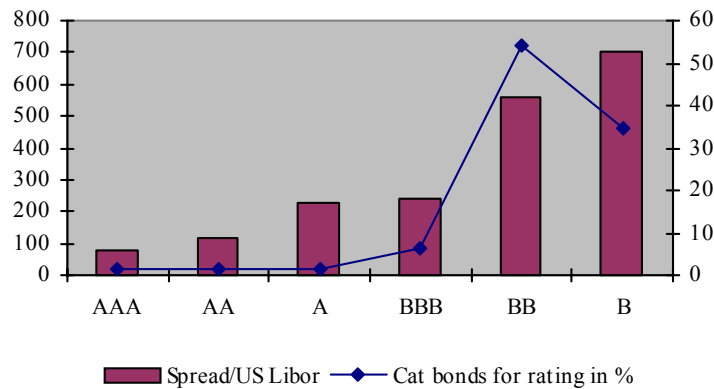
Figure 4 Financial rating



A more detailed study was carried out by interpolating the data on the classes of ratings and the spreads on benchmark reference (U.S. LIBOR Quarterly).

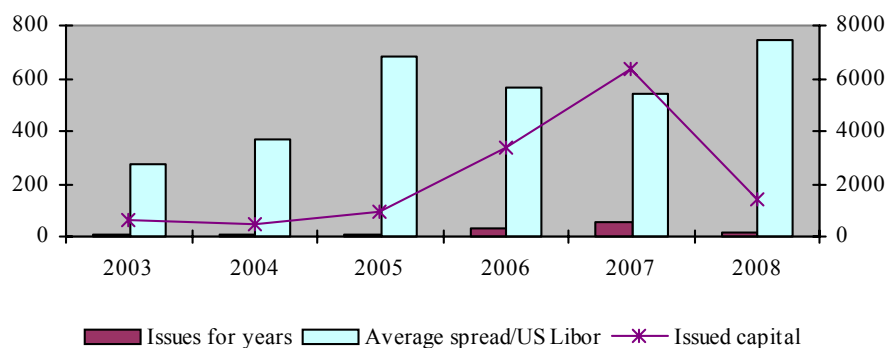
In the study were created six classes of rating: AAA, AA, A, BBB, BB and B. For each rating class is calculated the average of the spread. The analysis shows that the vast majority of the cat bond of the sample (54.1%) present rating BB with the Libor spread of 557 basis points. In contrast, the 34.42% of the bond has rating B with the Libor spread of 701 basis points (Figure 5).

Figure 5 Financial rating and spread



The study has also interpolated the following data: the cat bonds by dates to register and the average spread by dates to register. The Figure 6 shows how in 2006 the 35 cat bonds have an average spread on a benchmark of 563 basis points, while in 2007 the 54 cat bond has a spread on the benchmark of 540 basis points.

Figure 6 The dates to register and the average spread



The analysis of catastrophe bonds ended with the calculation of the average performance by the date of register (Table 1).

Years	Number of issue	Average spread in b. p.	US Libor Quartly*	Performance
2003	5	276	120	396
2004	4	365	187	555
2005	10	686	383	1069
2006	35	563	527	1090
2007	54	540	515	1055
2008	14	747	301	1048

\*The value of Libor Quartly was calculated as the arithmetic average based on 360 surveys year.

The table shows that the 10 cat bond with the date of announcement in 2005 recorded an annual average performance of 10.69%. During the first part of 2005, the cat bond yields were slightly higher than those of private bonds with the same rating, with yields to maturity 115 ranged around 8%. After Hurricane Katrina (August 2005), the differential with the corporate bonds was further expanded in February 2006 and the average yield of cat bonds had reached 10%.

Part of higher yields is due to the increased uncertainty about the ability to predict the amount of catastrophe losses. The 35 cat bond with the date of announcement in 2006 showed an annual average performance of the 10.90%, while the 54 cat bond with the date of announcement in 2007 recorded an average total return equal to the 10.55%.

### SOME REFLECTIONS

The cat bond market is thriving and seems to have reached critical mass. The market achieved record bond issuance in 2007, while it has declined significantly in 2008. Nevertheless the amount of risk capital raised through cat bonds has been growing, and the bonds now account for a significant share of the property catastrophe reinsurance market.

Specifically, our sample analysis revealed the special features in terms of rating and risk securitized. As regards the first aspect, interpolating the data on the classes of rating and the spread on Libor, it showed that the 54.1% of the sample presents rating BB with the spread on Libor of 557 basis points, the 34.42% presents rating B with the spread on Libor of 701 basis points and the 6.56% presents a BBB rating with the spread of 243 basis points. The second aspect showed how the securitized risks can be due to three classes: earthquake risk, hurricane risk and multiple risk. It was revealed that the hurricane risk has been securitized in 37% of cases, the earthquake risk in 22% and, finally, the multiple risk in 41%. The hurricane risk remunerates reward better the investors in term of spread (average spread on Libor of 641 basis points), compared to the multiple risk (551 basis point) and of the earthquake risk (487 basis point). The future looks bright for the cat bonds market. The cat bonds will play an increasingly important role in providing risk financing for large catastrophic events.

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## **MUTUAL FUND PERFORMANCE PERSISTENCE: STILL TRUE?**

**Rich Fortin, New Mexico State University  
Stuart Michelson, Stetson University**

### **ABSTRACT**

*The purpose of this paper is to examine the performance persistence of a large sample of mutual funds over time. Specifically do mutual fund managers show positive (negative) performance year after year? Alternatively, is mutual fund performance from one year to the next basically a random event? Our tests show that there is performance persistence in mutual fund returns. This outcome is true for both the lowest performing and highest performing mutual funds. Our tests encompass nine categories of mutual funds, including Aggressive Growth and Growth (AGG), Growth/Income and Equity/Income (GIEI), International Stock (IS), Balanced Funds (AAB), Corporate Bond (CB), Government Bond (GB), Municipal bond (MB), Small Company Equity (SCE), and Specialty Equity (SP) categories. The tests show this result for all fund categories, except GB and CB funds. These results are important for individual investors. Funds that performed poorly during a prior year are likely to continue their poor performance during the next year and likewise a superior performing fund is likely to continue to perform well during the next year.*

# **CORRELATION OF UNCORRELATED ASSET CLASSES: NEAR TERM ISSUES**

**Jeffry Haber, Iona College**  
**Andrew Braunstein, Iona College**

## **ABSTRACT**

*Diversification of a portfolio has long been held as one of the basic drivers of investment return over the long-term. In the investment arena, correlation is a proxy for diversification. Uncorrelated assets (or asset classes) are touted as something desirable to hold within a portfolio because they provide the diversification that is so important to long-term investment return. This paper looks at correlation (and non-correlation) in theoretical terms, as well as by constructing an empirical test using two series of random numbers. The findings are then used to suggest changes to portfolio construction and rebalancing.*

## **INTRODUCTION**

Typically, correlation between investment assets (and asset classes) is calculated using extended time periods. The marketing literature and sales pitch for many investments based on the feature that the investment is "uncorrelated with other asset classes" will often provide a correlation figure along with various return data. The return data may be for one month, three months, one year, three years, or even five years, whereas the correlation information will be a single value for an unspecified time (usually it is over an extended horizon, such as a 15 year correlation). However, what concerns the investor is what the correlation will be next month and into the future, not what it has been over an extended period. The underlying rationale is that a 15 year correlation that is low might obscure more recent data by virtue of the length of time over which the correlation was calculated. Could it be that the last 12 months (and 13 months, with the inclusion of next month) would show a high correlation?

This paper looks at the near-term issues regarding correlation. Using two series of random numbers (180 observations to simulate 15 years of monthly returns) and running a short (100 trial) Monte Carlo simulation, these uncorrelated random series had significant 36, 24 and 12 month correlations. This suggests that portfolio construction based on extended period correlations should also be looked at using the more recent correlations, since this is what the portfolio effect would be. Further, as often as asset allocations are rebalanced, the correlations should be rebalanced as well, because strategies, personnel, etc. change over time.

## **IMPLICATIONS**

There are those asset classes that are sold as being uncorrelated to other asset classes, and investors have been happy with the results of some of these products. It might not be that these products are uncorrelated with the investor's existing portfolio, but rather, positively correlated when the portfolio is increasing and negatively correlated when the portfolio is decreasing. On the whole this might statistically yield a very low level of correlation, whereas in reality there is a strong relationship that helps the overall portfolio return. An inference can be made that just the opposite might happen - an uncorrelated asset class might decrease when the portfolio is increasing (negative correlation) and decrease again when the portfolio is decreasing (positive correlation). We again would find a low overall value for the calculated correlation coefficient, but the investor would never be happy with the result and the portfolio would suffer.



The practical implication of this paper is that investors should not simply take a long-term correlation as indicative of what they will be buying - they need to look at shorter, near-term results as well. Since the shorter, near-term results demonstrate what is going into the portfolio, they are more relevant than the long-term correlations. Perhaps there is an investment that can be added to the portfolio which, over the long term, will provide uncorrelated returns (and therefore help in diversification). However, if the return stream is presently correlated to the portfolio, the investor can wait a couple of periods before adding the investment to the portfolio (and lessen or remove the short-term effects of correlation).

An additional implication concerns investments already in the portfolio - the correlations should be balanced along with asset allocation. Manager changes, style drift, etc. may make the correlation in effect when an investment was added to the portfolio no longer accurate.

### **BRIEF REVIEW OF THE LITERATURE**

There is a long history of literature regarding correlation as it pertains to portfolio diversification. One author maintained that most managers either ignored diversification or made use of it in an inappropriate manner in the asset allocation process (Bernstein, 1985). Hedberg (1988) emphasized that although it is difficult to predict how prices of individual assets will change, one can be fairly accurate in predicting correlations among the prices of assets. Speidell, Miller & Ullman (1989) discussed specific risk and correlation, and explained that while diversification may reduce risk, one needs to take the correlation issue into account, as well. Jenkins (1989) demonstrated that an examination of correlations may indicate that some assets with low return and high risk would be suitable for addition to a portfolio. Peavy & Vaughn-Rauscher (1994) discussed correlation in the context of various forms of diversification, such as time, within an asset class, across asset classes, and international. Yasenchak (2003) showed how statistical measures including the standard deviation, the correlation coefficient, and the coefficient of determination are of use in finding the optimal portfolio for an investor. One recent study concentrated not only on the long-term correlations among asset classes, but paid special attention to the amount of variability in those correlations over time (Coaker, 2007). Another examined correlations over rolling twelve month periods (Haber & Braunstein, 2008).

### **RESEARCH QUESTION AND RESEARCH DESIGN**

This paper addresses the question of whether uncorrelated (in the long term) series of numbers (representing investment returns) are also uncorrelated in the near, short-term. While most investment professionals will not be surprised that uncorrelated asset classes (or investments) may have short-term correlations, the question is whether the frequency and duration of the short-term correlations are what might be expected.

We begin with two series of 180 random numbers, representing 15 years of monthly returns. The correlation of the two series is obtained, which should be close to zero, since the sets of random numbers should be uncorrelated. Correlations are then taken for the last 36, 24 and 12 months of the series, since this is representative of the effect that is introduced into the portfolio. In other words, the relevant correlation is the most recent one, not one that happened 15 years ago. We perform 100 iterations of the experiment.

### **RESULTS**

Overall, the two series test as uncorrelated. In the 100 trials only one time was the overall correlation .20. When we look at the correlations of the last 36, 24 and 12 months, some startling results appear. When looking at the last 36 months of each trial, 27% of the time (27/100) the correlation was .20 or more, 9% of the time the correlation was .30 or more, and 2% of the time the

correlation was .40 or more. For the last 24 months, a correlation of .20 or more occurred 33% of the time, a correlation of .30 or more occurred 18% of the time, a correlation of .40 or more occurred 6% of the time, and a correlation of .50 or more occurred 2% of the time.

The last 12 months might be the most relevant because this represents the most likely effect on a portfolio. A correlation of .20 or more occurred 61% of the time, a correlation of .30 or more occurred 39% of the time, a correlation of .40 or more occurred 21% of the time and a correlation of .50 or more occurred 10% of the time. An investor adding an investment and expecting it to be uncorrelated (based on 15 years worth of data) could very well be surprised at the resultant effect.

## DISCUSSION

If an investor is adding an investment to a portfolio and a goal of adding this investment is to gain diversification, then there is a need to carefully parse the overall correlation into shorter, more recent metrics. The nearer and shorter the time period, the greater the likelihood the correlation will move from uncorrelated to correlated. Since the correlation to be added to the portfolio is more related to the 180th month than the 1st month of the series, the additional calculation of a near term 36, 24 and 12 month correlation could prove useful.

Exhibit 1 (based on 100 trials of the experiment)				
Correlation (+/-)	.20	.30	.40	.50
Overall	1			
Last 36 months	27	9	2	
Last 24 months	33	18	6	2
Last 12 months	61	39	21	10

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# **HAS THE ADOPTION OF SFAS 158 CAUSED FIRMS TO UNDERESTIMATE PENSION LIABILITY? A PRELIMINARY STUDY OF THE FINANCIAL REPORTING IMPACT OF SFAS 158**

**Robert Houmes, Jacksonville University  
Robert Boylan, Jacksonville University**

## **ABSTRACT**

*SFAS 158 mandates that firms fully recognize the funded status of defined-benefit pension plans on the balance sheet and use the Projected Benefit Obligation (PBO) to estimate that status. Use of the PBO is likely to cause a dramatic increase in pension liabilities. Hence, firms may have incentives to modify assumptions used in the calculation of the PBO. In particular, we investigate the rate used to discount future - benefit obligations. We find that after controlling for movement in interest rates, firms use higher discount rates after the enactment of SFAS 158; this has the impact of lowering the PBO. We also find that firms' tendency to assume higher discount rates increases with the firms' leverage and decreases with liquidity. Our findings suggest that FASB should consider imposing stricter, bright line standards for discount rate assumptions.*

Keywords: defined-benefit plan, projected benefit obligation, funded status, discount rates.

# THE IMPACT OF THE NEW AICPA PEER REVIEW STANDARDS ON SMALL CPA FIRMS

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## ABSTRACT

*On January 1, 2009, the AICPA issued new standards over administration of the peer review process. A broad spectrum of accounting and auditing services is covered potentially exposing small CPA firms, with ten or fewer practitioners, to the new standards. This applies even if audit work is non-SEC regulated and the accounting work performed is primarily write-up work.*

*The data suggests that the practitioners find peer reviews to be beneficial. It suggests that peer reviews result in improvements in engagement quality assurance. The study focuses on six quality assurance categories showing moderate impact on small CPA practices in four cases and once for larger CPA practices. However, the data indicates respondents oppose AICPA administration of peer review, although the survey was administered prior to the implementation of the new standards. This suggests a leading bias against the AICPA involvement in peer reviews prior to issuance of the new standards.*

*Though the process of standardizing peer reviews is an evolving process, this paper addresses issues affecting sole practitioner CPA firms and firms of ten or fewer professions. An understanding of the discussed dynamics may direct attention to areas where the new standards will help or hinder these small CPA firms.*

## INTRODUCTION

January 1, 2009, marks a date of considerable controversy as the effective date for Peer Reviews under the new "AICPA Standards for Performing and Reporting on Peer Reviews." Whether it becomes a new point of transparency, a new "day that will live in infamy," or a "financial doomsday" for small CPA firms and sole CPA practitioners only, time will tell.

The AICPA sees the new standards as a continuation in its evolution to keep up with changes in business and regulatory environments. (AICPA, 4/20/08). Other parties are concerned about the reach of peer review beyond collegial confidential and educational objectives into mandated reviews with public disclosure about the findings. Many of these CPAs point to cases such as Enron and WorldCom where existing peer review failed to ensure the quality that would have detected the frauds in the external audits. (Grumet, 2005) In the findings that follow, many practitioners are concerned about the continuing and, at times, unreasonable expenses incurred to comply with peer review mandates.

Assessing the current compliance environment, all but five jurisdictions (Colorado, Delaware, the Northern Mariana Island, Puerto Rico, and the Virgin Islands) maintain some level of required, or pending, peer review. Forty-two jurisdictions mandate the meeting of peer review requirements for license renewal. (NYSSCPA, 2009) However, the level of mandated peer review is not consistent. Some states, North Carolina for example, include compliance with peer review in compliance work (North Carolina Accountancy Statutes, 2009), whereas Maryland excludes required peer review for compliance work under Statement of Standards of Accounting and Review Services No. 8 (Maryland Association of CPAs, 2008). Formal processes exist, or are being developed, for the administration of peer review. but there is variation among identified administrators. These may be the AICPA, the State CPA Societies, or (in nine states, for non-AICPA members) the National Conference of CPA Practitioners. In these cases, is uniformity of review preferable over local direction?

## **THE PROBLEM**

As important for the peer review process as they are, the newly revised "AICPA Standards For Performing And Reporting On Peer Reviews" are not been met with universal support. The AICPA is clear in its Statement on Quality Control Standard No. 7 ("A Firm's System of Quality Control"; hereafter, SQCS #7) that the standard addresses firms' "practices in the areas of audits, reviews, compilations and attestation engagements." In setting the requirements for effective peer review, the AICPA considered the international standards in order to provide the strongest guidance for firms that might practice on a global scale. SQCS #7 addresses both "unconditional requirements" for compliance with quality standards as well as "presumptively mandatory requirements." The statement addresses the "importance of a quality-oriented internal culture" and the importance of "detailed guidance on independence." Why then would a set of standards clarifying performance and reporting of peer reviews receive resistance? The answer may be two-fold. The first reason: peer reviews impose expense on the reviewed firm or practitioner. If directed through AICPA standards, the cost might be burdensome for a small firm. The second reason: it is implied that, with the concurrence of the state licensing board, results of the peer reviews could be made public information. Currently, this is not always the case. As recently as 2004, about eighteen states that "require peer review for firm registration also require informing state authorities of the outcome and making some part of it public." ( NYSSCPA, 2004) Transparency of data generally a good thing, but peer reviews only address a limited sample of engagements and with larger firms "pushing down" riskier clients to smaller firms. A firm's reputation is at risk should a misstep occur conducting an engagement-particularly when the work falls short of being a full audit, whether the client is publicly traded or not.

## **THE RESEARCH QUESTIONS**

Introducing the possibility of resistance to the AICPA standards creates questions about that resistance. Further, for small firms, is there a difference in attitudes on peer reviews when types of services, audit, review, compilation, and tax, are considered? Additionally, do peer reviews, appearing to be directed through the AICPA, have an impact on the attitudes of small firms and individual practitioners about the benefits of peer reviews?

To assess these concerns in the month before the effective date of the AICPA standard, but before the release of the AICPA's "White Paper" on the topic, practitioners from seven states were surveyed on the topic. The surveys were taken at the conclusion of an Accounting and Auditing Update continuing education sessions conducted during Summer 2008 by Stuart Shough, CPA, senior instructor in Accounting at the University of south Carolina Upstate. Usable results were obtains from 337 respondents. In order to focus on firms and sole practitioners who are not constrained directly by audit or review standards of the SEC or the Public Companies Accounting Oversight Board, eleven respondents who conduct SEC-related audits were excluded from analysis. Of the remaining 326 respondents, eighty-four percent (274 respondents) identified themselves as being either sole proprietors or those working in firms of ten or fewer professionals. Therefore, performing tests to assess the similarity of distributions will be essential as an initial step in analysis, using student's T analysis. The survey instrument is presented in Appendix A.

The paper begins with an assessment of attitudinal questions about peer review and the appropriate administrator for the reviews. Then, several hypotheses are established to test the research questions. The study uses Pearson's coefficient of correlation to assess the degree and direction of responses. The paper concludes with observations about the degree of resistance that exists to the AICPA standards and with recommendations for additional study on the issues presented.

## RESEARCH HYPOTHESES

The initial hypothesis is designed to test if small firms (sole practitioners, firms with ten or fewer than ten professionals) bear a greater burden of the number of peer reviews being conducted than larger firms. Again, testing will isolate upon each of the practice areas. The hypothesis to be tested is: Ho1 - There is no difference in the number of peer reviews being conducted between firms of ten or fewer professionals and firms that are larger. Appearance of a difference might suggest that small CPA firms bear more of a burden in the peer review process, and relatively more cost, than their larger counterparts do.

However, do firms believe peer reviews are beneficial. The following null hypothesis addresses this belief. Ho2 -- Firms with ten or fewer professionals, and who perform no SEC audits, do not object to peer reviews (i.e., find peer reviews to be beneficial). As a follow-up to the above hypothesis, it is important to try to assess whether firm feelings are due to (a) a "fairness of the opinion" given or (b) the cost involved with conducting the peer review. Both will be assessed.

The literature preceding the new AICPA standards highlights the importance of a consistent review process and transparency of the results. However, other literature suggests that administration of peer review by the AICPA traditionally has not applied to some CPAs. David G. Friehling told the AICPA that his firm did not conduct audits and was not subject to peer reviews. His sole client was a non-public broker-dealer. Unfortunately, the client Friehling "purported to audit and certify the financial statements" of Bernard L. Madoff (Roybark, 2009). Clearly, audits of publicly-traded companies fall under peer review requirements of the AICPA, but most audits of small CPA firms do not resemble meet the requirements of audits of publicly-traded companies. Is the public interest benefited by peer reviews of compilations? The hypothesis to be tested is as follows: Ho3 - Firms with ten or fewer professionals do not prefer that the AICPA administer peer review in contrast with larger firms that perform public and private audits.

Results should indicate the degree to which local practitioners are willing to turn peer review administration to a single national group outside their own licensing state. The literature does not provide evidence about this issue of territoriality, but anecdotal evidence suggests some degree of territorial protection on the part of practitioners who do not have either interstate practices or perform audits that are subject to SEC oversight.

Finally, it is important to assess how peer reviews provide direction to the reviewed firm regarding areas for improvement in their audit, review, compilation, and tax services. The AICPA identifies recurring deficiencies, any of whom might result in significant deficiencies that result in disciplinary action against the CPA or the firm. Identified are thirteen pages of recurring deficiencies (AICPA, 2008). Six areas, listed following the fourth hypothesis, referred to below, were chosen for this survey. Those identified cover all services CPAs realistically might provide. Thus, disclosures are designed to assist CPAs in improving the quality of their engagements. This leads to the next hypothesis: Ho4 -- Firms did not find that peer reviews led to improvements in quality assurance within the firms. To assess where peer review identifies areas of improvement and subsequent improvement, these six areas are: uses of old letters of representation, lack of proper disclosure, lack of independence, departure from the use of proper forms, appropriate presentation of L-T debt maturity, and maintenance of an adequate professional library. In exploring the hypothesis, results of peer reviews will be viewed in the context of whether or not deficiencies are found. Results from each of the sensitive areas will be examined.

## TEST RESULTS

Hypothesis one examines whether or not small CPA firms and sole practitioners are more susceptible to peer reviews than firms of more than ten professionals. Statistically, the distributions of required peer reviews are similar for both small and large CPA firms at the  $p < .0001$  level. The same is true for on-site peer reviews at the  $p < .0001$  level. There are only a slight differences in

distributions for offsite peer reviews of audits ( $p < .01200$ ) and reviews ( $p < .05100$ ). Distributions for offsite peer reviews of compilation services remain very similar for different firm sizes at the  $p < .0001$  level. Peer reviews occur without bias toward firm size.

Hypothesis two examines if small CPA firms and sole practitioners find peer reviews to be beneficial. All tests of both small and large firms show that both groups are statistically similar in distribution at the  $p < .0001$  level. Among all respondents, CPAs felt that peer reviews were beneficial at a minimum of 72.9% (compilations were 74.5% yes; reviews were 81.0% yes; non-SEC audits were 72.9% yes). Analysis through Pearson's correlation indicates that support is moderately stronger among small firms and sole practitioners than with larger firms. Specifics are shown below. Small firms are associated with positive numbers in correlation analysis.

	T-Test	Correlation
Compilations	<.0001	+.18282
Reviews	<.0001	+.14294
Non-SEC Audits	<.0001	+.21319

The positive correlations suggest that smaller firms rely upon feedback from peer reviewers on quality assurance issues. Though not tested, the implication is that larger firms have more formalized, in-house quality assurance programs and rely less on outside reviewers to monitor and refine their practices.

Hypothesis three examines whether or not small CPA firms and sole practitioners prefer to have required peer review administered by the AICPA. Before assessing this hypothesis it is important to remember that states would not be abdicating their responsibilities to monitor quality (in those jurisdictions where quality assurance reviews are mandated). Many states use the AICPA as the formal party to administer peer reviews over their licensees (individually or firm-wide). Instruction regarding this question posed the AICPA as the sole administrator of peer reviews. Overwhelmingly, by at least an eighty-one percent response rate, those surveyed prefer that the AICPA not be the sole administrator. Additional analysis indicates that there is light correlation in support of smaller firms preferring independence of the review process for reviews and non-SEC audits. For reviews of compilations the correlation was opposite that of reviews and audits, indicating that larger firms showed a stronger feeling about compilations and the AICPA administration of peer reviews. Though not tested this response may be because larger firms provide compilation engagements only in a support role, but not in connection with audit or review functions.

	T-Test	Correlation
Compilations	<.0001	(.19852)
Reviews	<.0200	+.10314
Non-SEC Audits	<.0030	+.17356

The data generates a question about CPA professionals desire not to have AICPA as the sole administrator of peer reviews. However, the survey indicated that over ninety percent of respondents felt that they were treated fairly in recent peer reviews (compilations and reviews both were 95.6% indicating fairness and 90.9% of respondents indicated fairness in peer reviews of non-SEC audits). However, 25% to 30% of the respondents felt that the cost paid for the peer reviews were not fair (in compilations 25.9% felt the costs were unfair, for reviews 21.9% felt the costs were unfair, and for non-SEC audits 80% felt the costs were unfair).

Hypothesis four examines whether or not peer reviews identified and led to improvements in six key areas. These six areas of interest are (1) the inappropriate use of old representation letters, (2) the lack of disclosures that must be presented or identified as missing, (3) the lack of independence or an indication of independence not being present, (4) an inappropriate departure

from required forms, (5) inappropriate disclosure of L-T debt maturity, and (6) presence of an inappropriate professional library. In assessing this hypothesis each of the six areas of interest will be addressed. As a matter of caution, none of the six categories received responses from more than 15% of those surveyed. Because of this lack of response, results should be viewed as possible directions rather than a firm inference of relationship. Further, two of the categories, "departure from required forms and maintenance of an adequate library," lack sufficient comparability between small and large firm sizes that reduce the basic ability to draw conclusions differentiating data between the groups. Underlying statistical results provide an indication of the impact on each of the six categories.

	T-Test	Correlation
Use of Old Representation Letters	<.0110	+.15478
Lack of Proper Disclosures	<.0001	+.46700
Lack of Independence	<.0550	(.06447)
Departure from Proper Form	<.9300	+.21320
Improper L-T Debt Maturity	<.1140	(.17691)
Inadequate Professional Library	<.7300	+.28728

The six tests provide only a light sense of relationship, principally due to the small number of responses provided by the participants, and significant differences in the distributions related all categories but the one dealing with proper disclosures. However, the results may be generally useful. In four of the six categories over 70% of the practitioners or firms made improvements resulting from their peer reviews. These four categories were: the lack of independence, departure from proper forms, treatment of L-T debt maturity, and the adequacy of their professional libraries. Full descriptive statistics follow below.

Improvements	Resulted	Total Responses	Percent
Use of Old Representation Letters	28	50	56.0%
Lack of Proper Disclosures	23	56	41.1%
Lack of Independence	27	30	90.0%
Departure from Proper Form	25	31	73.5%
Improper L-T Debt Maturity	27	32	84.4%
Inadequate Professional Library	24	31	77.4%

The implication from these tests is that peer reviews effectively detect quality assurance flaws for small and large firms. However, the impact seems to fall heaviest on smaller firms.

### IMPLICATIONS

The data suggests that the practitioners responding to the survey find peer reviews to be beneficial. Additionally, there are suggestions through analysis of the data that the peer reviews have resulted in improvements in quality assurance over engagements. The data generally also suggests that sole practitioners and firms with ten or fewer professionals are the primary beneficiaries of the peer review process. Correlations, examining impact on small against larger firms, throughout the tested hypotheses typically are at a moderate level. The moderate bias toward small firms may be due to the overwhelmingly large number of respondents coming from the small



firm categories. Expanded testing, focusing on obtaining responses from larger firms, might shed greater insight into these correlations. The data also indicates that the respondents generally do not favor turning the peer review process over to the AICPA for administration. But, caution is needed to analyze this assessment. The survey did not provide a means of differentiation between peer reviews administered by the AICPA and other sources (such as, state CPA societies or other administration groups). Also, the results should not be interpreted as lack of endorsement of the AICPA as an administrator. Some respondents might not have been subject to a peer review directed by the AICPA. Also, the survey was administered before the official implementation of the new AICPA standards, on January 1, 2009.

A continuation of this survey should occur to gain a longitudinal interpretation of CPA views on both peer review and also on the AICPA's administration of peer reviews. On the whole, this study infers that practitioners are in support of the peer review process, though the price that practitioners pay for the service impacts their view of the process. The study also infers that practitioners, particularly in small firms, recognize the benefits that come as a result of the peer review process.

At the beginning of this paper, the process of standardizing peer reviews under the AICPA standard is called an evolving process. Whether, or not, changes in the process of administering peer reviews enhance quality assurance and transparency is a matter that the passage of time will disclose.

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## **TRANSPARENCY IN FINANCIAL REPORTING: A LOOK AT RULES-BASED VERSUS PRINCIPLES-BASED STANDARDS**

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### **ABSTRACT**

*The presentation of pro forma or "as if" data allows managers greater flexibility in reporting and, if done in the spirit of truthful reporting, the ability to more clearly present their firm's performance. It parallels the idea of a principles-based standard, wherein managers are given the responsibility and flexibility to report an event in a manner that reflects its true effect on firm value. In general, IFRS is considered to be more principles-based than U.S. GAAP, which is perceived to be more rules-based. Thus, the shift to IFRS will offer new challenges to U.S. financial reporting in that more flexibility and responsibility will be imparted to management. Previously, this flexibility was only allowed under a pro forma reporting format. We discuss the shift from rules-based to principles-based accounting standards from a theoretical viewpoint, considering recent corporate trends and how this change could be either positive or negative. Additionally, we report the results of a study of student subjects where we address their perceptions regarding whether rules-based versus principles-based accounting standards would be preferable to different external stakeholders.*

# PAY VERSUS PERFORMANCE IN TARP RECIPIENT FIRMS

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## ABSTRACT

*There has been much discussion in the business press about executive compensation and its alignment to performance and risk-taking, especially since many U.S. companies have received bailout funds from taxpayers (Benjamin and Goldman, 2009). It is widely believed that short-term incentives which stem from executive compensation policies have contributed to the current financial crisis, which began in June, 2007 with the meltdown of two Bear Stearns' hedge funds that speculated in mortgage-backed securities (Sloan 2009; Kropp, 2009). Numerous legislative packages passed by the U. S. Congress in a relatively short period of time have brought unprecedented amounts of bailout money to troubled U.S. companies. Included in the stimulus package totaling \$12.2 trillion is the Troubled Asset Relief Program (TARP) which commits up to \$700 billion for investment in companies in exchange for preferred stock which is held by the U.S. Treasury.*

*Agency theory states that management should act in the interest of stakeholders, but according to Arthur Levitt (2005), America has seen the "breakdown of corporate governance and buildup in greed" which has compromised the fiduciary relationship between management and stakeholders. Huge executive pay "undermines corporate governance," since management becomes focused on short-term goals rather than the long-term interest of stakeholders (Levitt, 2005). Dating back to Enron, we have seen CEO's walk away with millions, leaving behind shareholders, debt holders, and employee retirement funds in shambles. In response, we now have an increased number of shareholder proposals, new disclosure rules from the SEC (2006) and enhanced limits on executive compensation under TARP, all reflecting the general public's interest in the pay versus performance debate.*

*The purpose of this paper is to analyze top TARP recipients in order to test whether CEO compensation in these troubled companies is associated with performance measures during the period from 2006 through 2008. I extend prior executive compensation research to analyze total compensation in stressed companies. I test to see whether recent SEC executive compensation disclosure rules and the stringent limits of executive compensation under TARP have increased the relationship between pay and performance. I do not find that performance measures are significantly associated with CEO compensation in 2006, but in 2007 I find that stock returns, EPS, and return on equity are significantly associated with CEO total compensation. This implies that pay is linked with performance in 2007, which coincides with the SEC's enhanced executive compensation disclosure requirements. I find in 2008 that several performance measures are significantly associated with total CEO compensation, but negative coefficients confirm prior research that earnings-related fundamentals are not useful in explaining compensation in loss years (Jackson et al., 2008), even for these companies regulated by TARP.*

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## **MINORITY STOCKHOLDER INFORMATION RELEVANCE: WEALTH EFFECTS AND/OR MONITORING?**

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### **ABSTRACT**

*Noncontrolling interests (NCI) are created from investment decisions that may have implications for stock prices and diversification. The Financial Accounting Standards Board (FASB) 160 has mandated a presentation of NCI information separately on the income statement and within stockholders' equity on the balance sheet. This study examines archival minority interest financial statement information to determine if majority shareholders' prices are affected wealth sharing and/or monitoring effects from minority interests. Analyses indicate that disaggregating the equity interest data into majority and minority shareholder interest information provides increased explanatory value about stock market prices. Sensitivity analyses show the results are influenced by investors' differing reactions to profits/losses and unexpected positive/negative earnings. Findings also indicate that the impact of NCIs' wealth effects differs according to firm size.*

# **THE IMPACT OF SPLIT BOND RATINGS ON ACCOUNTING RESEARCH RESULTS-SOME ADDITIONAL EVIDENCE AND SOME PRELIMINARY INSIGHTS**

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**James J. Cochran, Louisiana Tech University**  
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## **ABSTRACT**

*A split bond rating occurs when at least two bond rating agencies (e.g., Moody's and S&P) disagree on the rating of a particular bond issue. Prior accounting studies that employ bond ratings (as either independent or dependent variable measures) do not use more than one source of bond ratings (e.g., Khurana and Raman, 2003; and, Brandon et al., 2004) and thus do not minimize potential bond rating agency bias—at least with respect to the split rated bonds included in such accounting studies. Admittedly, while the extent, if any, of the potential bias associated with using only one data source has yet to be quantified, it appears that some bias exists given that a majority of the research to date suggests that Moody's bond ratings are more conservative than S&P bond ratings. Consistent with the majority of the previous bond rating research results, the empirical results of our study also support the conclusion that Moody's bond ratings are generally more conservative than S&P bond ratings. This finding leads us to suggest that accounting researchers should employ multiple bond rating sources when conducting research on bond ratings to minimize the potential for bond rating agency bias.*

# ACCOUNTING KNOWLEDGE AND CUSTOMER SERVICE AMONG TECHNICAL ENTREPRENEURS AND THEIR INFLUENCE ON SUSTAINABLE PROFITS

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## ABSTRACT

*The purpose of this paper is to examine how basic accounting knowledge and customer service can be beneficial to the technological entrepreneur. The paper discusses how basic accounting knowledge can help the technological entrepreneur analyze their business and make sound decisions based on useful accounting information. The paper also discusses how basic knowledge of the internal controls framework, accounting information systems, and accounting technology can help technological entrepreneurs meet goals, achieve their objectives effectively and efficiently, and steer their business towards long term success and prosperity. Additionally the influence of customer service is examined for the technical entrepreneur. Using a sample of 320 North American businesses we find that going through a short course in accounting was able to increase the income of the businesses an average of 7.8%. A median split of businesses on customer service showed a difference of 21.1% in profits while looking at the extreme 10% of businesses (highest and lowest customer service) resulted in a difference of 212.9% in profits with those higher in customer service earning more.*

## INTRODUCTION/CONCLUSIONS

Future research is suggested based upon prior research (Buckley and associates, 1992-present; Carland and associates 1984-present; Carraher, 1991a, 1991b, 2005; Carraher & Buckley, 1996; Carraher & Carraher, 1995; Carraher, Hart, & Carraher, 2002; Carraher, Mendoza, Buckley, Schoenfeldt, & Carraher, 1998; Carraher, Buckley, Scott, Parnell, & Carraher, 2002; Carraher, Carraher, & Mintu-Wimsatt, 2005; Carraher & Parnell, 2008; Carraher, Parnell, Carraher, Carraher, & Sullivan, 2006; Carraher & Sullivan, 2003; Chait, Carraher, & Buckley, 2000; Carraher, Sullivan, & Crocitto, 2008; Crocitto, Sullivan, & Carraher, 2005; Hart & Carraher, 1995; Sethi & Carraher, 1993; Sturman & Carraher, 2007; Sullivan, & Carraher, 2005; Williams et al. 2008).

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## **A FINANCE STUDY-ABROAD EXPERIENCE AT A MEXICAN UNIVERSITY**

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### **ABSTRACT**

*A project to develop a finance course between two international universities requires facilities, financial support, and faculty, staff, and administrative commitment. The structure of the course that we outline here involves a course jointly taught by Mexican and U.S. instructors to Mexican and U.S. students, the use of web-based assignments, video-conference delivery of content, mentoring between the two groups of students, and finally an international experience on the Mexican campus.*

### **ORGANIZATION AND COURSE CONTENT**

To implement the course we describe below, each university needs an infrastructure in web-based teaching, teleconferencing, and international education. It may well be that overcoming problems with the IT architecture may be more difficult than overcoming language problems. That is because the language issue will be unique to each group of students and so can be solved by each instructor dealing with her target students because in our model each instructor will prepare material for her own students.

Course delivery models differ by institutions and disciplines, and we don't intend to survey the several methods. We direct your attention to the study by Lorenzo [2006], which presents business models of nine institutions. The course we describe is an extension of courses that one of the authors has taught for several years— a three-week, blended, maymester course of three semester hours. In the model we suggest, students and instructors do the heavy lifting during the first two weeks of class via video conferencing and the web. By that, we mean that most of the material and assessments will be completed during the period preceding departure for México. That leaves the week in México relatively free for cultural immersion (see below). The following discussion explains the process.

One author of this paper has taught several courses on Mexican campuses to U.S. students. These courses were not collaborative, but consisted of teaching introductory finance, working-capital management, international finance, Mexican business practice and policy to UNT students enrolled on the UNT campus. The courses used a standard textbook keyed to Vista.

For a collaborative course, we are convinced that the textbook and materials should be developed by one (or jointly by both) of the instructors. However, that may not be feasible. In that case, the instructors should find a textbook available in each language and supplement it with a Spanish-English dictionary.

Scheduled class time should be coordinated between the two campuses because the simultaneous classes will be taught jointly. Each instructor will be responsible for a part of each class. Sessions require preparation and distribution of the lecture material in advance in a format such as Microsoft Power Point or Corel Presentations. The material should be in both Spanish and English with a vocabulary list at the end of each handout. Each instructor will be responsible for translating the material into the language of her students.

Each class presentation will have at its foundation a self assessment so that students can measure their mastery of material in the textbook. The self assessment will use primarily calculated problems, multiple-choice, and matching questions. Short essay questions will be included. Unrecorded assessments will remain open and available throughout the semester.

Recorded assessments will build on the unrecorded assessments so that students will know unambiguously what is expected of them. Availability of calculated problems in WebCT Vista/Blackboard will permit the instructors to use the same problems as in the unrecorded assessments, but change the minimum and maximum values for variables and in each problem. For example, a duration problem would have Multiple choice and matching problems from unrecorded assessments will be changed and choices ordered randomly so that students will need to master the material rather than memorizing answers.

Lind [1996] examined the use of cases in groups and found that there were few significant differences across electronic groups assigned internationally and communicating via the web and face-to-face groups. Gunawardena et. al. [2001] found statistically significant differences in the perception of groups by Mexican and U.S. students. Our anecdotal experience is consistent with these empirical studies: We have found that group development and work require effort to establish legitimacy in a cross-cultural environment and, once successfully established, yield a feeling of place and encouragement to students to learn from their cross-cultural classmates.

The group feature in WebCT Vista/Blackboard permits the instructors to place students into small groups. That permits each student to have an assigned mentor from the other class and a peer group not only for discussing issues about the class, but also for addressing cultural and business issues. Each group will have its own chat room so that its members can leave messages in the log and refer back later to read responses from group members. The log will be maintained throughout the semester so that I can monitor the contribution of each member to group activities. The instructors should require assignments from each group submitted as attachments via the Assignment tool. Each member of the group will receive the same grade.

We think this is one of the most exciting features of a collaborative international course. Each student will be paired with a foreign counterpart. Then, when the U.S. group arrives on the Mexican campus, the students will be able to greet each other and to establish quickly a trusting, professional friendship.

Each instructor will host chats for students in respective groups. Occasional cross-cultural chats should be held. The instructors should make extensive use of the whiteboard during structured and unstructured chats. Using SnagIt will permit them to create JPG files and seamlessly upload them to the whiteboard.

Each student should complete a minimum of five web assignments submitted as attachments via WebCT Vista/Blackboard to her specific instructor. Assignments should be developed to introduce the student to contemporary issues confronting the Finance manager in each country.

A useful part of the course will be discussion links for students to pursue ideas and issues with their class mates.

Moore [2005] notes that students in advanced economies should learn to question the assumptions continuously promoted by domestic marketing media telling students that the just society is found only in their culture. By developing a better understanding of other cultures and other societies, U.S. students may arrive at a better understanding and appreciation of their own culture. We agree with Moore's comment, "Distance education is equipped to facilitate this exchange of knowledge on a scale that no previous forms of education could equal."

Mathur and Oliver [2007] note that developing an awareness and sensitivity to cultural and political differences is helpful in the planning process and in ensuring appropriate learning outcomes for the diverse students who make up these programs. It is vital that stakeholders of educational international blended programs be sensitive to the cultural and political diversity of students across institutions. This sensitivity and understanding of cultural and political issues is essential in an international context where learning is being transferred from one cultural context to another.

To nurture and enhance the exchange of knowledge between cultures, the cross-cultural content of the course consists of establishing mentors, language study, company visits, and residency.

Each U.S. student will be assigned to a counterpart in México based on age and gender. The Mexican mentor will become the U.S. student's cultural guide throughout the course. The two students will be in the same groups for completing assignments and practice assessments. They will become acquainted via the video conferences and class sessions, then meet physically when the U.S. class travels to México.

Understanding culture requires in part understanding the language, so U.S. students will be required to study Spanish during their stay in México. Not-for-credit Spanish will be taught by the Mexican university's language faculty at any of three levels a U.S. student needs— basic, intermediate, advanced. We've had students placed into two groups rather than three when enrollment dictates it.

The finance part of the cultural content involves visits to Mexican companies. The burden here is on the Mexican host university, but the U.S. instructor must monitor the choices closely to make sure they involve the financial aspects of the company. Our experience has led us to observe that the host university too often arranges field trips to see the production process of a company rather than financing aspects. Students usually enjoy that, especially when the class visits a *cervecería*, but the U.S. instructor needs to approve each trip to assure its relevance to the course before departing for México. Field trips count for class contact hours in AACSB-accredited programs.

Students like the idea of staying with a Mexican family while in México. And most enjoy the reality. Mexican universities have a strong network of families with which they can place students, but the ideal situation would be for the U.S. student to stay with the family of her mentor. Three suggestions are appropriate here: First, the natural choice for the host family is that of the mentor's family. The U.S. student should already have a bond with his Mexican counterpart, and the Mexican student will have a general idea of the likes and dislikes of his *amigo estadounidense*. Second, the U.S. instructor should visit each student and his host family while there. It's usually easy to wrangle an invitation for dinner, so go that route if you can. Third, make sure that the international office of the Mexican university realizes that a U.S. student must be moved immediately to another family if you request it, no questions asked. We've had students moved for reasons ranging from bad food to lack of privacy.

We prefer the family stay to residence halls because of its evident benefits and in spite of its negatives, lack of oversight and hassles for students needing to arrive daily at the campus. As a general rule, consider using the residence hall if teaching the course at the sophomore-junior level (for example, the intro finance class) to help you sleep better at night while accompanying young students to México. Use the family stay for advanced undergraduate and graduate students.

## **COURSE DEVELOPMENT AND BUDGETING**

We present this part of the paper from two perspectives. The first is the cost to the University to develop the course and its delivery. The second will be the estimated cost to a student for taking a course.

Many resources to develop and implement an international course are already available as part of the university commitments to teaching. However, incremental costs will be incurred. You can cut costs by having fewer preliminary trips and by negotiating with the Mexican university for it to pay some of the travel and lodging expenses. You can also consider pay for a faculty member non-incremental if the course will be within the normal load and the department will not provide a course to replace the course typically taught by the instructor.

Be sure to have your department provide a back-up course for the collaborative-course instructor to teach if the course fails to make. For example, the department should schedule a regular

course taught by an adjunct, then replace the adjunct with the collaborative-course instructor if the need arises. We've learned that if the department fails to provide for a backup course (in the event of a class size too small or other reason), then that sends a negative signal about developing a collaborative course. Our advise is for you to avoid committing to such a course until you get your administrators on board with a scheduled back-up course.

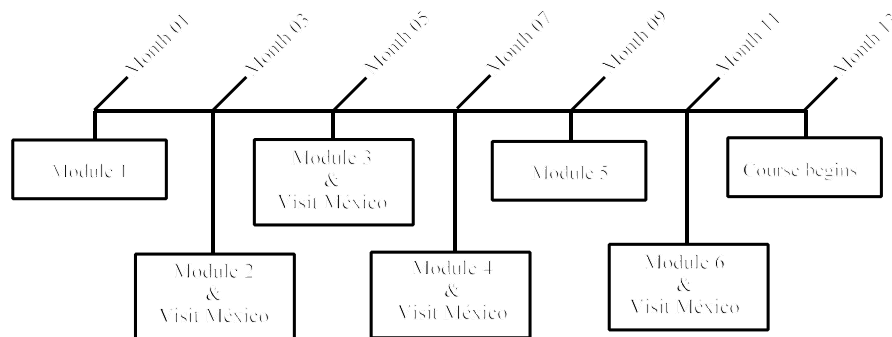
Students, faculty, and administrators want to know the student cost of the program. Variables such as the location of the Mexican university, the number of students, extent of the field trips, and airfares at the time enter into the calculation. We've had costs range for three-week programs in México with host families (excluding airfare) from \$588 to \$1,116. The course and program we present in this paper requires one or two weeks in México, and so should be substantially less.

The student budget below consists of incremental costs for a one-week program. It is incremental in the sense that the budget doesn't consider tuition and fees to enroll in the finance course. The University of North Texas offers each student enrolling in a study abroad program in México a \$500 scholarship, included in the calculations.

The following budget includes all incremental costs. It omits tuition, which is non-incremental because the student would enroll in an on-campus class. We include such items as airfare and spending money even though they aren't part of the program per se.

### TIMETABLE FOR COURSE DEVELOPMENT

How long will it take to develop and offer a collaborative international course such as the one we describe? ¿Quién sabe? We can offer only a general answer to that question because of the uncertainty surrounding each issue above. The figure below offers some guidance. It shows a 13-month time line for completing the process.



You may be struck by the number of visits to México (four). There are two reasons for this: First, it's México. Excuses to visit are always welcome. Second, there is a serious reason for the visits: The better the instructors know each other and the support staff, the more successful the collaborative will be. We've learned from experience that relying on the International Studies staff at a university to arrange the program may be an invitation to problems. That staff won't have the interest in your program that you have. The two instructors must take an active role in each activity from verifying host families and travel arrangements to determining cultural and professional activities while in México.

### SUMMARY AND CONCLUSION

Web-based courses have made it possible to teach collaborative courses internationally to enrich the classroom experience of U.S. and Mexican students. Moreover, in a world in which education is morphing into a private good, the need for universities to differentiate their education

products from the competition increases the benefits of collaborative international courses like the course developed in this paper.

We suggest that the collaborative international finance course have an instructor at each campus who develops material for her own students and that each instructor use the same text book, one in Spanish and the other in its English counterpart. Delivery of the course should be in three ways: (1) Video conferencing will permit the students to see the differing emphasis placed on course content by each instructor. It will also serve as a way for the students to link to a mentor in the other class and to begin developing a social and intellectual bond. (2) Web-based delivery will consist of typical activities (assessments, chats, and so on), but will be enhanced with group work between U.S. and Mexican students. (3) Cultural content will consist of a mentoring system in which each student is linked to a foreign-student counterpart and the U.S. students will visit the Mexican campus of a week at the end of the three-week course. There, they will meet their Mexican counterparts, visit companies to see first-hand the application of finance in a Mexican setting, and study Spanish taught by the faculty at the Mexican university.

Presenting an international course that uses the campus of a foreign university is challenging and rewarding. We have found from an instructor's perspective the most important issue is to have the unqualified support of administrators. Without that, we recommend that a collaborative international course such as the course we develop here be moved to the scrap heap.

## **FEMALES AND FINANCIAL EXPERTS: BOARD DIVERSITY IN THE ERA OF THE SEC'S AUDIT COMMITTEE REQUIREMENTS**

**Thomas E. Wilson, Jr., University of Louisiana at Lafayette**

### **ABSTRACT**

*Although gains have been made in recent years, women are still underrepresented on corporate boards of directors. Recently, however, the SEC has issued rules requiring public firms to disclose the "financial experts" serving on their audit committees. This study examines whether the skills and abilities necessary for service as a financial expert have affect the push for gender diversity in the boardroom. Analysis of a sample of S&P 500 and Russell Microcap firms shows that female participation corporate governance has increased since 2003, but that the growth is attributable to smaller firms. Increases in women representation among large firms appears to have slowed dramatically. Few women were named as audit committee financial experts immediately after implementation of the SEC requirement. By 2009, however, the number and percentage of women financial experts had increased significantly, reaching levels comparable to those for corporate boards as a whole. This study finds that gender diversity is not directly hampered by the specialized skills and experiences required of a financial expert.*



# **USING COMMUNICATION THEORY TO ANALYZE CORPORATE REPORTING STRATEGIES IN THE BANKING INDUSTRY**

**Sheri Erickson, Minnesota State University Moorhead  
Marsha Weber, Minnesota State University Moorhead  
Joann Segovia, Winona State University  
Donna Dudney, University of Nebraska Lincoln**

## **ABSTRACT**

*The purpose of this study is to investigate one specific industry, banking, and its management responses to material weaknesses in internal control within its Sarbanes-Oxley Section 404 reporting. Analysis of corporate financial disclosures using communication theory can provide useful information to stakeholders.*

*Benoit's (1995) image restoration typology assists in the determination of the communication strategies banks use to explain how such material weaknesses occur and how management intends to address those weaknesses. Because the banking industry has historically been highly regulated, one would expect few internal control problems or weaknesses, but results of our study indicate that this is not the case. Firms within the banking industry do report material weaknesses and these firms do not consistently indicate a corrective action strategy to remediate these weaknesses. Statistical results indicate that material weakness firms display higher market risk, greater asset growth, lower risk-based capital ratios, and riskier loan portfolios than firms in the banking industry. We also provide examples from corporate SEC and annual reports of banking companies to illustrate the use of various communication strategies based on Benoit's typology.*

# THE FINANCIAL EXCLUSION OF THE ITALIAN FAMILIES THROUGH A MULTIVARIATE ANALYSIS

**Angela Coscarelli, University of Calabria**  
**Domenica Federico, University of Calabria**  
**Antonella Notte, University of Calabria**

## ABSTRACT

*The financial exclusion is a quite relevant phenomenon in Italy. This research intends to highlight how some factors, such as the characteristics of the families (typology, housing, head family, components of the family, income, occupation, etc.), and some financial indicators (loans, guarantee, deposits, banking system structure, etc.) can influence the financial exclusion, and present the financial exclusion trend in the Italian regions.*

*The analysis has been carried out by collecting and analyzing data published by the Bank of Italy and Istat. The study is realised through the Principal Component Analysis, to summarize the relationship between the different dimensions of the investigated phenomenon, and the Cluster Analysis to carry out typologies of clusters of Italian regions which are inside homogeneous but heterogeneous between them by the characteristics considered.*

## INTRODUCTION

The financial exclusion refers to a process whereby people encounter some difficulties accessing financial products and services because of they are considered unbanked or underbanked (Claessens, 2005). This phenomenon is quite relevant in Italy, where new typologies of poverty are developing (Anderloni, 2003) as the exclusion from the credit access of some families that can have a lot of difficulties to start a business or to live.

The aim of this research is double. First, the research intends to highlight how some factors, such as the characteristics of the families (typology, housing, head family, components of the family, income, occupation, etc.), and some financial indicators (loans, guarantee, deposits, banking system structure, etc.) can influence the financial exclusion. Second, it intends to present the financial exclusion trend in the Italian regions.

The analysis has been carried out by collecting and analyzing data published by the Bank of Italy and Istat. The study uses a multi-disciplinary approach and is realised through the Principal Component Analysis, to summarize the relationship between the different dimensions of the investigated phenomenon, and the Cluster Analysis to carry out typologies of clusters of Italian regions which are inside homogeneous but heterogeneous between them by the characteristics considered.

The research highlights how the financial exclusion is tightly linked to social exclusion. The access and use of some basic financial products and services, together with the component numbers for family, marital status, are decisive to the integration of people in the current society.

## REVIEW OF THE RELEVANT RESEARCH LITERATURE

The extant literature have myriad of definitions and dimensions of what constitute financial exclusion of which are often based on varied socio-economic factors with very complex interactions. The term financial exclusion was first coined in 1993 by geographers who were concerned about limited physical access to banking services as a result of bank branch closures (Leyshon & Thrift,

1995). Throughout the 1990s there was also a growing body of research relating to difficulties faced by some sections of societies in gaining access to modern payment instruments and other banking services, to consumer credit and to insurance. There was also concern about some people lacking savings of any kind.

In 1999 the term financial exclusion seems first to have been used in a broader sense to refer to people who have constrained access to mainstream financial services.

Since then, a number of commentators have added their views of how financial exclusion should be defined. These include both academics (Carbo, Gardner & Molyneux, 2005; Devlin, 2005;) and policy makers (Treasury Committee, 2006).

Broadly, the financial exclusion has been defined as developments that prevent poor and disadvantaged social groups from gaining access to the mainstream financial system (Meadows & Ormerod, 2004). Indeed, empirical evidence suggests that people who are unbanked or marginally served by mainstream financial services are more likely to belong to segments of the population who are socially excluded or only marginally included (Kempson & Whyley, 1999). For these reasons, previous studies have emphasized the causal link between financial exclusion and the broader phenomenon of social exclusion. Indeed, financial exclusion has been seen as a process that contributes to the development of social exclusion at both the individual and the collective level.

Narrowly, it has been defined to reflect particular circumstances (Kempson, 2006) such as: geographic exclusion; exclusion on the grounds that charges are prohibitively high; exclusion from marketing segmentation; or even exclusion based on self beliefs.

However, because financial exclusion may be driven by different factors in different countries, it is important that its definition be situated within a country specific financial development context. In Italian context for example, financial exclusion can be seen as a situation where some individuals, households and enterprises have non engagement whatsoever with the mainstream formal financial institutions. They are the core exclusion often referred to as the "unbanked" that do not even have a basic bank deposit account. In 2008, the 10.8% of workers in Italy lacked a bank account of any kind. Analysis of the last Household Income and Wealth survey in Italy shows that 10.8% of households lack any savings, that is they have no assets at all (Bank of Italy, 2008).

## **THE SELECTED FINANCIAL AND SOCIAL INDICATORS**

The analysis has been carried out by a categorization and a breakdown by subject areas of some indicators which identify the features of the financial exclusion and family structure in the Italian regions, according to socio-demographic, economic and financial areas.

The indicators have been constructed using the Statistical Bulletin of the Bank of Italy and the XIV General Census of Population and House, to understand the different aspects of the phenomenon of the financial exclusion in all the Italian regions.

It was made a choice on the contemporaneity of the data giving priority to the most recent and updated. After a careful correlations analysis, the database consists of 19 variables. All the indicators were determined taking, as a reference, the corresponding value registered at the national level (Table 1).

Table 1 Socio-demographics, economics and financial indicators		
Socio-demographic indicators	Economic indicators	Financial indicators
Olde-age dependent rate	Income available	Mutual Banks
Reference person of the family (male, female)	Unemployed rate (male and female)	Deposit cc
Family composition (two members)	Activity rate (male and female)	Consumer credit
Drinkable water available		Subsidized loans
Surface of the home (60-- 100) square metre	Medium and long-term loans	
Own property home	Lending rates on loan facilities	

From the demographic point of view, the dynamic aspects of the population and the structure family characteristics, such as the number of people which compose it, have been considered. Besides, it has been used the sex of the person which represents the family; it has seemed suitable to value if the family lives in a own home and if the surface of the home is between the 60 and 100 square metre. It has been used the variable that describes the availability of the drinkable water.

Any variables has been computed such quotient between the regional data and the national data considering the percentage. From the economic point of view the unemployment rate (male and female), the activity rate (male and female), the percentage of the available income comparing with the national data have been computed.

With regards to the financial indicators, the analysis started from an examination of the banking density level in the Italian regions, through a study on the number of banks by institutional category (Mutual banks and Cooperative banks). The structural bank indicators are useful to highlight how the effects of possible reallocation and restructuring operations of the banking territorial network occurred in the years passed, too often for the benefit of certain areas rather than others, and that, in the long time, they have fostered the financial peculiarities of certain regions at the expense of others. Later, we moved on collecting some information on banking and financial business. In particular, the loans and the deposits from a quantitative view and the lending rates on loans facilities are taken into account.

### THE MULTIVARIATE ANALYSIS

The first phase of the research has been to compare the dataset to the Principal Component Analysis (PCA) to highlight the links among the considered variables (Benzécri 1973). Studying the correlation matrix we have considered the first three factors that describe the 90% of the total variability.

The first component, defined "Socio-financial condition", explains the 60.54% of the variability. The indicators are linked to the structure of the family (male/female reference person; family composed by two persons; surface occupied (60--|100) square metre; drinkable water availability; own home property; available income) and to the financial components (consumer credit; deposit in cc; medium and long-term loans). The second component, named "Employment condition", explains the 23.35% of the total variability. In this axes there are the male/female activity rates; the male/female unemployment rates and the old-age dependent rate. The third factor, defined "Banking supply", explains the 6.11% of the trace and it is based on the percentage of mutual banks, the percentage of cooperative banks and the interest rates.

Figure 1  
The correlation circle between the first and second axes



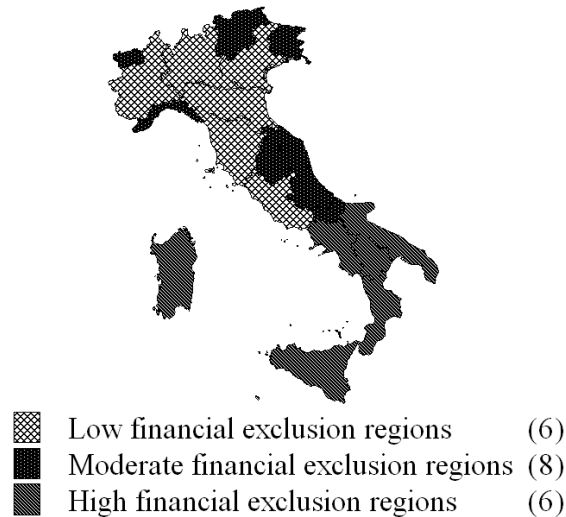
The PCA has permitted to highlight the scatter plot of the Italian regions around the principal axes of inertia. By the factorial coordinates has been possible to put in evidence some clusters of regions homogeneous inside them but heterogeneous between them as regards the characteristics considered (Bolasco, 2004). To obtain the optimal number of the cluster the dendogramme graphic has been used and three groups have been selected, earning the proportion of inertia inter/total from 0.59 to 0.60. For any cluster we defined a profile considering the characteristics that linked the regions inside them (Figure 2).

Number of cases	1 Cluster	2 Cluster	3 Cluster
1	Emilia Romagna	Abruzzo	Basilicata
2	Lazio	Friuli-Venezia Giulia	Calabria
3	Lombardia	Liguria	Campania
3	Piemonte	Marche	Puglia
5	Toscana	Molise	Sardegna
6	Veneto	Trentino Alto Adige	Sicilia
7	Umbria		
8	Valle d'Aosta		

The first cluster, defined "Low financial exclusion regions", is represented by good social, economic, and financial conditions. It deals with the centre-west and north regions. The second cluster is defined "Limited financial exclusion regions". It deals with the centre-east and north

regions. The third cluster, named "High financial exclusion regions", characterises prevalently the South of Italy.

Figure 2  
The geography of the financial exclusion in the Italian regions



## CONCLUSIONS

The Multivariate Analysis put on evidence some Italian regions which have particular characteristics in terms of financial exclusions.

In the first cluster the percentage of families that lives in own property home is 9% against 5% of the national data, the percentage of families that lives in homes with a surface included between 60 and 100 square metre is 9.4% against 5% national data. The percentage of available income is of 10.4% against 5%. Besides it is possible to observe a good territorial covering (mutual banks 12% against 5%), a consistent banking collect (family deposits: 12% against 5%) and huge loans (13.5% medium loans against 5% and long loans 12% against 5%).

In the second cluster the social conditions are moderate it deals with regions where the family lives fairly, in own property home (1.8% against 5%) and with the primary services available such as the drinkable water (1.7% against 4.8%). The financial conditions are modest: the access to the credit (consumer credit), even if it is minimum it is granted (1.5% against the 4.6% of the national data); it is also minimum the percentage of mutual banks (0.7% against the 5% of the national data). The regions of this cluster are similar for the data linked to the available income that is under the national data (1.6% against 5%).

Finally, the third group presents job problems (unemployment male and female rates over the national average, respectively 10.8% and 15.4% against 6.1% male and 9.3% female national data). The same regions are linked for the old-age dependent rate [ratio of the population aged 65+ and population aged (15-64)] that is 27.2% against 31,6% of the national data. This data describe a young population, but uncomfortable by the job point of view. The activity male and female rates are in effect under the national average (respectively 67.6% and 38.1% against 74.2% and 52.4%).

In conclusion it is evident as the financial exclusion is influenced by the social exclusion.

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# PERSONALITIES OF ENTREPRENEURS AND THEIR INFLUENCE UPON GLOBAL CUSTOMER SERVICE

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## ABSTRACT

*The field of entrepreneurship is best recognized by Shakespeare's words concerning the importance of success and recognizing opportunities and acting upon opportunities (Baron 2006). The solution in seeking opportunities, whether domestically or globally, is to realize and take advantage of situations that will give the organization the greatest advantage to earn a profit while keeping cost at a minimum (Hsieh, Nickerson, & Zenger 2007). The organization must first build a relationship with the country to where they are going to do business abroad (Norris 1971), and have the ability to initiate new products in to the foreign markets (Davidon, Harrigan 1977). Quality managers believe that a high focus for quality offers a way to position the firm by its aspect of quality importance for the customer and by conforming to improving on design specifications. Being customer driven is difficult to deny and there are major concerns regarding customer - driven philosophy that must exist. The three major stages of which an organization must pass in order to become genuine customer driven are pleasure, responsiveness, and dedication. In order to be a part of either one of these stages, an organization must put in place programs that constantly place the customer first - not just say they are customer-driven. In the current paper we examine the influence that personality can have on the customer service oriented behaviors of entrepreneurs. We compare the results from samples from Sweden, Norway, and the United States. The Big Five personality factors were able to explain 34.0% of the variance in customer service in the Swedish sample (N = 280), 25.4% in the Norwegian sample (N = 309), but only 20.3% of the variance in the USA (N = 863).*

## INTRODUCTION

Organizations around the world compete in a jostle for the same customers (Brown, Pratt, Woodside, Carraher, & Cash 2009). Personality traits are a way to explain the various attitudes and demeanors that individuals present themselves to others (Korzaan, Boswell 2008). Within customer service-oriented organization, at least one of these personalities can be discovered within the organization of its employees. The more the person is perceived to show certain types of behaviors, researchers have narrowed these traits down to what is now known as the Big Five Personalities (Korzaan & Boswell 2008). In the following paragraphs this research will briefly address agreeableness, conscientiousness, emotional stability, extraversion, and openness to experience - the most important traits of the Big Five Personalities.

The factors associated with agreeableness are good-natured, accommodating, trusting, and compassionate (Barrick & Mount 1993). Conscientiousness may be the single best personality predictor of work performance and research into the use of personality measures for employee selection. Those that have this behavior quality have dimensions that can predict job performance (Komar, Brown, & Robie 2008). When an individual enters an organization, he / she forms a relationship with the employer that consists of perceived mutual obligations (Orvis, Dudley, & Cortina 2008). Scholars have long recognized that job performance depends heavily on how employees perceive their jobs (Grant 2008). The normality-as-mental-health perspective defines normality mainly in the negative: normal people are those who are not mentally ill.



The extraverted employee is sociable, talkative, and assertive (Barrick & Mount 1993). An employee exhibiting this behavior strives to get the big sales, help improve the bottom line within the organization, and like meeting customers. Psychologists would tag this type of employee who works in customer service between agreeableness and extraversion because there are some parallel personalities involved. Extraverted employees are sensation seeking, sensitive to reward signals, achievement seeking, and are connected to happiness types (Furnham, Christoforou 2007). Openness to experience is the last of the Big Five characteristics factors of personality proportions and job presentations. With openness to experience type of personality, the employee is inventive, artistically sensitive, and scholarly (Barrick & Mount 1993). According to Barrick and Mount (1991), additional factors and traits include educated, inquisitive, unique, and broad-minded.

Using the Big Five Personality instrument of McBride, Mendoza, and Carraher (1997) as modified by Carraher, Mendoza, Buckley, Schoenfeldt, Carraher (1998) we examined the relationship between customer service and personality in three samples. The McBride instrument has previously been found to be related to several different types of customer service in numerous situations (Carraher, Buckley, Scott, Parnell, & Carraher, 2002; Carraher, Carraher, & Mintu-Wimsatt, 2005; Carraher, Franklin, Parnell, & Sullivan, 2006, Carraher & Parnell, 2008; Carraher, Parnell, Carraher, Carraher, & Sullivan, 2006; Carraher & Sullivan, 2003; Chait, Carraher, & Buckley, 2000). We provide suggestions for future research on personality, customer service, cognitive variables (Carraher & Buckley, 1996; Sturman & Carraher, 2007), compensation and benefits (Carraher, Hart, & Carraher, 2002; Hart & Carraher, 1995; Williams et al. 2008) entrepreneurship (Carland and associates 1984; 1988; 1992; Carraher, 2005), mentoring (Carraher, Sullivan, & Crocitto, 2008; Crocitto, Sullivan, & Carraher, 2005) and expatriate stress (Carraher, Sullivan, & Carraher, 2005) and their relationships with motivations for working are suggested. The work of Buckley and associates (Buckley, Carraher, Carraher, Ferris, & Carraher, 2008; Buckley, Carraher, & Cote, 1992; Buckley, Carraher, Ferris, & Carraher, 2001; Buckley, Fedor, Veres, Wiese, & Carraher, 1998; Buckley, Mobbs, Mendoza, Novicevic, Carraher & Beu, 2002) is also discussed. Other suggestions for future research are also suggested.

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## **CONCERNS AND EXPECTATIONS OF MINORITY ENTREPRENEURSHIP STUDENTS**

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### **ABSTRACT**

*Entrepreneurship education encourages and prepares those who want to become entrepreneurs or entrepreneurial thinkers to be successful. Though 13 percent of U.S. population are African Americans, they only own five percent of business firms in the U.S. Moreover, 90 percent of African-American owned firms have no paid employees. Therefore, it is imperative to understand the career expectations and concerns of minority entrepreneurship students. This study investigated minority entrepreneurship students' perceptions regarding (1) the level of importance of the factors that positively influenced their decisions to pursue an undergraduate degree in entrepreneurship, (2) the financial sources that support their undergraduate education, (3) the level of importance of the supportive elements that they expect will be important in their initial job assignments, and (4) their highest career expectations. Our findings would contribute to the efforts of the business schools and professional organizations in recruiting, retaining, and educating minority accounting students.*

### **INTRODUCTION**

America's small businesses employ more than 50 percent of the private workforce and generate more than half of the nation's gross domestic product (Department of Labor, 2009). It is obvious that entrepreneurs are the main driving force of America's economy.

Thirteen percent of U.S. population are African Americans. However, they only own five percent of business firms in the U.S. Moreover, only ten percent of African-American owned firms have paid employees which is way below the national average of 25 percent (U. S. Census Bureau, 2002).

U.S. Census Bureau reports that sixty four percent of the business owners had at least some college education at the time they started or acquired ownership in their business (U.S. Census Bureau, 2002). Surveys by the Department labor indicates that nearly 80 percent of would-be entrepreneurs in the United States are between the ages of 18 and 34 and close to 70 percent of the teenagers wanted to become entrepreneurs (Department of Labor, 2009). The Consortium for Entrepreneurship Education believes that "entrepreneurs are not born, but rather they become through the experiences of their lives (USA Today Education, 2009). There is no doubt in our mind that entrepreneurship education offers a solution to encourage and prepare those who want to become entrepreneurs or entrepreneurial thinkers to be successful.

The purpose of this research is to investigate minority entrepreneurship students' perceptions regarding (1) the level of importance of the factors that positively influenced their decisions to pursue an undergraduate degree in entrepreneurship, (2) the level of importance of the supportive elements that they expect will be important in their initial job assignments, and (3) their highest career expectations. The findings would contribute to the efforts of the business schools and professional organizations in recruiting, retaining, and educating entrepreneurship students.

## METHOD

Questionnaires were distributed to entrepreneurship majors in their senior year of a bachelor's degree program at three universities in the Southern region in March 2009. The questionnaires primarily utilized numerical ranking with 3 denoting very important, 2 denoting fairly important, and 1 denoting not too important or not important at all. A total of 88 usable responses were collected. Results of the survey may apply to minority entrepreneurship students in the Southern region and may be generalized to other parts of the country only with caution.

## FINDINGS

Our analyses of data collected indicate that 82% of the minority entrepreneurship students have to work to financially support their college education. Though there is a strong need for continuing federal, state, and local financial support of minority undergraduate students in pursuing careers in entrepreneurship, we feel that, in addition to guaranteed loans and grants, internship programs should also play an important role in the financial support effort. Internship programs will not only offer a viable financial support alternative, but also provide real-world experiences while students are still in school.

Students expect to be able to depend on the knowledge and skills obtained from college to function effectively in their initial job assignments. Moreover, more than 40% entrepreneurship students are interested in corporate entrepreneurship rather than private ownership. In a rapidly and dramatically changing business world, it is imperative for entrepreneurship educators to continuously revise and enrich entrepreneurship curricula and course content to meet the needs of employers.

Extremely few of the respondents were interested in academia. Entrepreneurship educators must exercise their role-model status to positively influence the career choices of their students. We hope entrepreneurship educators' influences accompanied by the efforts of professional organizations, strong job market, and lucrative salaries will attract more minority students into the academia.

A large majority of our respondents have a desire to reach a key administrative position in the corporate America. But with limited middle-management ranks, graduates will face slow promotion and sharp competition.

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## **A FINANCIAL FEASIBILITY TEST FOR ASPIRING ENTREPRENEURS**

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### **ABSTRACT**

*While there are numerous reasons for small business failures, one of the most common is undercapitalization (Case, 1996; Gross, 1993). A contributing factor to this problem is the failure of many entrepreneurs to accurately estimate the minimum level of pre-tax income which the new business must generate in order to maintain their desired standard of living. As a result, they withdraw excessive funds which are not replenished by profits, often leading to further indebtedness and threatening the survival of the business. We have found that this problem can be minimized by performing a "financial feasibility test" with the aspiring entrepreneur, which converts the individual's family budget into the pre-tax income which the new business must generate in order to cover it. Different versions of this computation for different types of entities (sole proprietorships, partnerships, corporations, LLCs, etc.), along with examples, are presented and explained. In addition, alternative actions which may be taken depending upon the outcome are discussed. The major benefit of this process is that it provides the aspiring entrepreneur with a better understanding of the extent to which a new venture is likely to support the standard of living that they have in mind, and permits the business owner to respond proactively in order to reduce the risk of future financial difficulty.*

# PERFORMANCE ANALYSIS OF INTRODUCTORY STATISTICS COURSE DUE TO DIFFERENT MATHEMATICAL BACKGROUND

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## ABSTRACT

*This paper addresses the issue of students' different mathematical background that differentiates students' performance in statistics course. Students can choose one of several mathematics based prerequisite to gain necessary background knowledge for the Statistics course. Statistics is one of the required courses for business and economics majors. Among several possible prerequisite courses we considered two different calculus courses (Applied Calculus and Calculus-I) as background knowledge for statistics course to compare. Therefore, the objective of this paper is to observe the significance and magnitude of differential effect of two different calculus courses on statistics course performance. Statistical tests provided evidence that differential effect exist due to different calculus background knowledge. Specifically, we have found that students who took the Calculus-I received higher average grade in Statistics course than students who took Applied Calculus. Thus, students with added traditional calculus orientation do have greater statistical proficiency.*

# THE MAKING OF THE PACIFIC TIGER: LESSONS FROM THE CELTIC TIGER

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**Anita Borja Enriquez, University of Guam**  
**Vanessa Lee Williams, University of San Francisco**

## ABSTRACT

*This paper describes how Ireland drastically improved its economic position through its adoption of what came to be referred to as the Celtic Tiger strategy. Because of the surprisingly striking similarities between Ireland and Guam and the finding that the Celtic Tiger strategy represents nothing but "sensible policies" for enhancing economic growth, we believe that Guam can employ those elements of the Celtic Tiger strategy that worked, and modify those elements that did not. By doing so, Guam can transform itself into the Pacific Tiger.*

## INTRODUCTION

Guam is at the crossroads of major economic changes that are expected to result from the impending military build-up on the island. These changes offer both challenges and opportunities to our island and our people. They also call upon us to respond so that these changes lead to long-lasting improvements in the lives of our people. One such opportunity presented by the military build-up is that for reviving the island economy and positioning it for higher economic growth that can be sustained well after the five year time frame associated with the military build-up (2010-2014).

For years, Guam has not had a clear strategy on how to best develop its economy. Instead, what appears to be the 'default' strategy has been a heavy reliance on the tourism sector, which has not returned to its peak in 1996. This default strategy needs to be supplemented by other sources of growth by diversifying the economy, an approach that should be part of what could be Guam's clearly defined economic development strategy.

This is an opportune time to seriously evaluate what economic development strategies might work well for Guam, keeping in mind the challenges of the current global economy on the island's economy and the opportunity presented by the impending military build-up.

The paper is organized as follows. The next section will look closely at the characteristics of Guam's economy as a starting point in identifying which tiger economy has characteristics similar to Guam's. Having identified Ireland as this tiger economy, the paper goes on to study Ireland's Celtic Tiger strategy, starting with the question of whether the Celtic Tiger strategy continues to be valid in light of Ireland's current economic crisis, followed by identifying select elements that comprise the Celtic Tiger strategy. This is then followed by a possible design for the Pacific Tiger strategy for Guam, using the elements of the Celtic Tiger strategy that worked and modifying those that did not. Some concluding comments follow.

## IN SEARCH OF THE 'IDEAL' ECONOMIC DEVELOPMENT STRATEGY FOR GUAM

An economy that undergoes rapid economic growth over a relatively short period of time has been referred to as a 'tiger'. Could Guam be the first to earn the title 'Pacific Tiger'? Which of the other tiger models would provide Guam with an economic development strategy that would work best for Guam, given specific characteristics of its economy?



There are several tiger economies whose experiences might serve as a model for Guam. It is always tempting to look for a model economy within the same region (i.e., Asia-Pacific). However, the term "Guam is U.S.A. in Asia-Pacific" summarizes our challenge at hand: Guam is located in Asia-Pacific and has cultures and sub-cultures that share many in common with countries in the region. At the same time, its business, legal and political environments are very much influenced by the U.S. system, thus giving it characteristics of "the West". It is this challenge that leads us to a seemingly odd finding that, upon closer scrutiny, Guam's economy in fact shares many similar features with Ireland's economy, more than it does with other Asian economies. This finding thus provides us with a justification for considering the adoption of the Celtic Tiger strategy to guide Guam's future economic development.

The similarities between Guam and Ireland are summarized in Table 1.

### **IS THE CELTIC TIGER DEAD AND THE STRATEGY INVALIDATED?**

We have shown that there are many similarities between Guam and Ireland and that Guam's adoption of the Celtic Tiger strategy is not unfounded. However, this presumes that the Celtic Tiger strategy continues to be valid, if not desirable, in light of the severe economic difficulty that Ireland is currently experiencing. Do Ireland's current economic challenges debunk the validity of the Celtic Tiger strategy in its entirety?

With the global economic slowdown taking place in 2007, which continues to negatively impact domestic conditions in a globally integrated economy like Ireland, many writers began to declare the Celtic Tiger dead (Economist, 2008; Hennigan, 2008; Irish Examiner, 2008; McDonald, 2008; Meo, 2008). We believe differently, keeping in mind that the current economic troubles in Ireland are occurring in the short run and are hence temporary and part of an economic cycle. Hence, the Celtic Tiger strategy remains a valid model that has several elements that worked well and Guam could adopt, while those that did not work could be modified. By doing so, Guam would have created its own economic development strategy and become its own tiger, the Pacific Tiger.

### **ELEMENTS OF THE CELTIC TIGER STRATEGY**

The Celtic Tiger strategy was Ireland's response to the economic and fiscal challenges of the 1980s, which restored economic growth to Ireland for many years, until the recent recession which began in 2008. The turnaround occurred in 1987, which was marked by the adoption of the National Economic Plan (Fitz Gerald, 2008). The growth period that followed was impressive that it earned Ireland the title "Celtic Tiger". Standard of living in Ireland increased appreciably since 1987.

Many (Dorgan, 2006; Hirsch, 2008; Fitz Gerald, various years; Borooah, n.d; Ruane, 2008; Jamieson, 2008; Florida et al., 2008) attribute Ireland's Celtic Tiger performance to several elements of its economic development strategy, most notably the following:

- Openness of its economy to global markets for goods and foreign investments since 1980s
- Investment in human capital since 1960s
- Public sector reforms and fiscal discipline
- Availability of young, productive and creative labor force
- Effective policymaking and social partnership
- Hard work and sacrifice

## **THE PACIFIC TIGER: A VISION FOR GUAM**

Having looked at the elements of the Celtic Tiger strategy in the previous section, we now ask the question: what's in the name "Celtic Tiger"? Upon closer scrutiny, this seemingly intriguing, mysterious, loaded, even "sexy" phrase represents nothing but a strategy for the making of an economy grow based on what Dorgan (2006) referred to as "sensible policies".

As such, crucial elements of the Celtic Tiger strategy can be replicated with some modification, on Guam, but this would require strong leadership and political will, supported by participation of the island community. Guam's economic stagnation need not continue, but deliberate policymaking and planning will be required. The impending military build-up that is predicted to grow Guam's economy and expand its local revenue base should not lend the island towards a passive enjoyment of what is being called unprecedented growth. Instead, the island's policymakers and leaders must proactively seize the opportunity to position its local fiscal policies and economic strategies in such a way that effectively manages the resulting surpluses that can balance the anticipated cyclical nature of economies after a buildup occurs.

## **CONCLUSION**

The knowledge that Ireland was able to adopt an economic development strategy and succeed gives hope for a brighter future for Guam. Indeed, Guam can be the Pacific Tiger, and there is no better time to act toward this goal than the present.

Recent sharp declines in revenue from Guam's primary industry have forced local government and business leaders to reassess the island's preparation towards taking advantage of the anticipated growth from the impending military expansion. The reverse in emigration of the educated workforce, along with education reform at the K-12 levels, lends promise towards building the knowledge-intensive workers Guam needs to support the development of a diversified economy. Although economic growth for Guam is anticipated to rise perhaps at double digit in the next five years, sustained long-term economic development cannot be guaranteed without a proactive economic strategy and repositioned fiscal policy.

One thing is certain. A passive approach towards global changes will ultimately hurt one's economy if necessary slight adjustments in policy and strategy are not made to best position a country to benefit from the change. Renewed efforts are inevitable toward this end. The timing is opportune, given growing concern from various sectors of Guam's civic society about cultural, social, and fiscal implications of this unprecedented growth on the island. Through civic engagement, there is hope toward advancing efforts with policymakers to accomplish what the government cannot or will not do.

With that said, Guam can be the Pacific Tiger but we must come together, play our part and make it happen. Hence, we say, "People of Guam, unite!"

Table 1:  
Similarities Between Guam and Ireland

BASIS FOR COMPARISON	GUAM	IRELAND
Small economy	An estimated population of 171,000 people and a limited amount of productive resources; Nominal Gross Island Product in 2007 \$6 billion (estimate)	In comparison to neighboring economies of the United Kingdom, France and Germany. Estimated population of around 4 million people
Island	Located in the Western Pacific Ocean; the largest island in the Micronesian region	Located in the North Atlanta Ocean, with the Irish Sea to its east
Open	With significant trade, mostly imports, given its limited resources and productive sectors	One of the most open economies, with exports and imports in 2005 at 83% and 68% of GDP, respectively
Non-diversified	Heavy reliance on tourism, and to a lesser extent, on the military presence on the island	In pre-Celtic Tiger period, a strong focus on agriculture and a large rural population
Part of a larger market	A U.S. territory and part of the larger U.S. market, implying an English speaking population, the presence of U.S. legal infrastructure, no autonomous central bank and the ability to use interest or exchange rate policy, fiscal policy that is heavily resource-constrained and hence highly influenced by availability of U.S. fiscal policy and availability of Federal funds (including the economic stimulus plans), not recognized as a separate entity by international organizations, not eligible for international development assistance (must rely on U.S. Federal funds)	Member of the Euro bloc and the European Union (E.U.), the only English-speaking member of the Euro bloc; Being part of the Euro bloc, its monetary policy is determined by the supranational European Central Bank while its former domestic currency is now fixed against the Euro and hence its exchange rate policy depends on how the Euro changes vs. other major currencies; as a requirement for being in the Euro bloc according to the Maastricht treaty, its fiscal policy is autonomous to some extent but must be coordinated with other Euro bloc countries. In pre-Celtic Tiger period, Ireland was not eligible for international development assistance. However, since admission to the E.U. in 1973, was a recipient of Structural Funds
High income economy	High wages (minimum wage laws mimicking U.S. Federal levels), a challenge given the proximity of much lower wage economies in the Asia-Pacific region	High wages, partly due to minimum wage laws, a challenge given the proximity of much lower wage economies in Eastern Europe, from which many countries have gained membership to the E.U.
Economic Freedom	Economically free. Using the Heritage Foundation's methodology for calculating the Index for Economic Freedom, authors calculated Guam's scores in the ten areas and found it similar those for the U.S., except in fiscal freedom. The U.S.'s overall score is 80.7 out of 100 in 2009, with a ranking of #6	Economically free, with an Index of Economic Freedom score of 82.2 out of 100 in 2009 and ranked #4
Democracy/Political Freedom	Democratic, following from it being a US territory. Although Freedom House Foundation does not estimate Guam's political rights and civil liberties, a review of the foundation's methodology would lead to scores of '1' and '1' for Guam's political rights and civil liberties, respectively, thus classifying it as a "politically free" economy, especially since the U.S. of which Guam is a part and neighboring islands, Federated States of Micronesia, are both classified by Freedom House Foundation as politically free	Democratic; classified by the Freedom House Foundation as "politically free", with scores '1' and '1' for political rights and civil liberties
Culture and Diversity	Multicultural society, with 37% Chamorro (Guam's native culture), 27% Filipino, 7% other Pacific Islander, 6% non-Filipino Asians, 7% Caucasian, 2.2% all others. In addition, 14% of the population classify themselves as being of mixed culture	Since the 1980s, Ireland has become less of a homogeneous society and more of a multicultural society through in-migration of people from other cultures. In addition, Ireland's economy has become diverse as returning emigrants who bring back to Ireland their knowledge, skills and experience having lived elsewhere.
Geo-political Considerations	Large growing presence of U.S. military, strategic in the defense and stability of the Asia-Pacific region	In terms of national security and military, Ireland is also strategic, or at least, challenged, with the island divided into two entities: Ireland and in its north, Northern Ireland, which is part of the UK. Such arrangement occasionally leads to security concerns and instability

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# **A MORAL IMPERATIVE - OVERCOMING BARRIERS TO ESTABLISHING AN MBA INFUSED WITH ETHICS**

**Beth Castiglia, Felician College  
Enrique Nuñez, Saint Peter's College**

## **ABSTRACT**

*A Moral Imperative - Overcoming Barriers to Establishing an MBA Infused with Ethics*  
Business schools have often fallen short of expectations while attempting to educate ethical managers. The difficulty may lie in barriers that prevent the inclusion of ethics into the graduate business program.

*This paper describes the development of an MBA program in a small Catholic college which emerged infused with values. We propose that the barriers that often inhibit the creation of such a program can be overcome, if the program emerges from a value-laden culture. Although not conclusive, results of this case study are promising, finding that both faculty and students recognize the emphases placed on ethics two years later.*

*Further research will determine whether this experience is unique to a single institution, or whether all faith-based institutions have an advantage when trying to integrate ethics into an MBA curriculum.*

# ASSESSING THE LEVEL OF CURRICULUM AND SCHOLARSHIP DIVERSITY IN HIGHER EDUCATION: ONE BUSINESS SCHOOL'S STORY

**Kathryn Epps, Kennesaw State University**  
**Adrian Epps, Kennesaw State University**

## ABSTRACT

*The notion of assessing the depth of curricular diversity is a persistent challenge for institutions of higher education that have an interest in ensuring that their students receive a multifaceted educational experience. In January of 2007, Kennesaw State University (KSU) embarked on the trail to garner an understanding of the extent to which diversity is embedded in the curriculum, scholarship, and creative activities of the campus. This project, the KSU Diversity and Equity Assessment Initiative, consisted of four separate work teams, and each team was charged with assessing the state of diversity in a specific area of the institution. Each work team was comprised of both faculty and staff representatives from all seven colleges on the KSU campus. For the purpose of this project, diversity focused on age, ability/exceptionality, ethnicity, family structure/gender, geographic region/language, religion, sexual orientation/identity, and socioeconomic status. The focus of this paper is to report the processes utilized to assess the level of diversity in the Coles College of Business curriculum and faculty scholarship.*

*The Education and Scholarship Diversity research team analyzed diversity in the curricular offerings of Kennesaw State University and the coverage of diversity topics in the scholarship (including research and creative activities) of KSU faculty members.*

*While a previous diversity group had prepared a preliminary course title analysis, the team decided that a list of course titles that suggest diversity topic coverage was limiting for several reasons. The team decided to solicit information directly from faculty members regarding course coverage and research activities that address diversity topics. Direct data collection allowed for analysis of both completed works and works in development. Additionally, the team interviewed the business school in order to solicit information and the perspectives of the dean regarding curriculum and scholarship addressing diversity. Other activities included collecting information from peer and aspirant institutions and contributing questions to campus focus groups regarding curriculum and scholarship diversity.*

*The "Diversity Inventory" became the primary focus of the team's work during Spring 2007. The inventory combined information directly reported by the faculty on diversity in the curriculum and in research and creative activity. The overall response rate was an impressive 45.7% of all Coles College of Business faculty.*

## **LEARNING APPLICATIONS AND OPPORTUNITIES FOR AN ON-LINE LEADERSHIP COURSE**

**Charles A. Griffin, Northern Arizona University**  
**Chris A. Lockwood, Northern Arizona University**

### **ABSTRACT**

*This paper describes the creation of an on-line leadership course that retained as much of the rich, interactive nature of the face-to-face version as possible. The seven "best practice" design criteria offered by Chickering and Reisser (1993) are discussed as they relate to specific course design and instructional requirements for instructor orientation, course management organization and tool use, community building as well as the development of thematic modules and their associated assignments. Student comments provided by a case study of the on-line course (Griffin, 2007) are provided that support the efficacy of this approach.*



# **INTERDEPARTMENTAL AND INTERDISCIPLINARY COLLABORATION: LEARNING ABOUT TEACHING AND LEARNING**

**Mark J. Hager, Menlo College**

## **ABSTRACT**

*Since the 1990s, higher education administrators have called for greater integration of the disparate yet necessarily united areas of academic and student affairs (AAHE, ACPA, & NASPA, 1998; ACPA, 1994; NASPA, 1997). Many researchers have proposed models of integration, yet few studies report the outcomes of their application (Kezar, Hirsch, & Burack, 2001). Applying themes from Kuh's (1996) model of seamless undergraduate teaching and learning with elements from more traditional planned change models (Kezar, 2003), this paper reports the integration process a small private college initiated to infuse an interdisciplinary course with co-curricular learning opportunities. It weighs the considerable benefits against necessary costs and points to new ways of working collegially across not only disciplinary divisions but also departmental divides. Findings include student achievement of designated learning outcomes, students' heightened engagement through co-curricular learning and creative pedagogy, and continued integration of curricular and co-curricular planning by faculty, staff, and administration.*

# HOW TO RUIN YOUR DEPARTMENT OF COMPUTER SCIENCE

**T. F. Higginbotham, Southeastern Louisiana University**

## ABSTRACT

*Actor and author Ben Stein has written a series of books seemingly encouraging ruin, while tongue-in-cheek, admonishing the reader how to ruin one's life, finances, and love. It is shown that these same techniques, if arduously applied, can be used to ruin a Department of Computer Science. This paper seeks to use this same format to show this same techniques can serve as a warning beacon to a Department of Computer Science.*

## INTRODUCTION

*Actor and author Ben Stein has written a series of books seemingly encouraging ruin, while tongue-in-cheek, admonishing the reader how to ruin one's life(Stein, 2002), finances(Stein, 2002), and love life (Stein, 2003). It is shown that these same techniques, if arduously applied, can be used to ruin any Department of Computer Science. Or any other department, for that matter.*

*There may be 50 Ways to leave your lover (Simon, 1975), but herein are 50 directives on how to destroy a Department of Computer Science. While it is hoped that few of these suggestions will pertain to any individual Department of Computer Science, unfortunately, it does not take many to ruin a working environment.*

## HOW TO RUIN YOUR DEPARTMENT OF COMPUTER SCIENCE

### **Hire Only Instructors and Assistant Professors**

Faculty members at this rank do not have any power, and must do what they are told. The instructors will never get tenure, and should be valued for that reason. The assistant professors will be vulnerable for six years. Never hire anyone with real-world experience.

### **Get People Who are Non-tenured for the Faculty Senate**

There is no point in having people who are tenured in the Faculty Senate. They can cause embarrassment, and may not follow the Administration's desires. Or yours. Of course, it may be necessary to stuff the ballot box from time to time. Be sure that the ballot box stays in the office overnight, locked, and that you have the key. Faculty members, who do not win a seat will be too embarrassed to inquire further.

### **Grants**

The real deal is for the Faculty to finance the University and the Department. This will please the Dean, the Provost, and the President. This is the most likely approach to get you a raise in pay. Further, it will be an excellent item on your résumé to find employment as a Dean. Be sure that your name is on the grants as the principal investigator or as the second person on the team. No point in letting Faculty members has full credit, because you made it possible for them to get the grants.

## **Papers**

Be sure that published papers have you included as a co-author. Much of the portable wealth that you have is the form of published papers.

## **Books**

Be sure that published books have you as a co-author. Not only does this bring in money, but can also be used as portable wealth. If someone already has a book published, offer guidance for the second edition, which will make you a co-author.

## **Remember, IBG**

If there are repercussions from anything that you might be doing that infuriates the Faculty, remember IBG (I'll be gone.) Only the Administration has any power to damage you; the Faculty is made up of a bunch of wimps.

## **When You First Arrive, Change the Curriculum**

Obviously, the members of the Faculty are idiots. You can point out to the Dean the mistakes they have made, and why the curriculum is in bad shape. You can fix it. The problem arises if the Department is ABET accredited, but it is unlikely the Dean will realize that means the curriculum is up-to-date. Even if the Dean is aware of this, point out that by making some changes that you believe you can attract more and better students. Point out that these changes will make your graduates more attractive to the local industry. It is unlikely, again, the Dean is aware that everyone you can graduate has more than one job offer.

## **Socialize with the Students**

How else are you going to be able to date them? Especially get drunk and take drugs with them. This will show them that you remember how it was when you were a student. The Administration will never find out. Anyway, IBG.

## **Have No Respect for Age or Experience**

Ben Stein, to the contrary, is wrong that this can cause you a problem. Never mind the person who has been on the job 25 years may know something about it. That person really has one year of experience 25 times. Nor is it likely that you will be blindsided because he/she knows somebody that is more powerful than you. Anyway, you are agile enough mentally to block any effort to unseat you. The Administration will protect you.

## **Have No Truck with New Methods of Teaching**

Forget distance education, it is not only a flash-in-the-pan, and students will cheat if not vigorously monitored. As you are well aware, students do not cheat in regular courses. Especially yours. When it is pointed out to you that such schools as Georgia Tech and MIT and Oxford University, et cetera, use these methods of instruction, note that they are only in it for the money, not the education.

**Gossip**

By keeping up with the gossip in the Department will help you with the mediation of disputes. Also, you will get the opportunity to set certain people straight as to the facts. You can use gossip in the same manner that backfires are used to control forest fires. Of course, the best gossip is sexual, but family and financial problems are excellent grist for the mills.

**Reward and Punishment**

Summer school is where the rewards and punishments are meted out. Reward those who have followed your wishes and punish those that have not. Losing 20 to 30 percent of their yearly income will bring them into line. Soak up the courses with instructors (they cost less) and they will be really grateful.

**Fire Your Enemies**

Anyone who criticizes you to the Dean, or anyone else, has to go. Getting rid of tenured Faculty is a bit difficult, because you have, to show cause. Of course, you can downgrade them by giving them poor yearly evaluations and little or nothing in the way of raises. You can report to the Dean that these people are really deadwood (poor yearly evaluations) and need to retire or be reassigned to disagreeable or useless tasks. Making the lives of these members miserable can be a real pleasure. On the other hand, it is simple to get rid of the rest by simply not rehiring them. The University will refuse, for legal reasons (It could be sued.) to provide any information at all. Better yet, try to convince the person that you really had nothing to do with the job loss, but that the command to terminate them from above.

**Never Forget or Forgive any Oversight or Insult, However Small**

Wear your feelings on your sleeve when you perceive hurt. Never mind that it is unlikely that the perpetrator had any malice toward you. That person should know that you are very important and that this should be kept in mind at all times and under any circumstances. Do not worry about hurting the feelings or insulting worker bees; they are not important people.

**Do Not Allow Faculty Members to Be Adjunct Professors at Other Universities**

In the first place, they may be learning things that you do not wish them to know. Secondly, even though this is done outside the normal working day and with nonuniversity equipment, if they have spare time, let them write grants and papers. They are not bringing in resources to the University. For this reason, they should be harassed as much as possible. Of course, you have to be sure that you do not overstep legal bounds.

**Discourage Consulting, unless it is through the University or you**

If the faculty member is not consulting via some part of the University, none of these funds come to the University. This cannot be tolerated. The faculty member is hired by the University to work for the University, and nobody else. This includes summer work and holidays, but again, you do not wish to generate legal problems for the University.

## **Breaks**

Never give anyone the benefit of the doubt. Not your spouse, the staff, or the students. You are a hard person in a hard profession. Remember, "Never give a sucker an even break," is just as true now as it was in 1925 (Fields, 1925).

## **And Best of All (Bonus)**

Harry S Truman (USA President, 1945 - 1953) was an idiot who had a sign on his desk which said, "The Buck stops here." Blame it on somebody else, preferably lower down on the food chain. Why should you own up to it, you are perfect?

## **CONCLUSIONS**

The proceeding material is a set of proven methods of destroying a Department of Computer Science, or any other organization, for that matter.

But what if this is not your intent? You could start out by avoiding all of the above material. On the other hand, there are excellent recommendations as to how to run an organization. In my opinion one of the most readable articles pointing out what not to do (and what to do) is, What we know about leadership, effectiveness and personality, (Hogan, et al, What is associated with successful leadership? To quote the article:

"The big-five model [Surgency, Emotional Stability, Conscientiousness, Agreeableness, Intellectance] reflects the 'bright side' of personality. Effectiveness requires both the presence of these positive characteristics and the absence of what we call 'dark side' characteristics--irritating tendencies that alienate subordinates and interfere with a person's ability to form a team. Research shows that these dark side characteristics are negatively related to ratings of team performance and that subordinates are almost always aware of them.... Nonetheless, they are hard to detect using interviews, assessment centers, or inventories of normal personality because they coexist with high levels of self-esteem and good social skills.... Because managers with dark side tendencies often do well in procedures that evaluate the leadership potential of strangers, their counterproductive tendencies will be apparent only after they have been on the job for some time."

This article points out more than half of leaders fail. I think we can do better than that.

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## **BUILDING CROSS-CULTURAL COMPETENCE THROUGH TEACHING ABROAD**

**Tatiana Isakovski, Millikin University**

### **ABSTRACT**

*Internationalization of university campuses has been a long continuing trend. Its meaning, however, has expanded far beyond study-abroad programs. It encompasses an array of study-abroad options, an emphasis on global perspective in curricula, rising number of international students and faculty on campuses, student and faculty exchange programs, cross-cultural research collaboration, and the like. Today, professors need international experience as much as students need the exposure to the global community. Consequently, faculty members face an increased pressure to acquire and cultivate cross-cultural competence.*

*The best way of teaching is leading by example. One of the ways professors can obtain cross-cultural experience is teaching abroad. Today, international teaching opportunities are no longer limited to teaching English as a second language or leading a group of students to other countries. Teaching abroad is becoming a more readily available option for instructors across disciplines.*

*This paper describes the experience, challenges, and outcomes of an American professor who taught a graduate Finance course in Taiwan. By the end of the course the author found that: 1) living in a different culture, teaching at a different institution, and working in a different educational system builds cross-cultural competence; 2) teaching abroad results in awareness of the differences in international students' attitudes and expectations; 3) learning first-hand about the curriculum and teaching practices helps to evaluate an academic rigor and relevance of student exchange experience; 4) teaching abroad promotes long-lasting relationships for the future, such as potential for faculty exchange and student recruitment; and 5) overcoming language-related and cultural challenges ultimately leads to a better and increasingly effective teaching, mindful of international students in a classroom.*

## **COMPUTER-BASED TESTING: A COMPARISON OF COMPUTER-BASED AND PAPER-AND-PENCIL ASSESSMENT**

**Karen A. Maguire, Coastal Carolina University  
Daniel A. Smith, Coastal Carolina University  
Sara A. Brallier, Coastal Carolina University  
Linda J. Palm, Coastal Carolina University**

### **ABSTRACT**

*This study examined the difference in test scores for students who engaged in proctored course assessments electronically via computer interface compared to students who took proctored assessments through a paper and pencil format in the classroom. A sample of 179 students registered in Intermediate Accounting I (CBAD 330) courses during the fall 2007, fall 2008, and summer 2008 semesters served as participants in this study. Each were given three non-cumulative and one cumulative assessments at approximately equal intervals throughout the semester. Forty three students completed all assessments electronically and 92 completed all assessment via pencil and paper. All students received the same in-class instruction, regardless of assessment format. ANOVA results indicated that students who completed all assessments electronically scored significantly higher than those students completing all assessments via pencil and paper. No interaction was present between test format and test number, suggesting that neither test format had a more severe learning curve.*

# **INDIVIDUAL DIFFERENCES IN MANAGEMENT EDUCATION: THE EFFECT OF SOCIAL SUPPORT AND ATTACHMENT STYLE**

**Millicent F. Nelson, Middle Tennessee State University  
C. Douglas Johnson, Georgia Gwinnett College**

## **ABSTRACT**

*Recent research in management education has focused on the use of technology, innovative instructional methods, and other techniques to enhance the effectiveness of management education. However, management education may be impacted, not only by the use of technology and instructional methods, but also by the individual differences of the students receiving instruction. This paper investigates the relationship of two understudied individual characteristics, perceptions of social support and attachment style. Do students perform better academically when they receive social support and have a particular attachment style? Contrary to expectations, results indicate social support is not related to a student's academic performance. There was also no relationship between the interdependent or overdependent attachment styles and student academic performance. There was however a negative relationship between the counterdependent attachment style and GPA. Additionally, there was a negative relationship between the counterdependent attachment style and social support. Findings are discussed with implications for retention and graduation as well as recommendations for student mentoring programs and supportive team projects.*



# PERCEIVED TOPIC IMPORTANCE AS A DRIVER OF DEEP LEARNING EFFORTS

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## ABSTRACT

*Some students generally put forth the effort required to fully understand course topics and how those ideas could best be applied to address real problems. Many students, however, do so only sporadically but instead attempt to learn most topics just well enough to achieve the desired scores on exams or other assignments. This study reports the results of a survey in which students in both the junior-level Principles of Management Course and the senior-level capstone Strategic Management course were questioned concerning the degree to which they generally attempt to fully master course topics as well as the various drivers that prompt such attempts at mastery when they occur. It was found that the key driver behind deeper learning involved student beliefs that the topics in question would be relevant to their careers. The more advanced students did not demonstrate increased efforts to achieve deep learning.*

## INTRODUCTION

Cooking expert Alton Brown notes, "We don't think about recipes as much as we perform them," (Brown, 2002, p. 10). He refers to the common situation in which an amateur cook is able to correctly follow a recipe's instructions and thus create a passably good version of the dish, despite the fact that the amateur doesn't really understand the relevant underlying principles of cooking. Brown refers to this situation as being held "hostage" (Brown, 2002, p 6) by the recipe. The problem is that the amateur doesn't really know how to cook and thus would not be able to alter the recipe effectively, for example he would lack the necessary understanding to know how to successfully substitute one seasoning for another or one cooking method for another to create a different yet still successful version of the dish.

Many business students find themselves in a similar situation in a business context. They may be able to follow the guidelines provided by our teaching and correctly apply those guidelines to make certain real-world decisions. However, they often apply these problem-solving tools with less than full understanding of why the tools are appropriate or how the tools might be applied in a somewhat different fashion to address different versions of the problem. To put it simply, students sometimes know the how but often don't know the why.

Brown's use of the word "think" points out the importance of metacognition, the need for students to think about their thinking. Despite the experiential exercises utilized in most business schools, it is not enough for students to do things. They must also think about the things they are doing, including reflection afterwards (Wikersema & Licklider, 2009).

The level of understanding achieved as well as the strategies used to attain that level of understanding are commonly classified as deep versus surface. Although the literature is somewhat inconsistent, studies often show that instructors can encourage deeper learning via appropriate teaching methods and that deep-oriented learning tends to lead to higher levels of student performance for higher order learning tasks. This study's purpose is to investigate the extent to which students attempt to achieve deep learning and, in particular, the extent to which those deep learning efforts are spurred by the students' perceptions of topic importance.

## **DEEP VERSUS SURFACE LEARNING**

Students utilizing surface-oriented learning strategies view course topics as a group of unrelated ideas, with the primary goal being to memorize those ideas for the exam (Entwistle & Entwistle, 1992; Minbashian et al., 2004). They may fail to appreciate the difference between being able to recall facts and true understanding. They tend not to be self-reflective about their own studying and may not realize that their learning is so limited (Scouller and Prosser, 1994).

Students who utilize deep learning strategies, in contrast, attempt to achieve true understanding of the course material. Such students depend less on the instructor and take more control over their own learning, critically evaluating the evidence in support of each new idea, working to relate that idea to others, and using examples to develop general principles. They carefully monitor their own understanding and make the effort necessary to clear up any confusion (Minbashian et al., 2004). Although not all studies agree, students utilizing deep strategies generally learn more effectively and achieve better performance on assignments involving higher order learning (Gijbels, 2005; Gravoso, Pasa & Mori, 2002; Minbashian et al., 2004; Taylor & Hyde, 2000) and also achieve greater satisfaction (Scouller & Prosser, 1994).

Most students fall somewhere in between the two extremes, with some able to adjust their focus to fit the nature of a particular course or assignment. Unfortunately, many students fail to recognize their own lack of strategy and fail to develop the study skills necessary to become more strategic. This ineffective behavior has led many authors (Cassady, 2004; Taylor & Hyde, 2000) to emphasize the importance of teaching students not only course content but also study skills. In general, students tend to develop more sophisticated methods as they progress through school and their careers (Baxter Magolda, 2004; Gijbels, 2005).

Student learning approaches are often impacted by the teaching methods being utilized (Trigwell, Prosser & Waterhouse, 1999). A surface-oriented instructor, for example, would tend to focus on lecturing to provide information to students who are seen as bringing little of their own expertise to the table. He would likely evaluate student learning utilizing multiple-choice or narrowly focused essay questions, assessment methods that would tend to encourage surface-oriented learning (Entwistle & Entwistle, 1992; Parmenter, in press; Scouller, 1998). Note that this behavior would not only encourage a surface-oriented approach in the current course, but would also tend to make it more difficult for students to convert to deeper approaches in subsequent more advanced courses (Raimondo, Esposito & Gershenberg, 1990). A deep-oriented instructor, in contrast, would encourage discussion and questioning, provide multiple perspectives, provide frequent opportunities for team-based work, and relate the course's ideas to the students' future career challenges. He would utilize assessments methods such as broadly focused essays or case analysis to encourage deeper learning and would also provide sufficient time for those deeper learning efforts to be accomplished, given that even deep-oriented students become more likely to apply surface-oriented methods when short of time (Taylor & Hyde, 2000). Critically, he would encourage students to carefully monitor their own understanding.

## **METHODOLOGY**

Data was gathered using a survey instrument completed by 70 undergraduate students at a mid-sized regional public university in the midwest. Of the 70 students, 47 were enrolled in the junior-level Principles of Management course and 23 in the senior-level Strategic Management capstone course. With both courses mandatory for all business students the sample contained a mix of business-related majors. The sample included five non-business students.

The first section of the survey required the students to respond to thirteen statements related to deep learning efforts by selecting "Disagree Strongly," "Disagree," "Neutral," "Agree" or "Agree Strongly." Four additional questions gathered information on course, major, GPA and plans for

attending graduate school. The data was analyzed using SPSS. None of the responses needed to be removed due to data-related problems, resulting in a sample size of 70.

To promote increased understanding of the difference between surface and deep learning, these ideas were framed in the context of success on a hypothetical exam. Four categories were defined, Fail the Test, Pass the Test, Ace the Test, and Master, with each category containing a series of descriptions of the behaviors of a student who would be expected to achieve that level of success. The Mastery category, which provided the strongest evidence of deep learning, was defined as "has put in the effort necessary to fully understand the material, the material is in his head so that he doesn't really need his notes at all, truly understands the logic behind various concepts - knows not only what a manager should do in various situations but also why those actions make sense, knows the material well enough to be able to use it in the real world and not just to formulate test answers." The classes in which the respondents were enrolled included the use of study guides to highlight key topics and also allowed the use of notes during exams. The survey was designed to capture information about respondent behavior throughout the entire college experience, with the thirteen learning-related statements written as such, but the mention of notes being used during the hypothetical exam may have caused some respondents to bias their answers toward their experiences in the single class in which they completed the survey.

## RESULTS AND DISCUSSION

For purposes of analysis the responses to the thirteen statements from the first section of the survey were coded using 1 for "Disagree Strongly" through 5 for "Agree Strongly" such that values of 1 or 2 signified disagreement with the statement, 3 signified neutrality, and 4 or 5 signified agreement. An upper-tailed t test of  $H_0: \mu \leq 3.0$  was performed for each hypothesis, with rejection of the null hypothesis providing statistically significant evidence of agreement with the statement. An abbreviated version of each statement can be found below in Table 1 along with the sample mean, t score and level of significance.

Statements (abbreviated versions)	Mean	t score	Significance
(1) I learn enough for exams but don't attempt mastery	3.13	0.964	.169
(2) I attempt to master key topics in courses in my major	3.13	0.885	.190
(3) I attempt to identify key career-related topics and master them	3.31	2.217	.015
(4) I would attempt mastery if key topics were identified by instructor	3.10	0.740	.231
(5) I would attempt mastery of key job skills if knew future career path	3.36	2.615	.006
(6) I regularly attempt mastery of topics unrelated to my classes	3.40	3.172	.001
(7) I recognize my own increased understanding when topic mastered	4.30	16.86	<.001
(8) I achieve a sense of satisfaction when topic mastered	4.43	19.80	<.001
(9) Mastering one topic enhances my desire to master more topics	4.20	13.67	<.001
(10) I like to learn topics well simply for the sake of the learning itself	3.43	3.748	<.001
(11) I monitor my study methods' effectiveness - I am learning to learn	3.71	6.502	<.001

Statements (abbreviated versions)	Mean	t score	Significance
(12) I am confident of ability to achieve mastery when it is needed	4.33	19.07	<.001
(13) Foreign topics cause discomfort/avoidance, not mastery efforts	3.03	0.201	.421

The null hypothesis was rejected for statements 3, 5, 6, 7, 8, 9, 10, 11 and 12, in many cases rejected quite dramatically. Focusing specifically on statements 7, 8 and 12, it is encouraging to see how strongly the students feel that they recognize deep learning when they have achieved it, desire to master additional topics, and are confident in their ability to do so. However, the strength of these results may actually suggest that many students don't fully understand deep learning or appreciate the limited extent to which they generally achieve it. This second interpretation supports the arguments given previously that students should be taught effective study strategies in addition to course content. It may also hint that many of the assessments used in their classes have required little more than surface learning, with high test scores convincing students that they have mastered topics they don't really understand well.

The main drivers of deep learning efforts, based on statements 3 and 5, are career-related, with students more likely to attempt mastery of a topic if they expect to make use of that skill on the job. It is not surprising that business majors would be so job-focused. These results may also be a function of the increasing difficulty in obtaining employment as more jobs are lost overseas. Given the job-related focus shown, it is surprising to note that statement 2 on mastery of key topics in courses in the major was not supported. This may suggest that students view many courses in a given major as not fully relevant to their careers, possibly suggesting the need for curricular revision or for faculty to put more effort into explaining their course's relevance.

Statements 1 and 4 suggest that students don't put as much focus as might be expected on identifying what the instructor feels are the key ideas in the course (the ideas that would most likely appear on an exam) and don't generally attempt to learn just enough to pass the exams. The results for statement 4 are somewhat surprising, but may be due to the fact that students find it relatively easy to identify what the instructor or textbook feel are the most important topics.

Two-sample t tests were run for each of the thirteen statements to compare the level of deep learning between the two courses. None of the results were statistically significant, suggesting no difference in learning focus between the courses. This may be due to the fact that too little time passes for much change to have occurred or, as suggested earlier, may be due to the fact that students have difficulty altering their learning strategies once they have been utilized in earlier classes. Additionally, there is anecdotal evidence that many capstone students suffer from burnout, a condition that would discourage the effort required to achieve deep learning.

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# SECONDARY MONITORS TO ENHANCE LEARNING

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## ABSTRACT

*The demand to cover more material in MIS classes increases as technology improves-while the available class time is constant. Important topics are deleted because current delivery methods cannot convey all of the desired concepts. MIS educators face challenges of what topics to add, what to delete, what to change.*

*MIS courses are taught similarly to other business courses-but MIS faculty incorporate more MIS-specific pedagogy into the classroom using course management systems and web sites. Preparing students for topics such as computer concepts, programming, databases, web design, systems analysis and networking poses a continuing challenge. While a digitally interactive environment assists in course preparation, discussion and administrative tasks; at the same time, it causes challenges such as:*

- *Dealing with more digital resources and*
- *Displaying multiple digital resources in class- e-books, electronic notes and*
- *Incorporating hands-on approaches that aid students in understanding technical topics.*
- *Considering these challenges the authors investigated whether a reasonable method exists that allows faculty and students to better use classroom time. The approach incorporated the use of secondary LCD monitors for the teacher and students. This paper summarizes how secondary LCD monitors were incorporated into several MIS courses, the resulting benefits, and issues encountered.*

## INTRODUCTION

Adequately covering course material in computer concepts, databases, web design, and networking courses is a continuous challenge. Course management systems provide teachers and students a digitally interactive environment. But teachers and students face issues such as displaying multiple digital resources-projects, exercises, e-books, lecture notes, handouts- in class; and incorporating hands-on activities that enable students to understand complex technical topics. These issues increase the amount of material needed to be displayed simultaneously.

The authors sought to find a suitable method to allow more efficient use of classroom time. The approach employed was the use of secondary monitors. This paper summarizes how these monitors were incorporated into MIS courses; and the benefits and issues uncovered.

## CLASSROOM AND COMPUTER LAYOUTS

Integrating secondary monitors into MIS courses began in the spring 2007 semester at Winona State University, a laptop university in the Midwestern United States. The primary display is the laptop LCD screen. A secondary (external to the laptop) LCD monitor is connected to the laptop computer. This arrangement nearly doubles the available electronic display workspace in class.

## **STUDENT EVALUATIONS**

Two surveys were conducted to measure adoption of the secondary monitor. During the week of installation, students were instructed in how to use the secondary LCD monitor (71 % of the students used a secondary LCD for the first time) and answered an open ended initial impressions survey to record their likes and dislikes. Based on all of the comments, the likes outnumbered the dislikes by a two to one margin (116 positive comments to 54 negative comments). The likes could be grouped into the categories: (1) simplifies running multiple applications (66%), (2) productivity improvements, less time to perform tasks, larger electronic desktop (26%), (3) easy to implement (3%), (4) miscellaneous-liked learning what IT could do, eco-friendly (5%).

After several weeks additional uses of the secondary LCD monitor became evident:

- Turning the teacher's laptop into a 'private' screen to display material only to the teacher. This makes it easier for the teacher to follow notes or a preset agenda.
- Delaying the onset of information overload by reducing frustration when conducting research or doing exercises and no longer having to switch between programs.
- Creating exercises in which one monitor displays the instructions and the other displays the relevant software application.
- Using web video conferencing software to display lecture material on the secondary monitor which allows recording and provides a close up view of the LCD projector.

A second survey was conducted after the students had twelve weeks to use the secondary LCD monitors. Based on all of the comments, the likes again outnumbered the dislikes approximately 2 to 1 (159 positive comments to 80 negative comments). Slightly more than half of the students (52%) found that the secondary LCD monitor most definitely improved the learning experience. A quarter (26%) stated it possibly improved the learning experience. A minority (18%) stated there was not much difference or they were no help.

## **EXPERIMENT WITH PAPER-BASED VS. PAPERLESS INSTRUCTION**

To investigate whether course instructions on a secondary LCD monitor can replace traditional paper instruction a pivot table exercise was created. The class was divided into three groups: (1) single monitor with paper instructions, (2) single monitor with web instructions, and (3) secondary monitors with web instructions. Students recorded their start time, followed the instructions and when done, recorded their stop time.

Across all 56 subjects, the median completion time was 455 seconds. The median test examines all samples from a population with the same median by comparing how many samples are above and how many are below the median. Table 1 shows the results. The chi-square test ( $\chi^2 = 0.45$ ,  $n = 56$ ,  $df = 2$ ,  $p = .799$ ) indicates there is no difference among the student groups in project completion time. The results imply that paperless instruction with the secondary monitor is equivalent to paper instruction in terms of student project performance.

Column 1	Column 2	Column 3	Column 4
Groups	Group 1 Single monitor, paper instructions	Group 2 Single monitor, web instructions	Group 3 Secondary monitor, web instructions
Sample Size (n)	20	16	20
Above Median (M)	9	9	10
Below Median (M)	11	7	10
Median test: $\chi^2 = 0.45$ , $n = 56$ , $df = 2$ , $p = .799$ , $M = 455$ seconds.			

## DISCUSSION

### Workspace

Student workspace design should be investigated before adding a secondary LCD monitor. Adequate desktop workspace is needed for the laptop, secondary monitor, books and note taking. A significant dislike, at 19%, was the loss of some the physical desktop workspace.

### Learning Curve

There is a short but distinct learning curve in the use of secondary monitors possibly dissuading other faculty from adopting this approach. The reason for this reluctance, and ways to overcome it, needs to be determined. Shortly after the secondary LCD monitors were installed most students had integrated them into their daily class routine. During the semester the most common statement by students related to the fact that they could now more easily work on and complete assignments that required the use of several programs at the same time. The use of more challenging exercises and homework soon followed. In the past exercises where several applications being used at once were not even attempted.

### Irritants

The dislikes could be grouped into the following categories:

- Irritants in learning to use the technology, such as adjusting graphics settings, dealing with mouse movements, figuring out on which screen an application will open (74%);
- Decreased physical workspace due to presence of the secondary LCD monitor (19%);
- Secondary LCD monitor not large enough (4%);
- Desktop icons moved about when enabling/disabling the secondary LCD monitor (2%);
- Privacy concern-student behind you can easily view your secondary LCD monitor (2%);
- At the end of the semester some students still found the secondary LCD monitor to be confusing (19%), indicating initial instruction must assure all students understand correct monitor usage.



## Miscellaneous

Very few software programs (one example is Adobe Dreamweaver) are designed to make use of multiple monitors. Software developers need to add multiple monitor features to programs.

The larger available electronic workspace encourages the opening of multiple applications, straining the CPU and system resources, degrading performance. The use of an external monitor should be considered when the computer is being specified. There are significant differences in how varying model laptops handle the presence of the external monitor. Some detect the presence of the external monitor and automatically recall prior settings such as screen resolution and monitor orientation. Others require manual adjustment each time an external monitor is connected.

The results indicate that the secondary monitors have had a positive effect on the classroom environment.

## CONCLUSIONS

This research investigated the effect of secondary LCD monitors on the delivery of MIS courses. More than two thirds (71%) of the students had their first exposure to dual monitors but quickly mastered their use. A significant majority (78%) of the students felt the secondary external monitor improved the course learning experience. The students appreciated the larger electronic workspace allowing them to have more applications open at once while also realizing an increase in productivity due to time savings.

A drawback was the loss of physical desktop workspace to the monitor, but this can be addressed in class room design. The benefits experienced in using the secondary LCD monitors during class clearly outweighed any drawback. An exercise was devised that indicated that there was no significant difference between paper based or monitor based instructions.

Future research needs to be done on the use of secondary LCD monitors-faculty reluctance to adopt them, the beneficial effects of running multiple applications, ways they can improve courses and how they can delay the onset of information overload for both teachers and students.

This research indicates that with proper planning, secondary LCD monitors are a suitable method that allows faculty and students to make more efficient use of valuable classroom time. The use of secondary LCD monitors in the class room integrates well into any course, not just Management Information Systems courses, that make use of course management systems and, or web-based instruction.

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# IMPROVED LEARNING USING WEB SITE TECHNOLOGY

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## ABSTRACT

*This paper describes work done to improve student confidence in working with computer technology. Students entering college are at varying levels of computer technology proficiency and comfort. Virtually all students can use a computer, but students who can use a computer efficiently and effectively are seldom encountered.*

*The approach taken was to seamlessly integrate the use of computers, network and internet technology into Management Information Systems courses. The faculty and students have access to laptop computers and a robust network infrastructure. The faculty use the available computer and network resources to teach class. The students are expected to use these same resources as a part of the course. Additional technical assistance is provided by members of the Information Technology Department.*

*The faculty create and deliver course material using a web site. The students are required to create their own web sites in order to save and complete their assignments. Along the way students are exposed to numerous technologies- directory structure creation, web authoring software, network and ftp file access, working with self extracting files, dealing with screen shots and most importantly, how to develop trouble-shooting skills when things go wrong.*

## INTRODUCTION

Delivering a quality and meaningful University education is always a challenge. One challenge in recent years is that the advent of low cost computing devices and the connectedness of the Internet are adding new technologies, considerations and problems to the teaching of courses. This paper will focus on one aspect of this new environment. How can technology be utilized to improve the teaching process for faculty while at the same time provide students with the necessary technical skills and confidence they will need to prosper in careers that are increasingly impacted by this constantly changing technology?

## BACKGROUND

Winona State University is a laptop university. The program was phased-in; freshmen were required to have laptops beginning in the fall of 2001. As of fall 2004 all students were leasing a laptop. One problem with the gradual phase-in was the difficulty faculty had in teaching classes containing students with and without laptops. It was difficult to design assignments and exercises with such a mixed population. But it did allow for some experimentation to see what would work. A number of faculty took advantage of training offered to create web sites for their classes. In the spring of 2000 Professor Paulson joined the Winona State University College of Business teaching Management Information System classes. Because of the existing infrastructure, he was able to create a web site for his course, just as other faculty had been doing. The benefits were many. Faculty keep course material up to date, and add new material as soon as it is available. Students are notified of any changes by email or by announcements on the course web site. But there were also some problems. When computers are introduced into schools, students can print out assignments, Internet research and other materials with ease. And they did. As more students obtained laptops, more paper was consumed. Students were cautioned to think before they hit the

print button. But when the surge in paper consumption threatened the imposition of additional student fees it appeared the situation was getting out of hand. Students were then told they had a limit on how much paper they could use during a semester. If they exceeded this limit, they could possibly face a bill for excessive paper use.

During this time period Professor Paulson's use of a web site to deliver course material had worked well. His notes and presentations were available from the web site. All assignments were posted on the web for the students to download and complete. The students would print out and hand in these assignments, which resulted in piles of paperwork for grading. There were also the attendant problems of trying not to lose any of the student's papers, and how to handle the inevitable late papers. Filing becomes a time consuming chore.

### **AN OPPORTUNITY TO IMPROVE LEARNING**

These two issues- excessive student paper usage, and the difficulty of having to track paper assignments, were annoying. At the same time a serendipitous discovery- that students had their own personal university provided web sites, presented an opportunity. Why not allow students to do their homework electronically, on their own web site? This would provide a meaningful way to introduce students to the use of their laptops, computer technology and the University computer network. To begin this project, midway through the spring 2002 semester the author asked students if they would be interested in learning how to create a web site.

Student interest in volunteering for the web site project varied. In two database courses only 2 out of 49 students embraced the idea. This was probably due to the fact these students were already spending a lot of time on assignments which focused on learning database software, and did not want to spend the extra time mid-semester to learn how to use web site editing software to create a web site, which would increase their work load. In two e-Commerce classes 23 out of 64 about students decided to try it out. This was influenced by the fact that a part of this course centered on web technology, and some of the students were eager to experience what web site creation was about. At the end of the semester the feedback from the students who chose to participate was positive.

### **Additional Structure, Challenges and Developments**

Based on this feedback Professor Paulson decided to restructure all of his classes to make mandatory the use of student homework web sites beginning with the fall 2002 semester. This allowed the summer to create the instructional materials that would be needed for this project.

The first project in Professor Paulson's courses during fall 2002 was for students to create the web site which would be used for completing their homework assignments. Students in all of Professor Paulson's classes were given a set of instructions that told them how to create a web site using FrontPage, web authoring software which was included on their laptops as a part of the lease program. This project was reviewed afterwards in class, and further reinforced by showing students how to complete the first homework assignment. At the outset the assistance of Information Technology personnel was required during class to answer the multitude of questions that arose.

After the first full year of requiring students to create homework web sites, which were the fall 2002 and spring 2003 semesters, a seminar was held during the summer of 2003 in order to explain this concept to other faculty, staff, support personnel and community members. Feedback was solicited. One of the more valuable insights was that use of such a system would promote student responsibility. Students would be required to learn how to use their laptop, the University network and various software applications to accomplish a large part of their course work. It was at this time that Professor Snyder decided to join this effort.

Another improvement in the approach was that during the fall of 2003 the Information Technology Department suggested the creation of a Laptop Learning Lab (LLL). This was very

beneficial for two reasons- 1.) it reduced the time spent in class helping students to create web sites; and 2.) it reduced a barrier for other faculty who were considering adopting this technique. The LLL classes allowed faculty to concentrate on teaching their course material. This was accomplished by having LLL personnel and student workers teach students enrolled in Professor Paulson and Snyder's courses web site authoring software and various network and computer skills.

This approach was not without incident. Problems with FrontPage server extensions due to heavy web site usage by numerous faculty caused the faculty web server to become unstable. Faculty were required to modify their web site technology and move to Dreamweaver because FrontPage server extensions were no longer supported. An issue not discussed in this paper is the negative affect that dropping this technology had on the faculty. Many faculty had created web sites that incorporated FrontPage specific features which were not available using Dreamweaver. Instead of relearning a new software application (time consuming and an unwieldy proposition when it occurs mid semester), and losing some of the available features, many faculty simply quit using the web as a content delivery method.

In the fall of 2004 Macromedia Contribute, a web editing software with less of a learning curve than FrontPage, became available. It was not adopted because it lacked features such as the ability to edit the default values of a web form text box, which was mandatory for the student web site project.

In the spring of 2005 Macromedia Dreamweaver and Fireworks became available to students, who moved to this new web authoring software application with little difficulty. During the next several years Adobe Creative Suite 3 and Creative Suite 4 versions of this software became available and were used by both faculty and students.

## **LESSONS LEARNED**

Many issues that have been encountered and dealt with since the inception of this student homework web site project. Additionally, Information Technology Department personnel have been very helpful in offering suggestions for improvements. And students have been instrumental in guiding the development of this project, offering ideas on how to make the project more user friendly. Several of the more important issues will be discussed.

### **Student Phases**

One of the first lessons learned was that participating students went through several phases. Their initial reaction at being told on the first day of class that they would have to create and maintain a web site was disbelief. Several later remarked that they did not think they would be able to create such a web site. Most students stuck with it, although some did drop these classes. In the second phase they learned that creating a web site was new, different and consisted of a lot of detailed work, but manageable. In the third phase they shifted their thinking somewhat, now maintaining a web site was no longer difficult, it was relatively easy. Some students entered a fourth phase in which they learned to enjoy working with the web site, felt it was a great use of the available technology, and it was a very convenient way to accomplish assignments. They no longer had to worry about handing in paper during class. As long as they had internet access they could publish (submit) their homework from anywhere in the world by the due date.

### **Student Technology Skills**

One of the more important outcomes of having the students create and maintain a homework web site was increased self confidence, and increased confidence in their use of computer technology. It has been noted that students have had minimal trouble changing between web authoring software applications. Additionally, students become familiar and many become adept

at using web authoring software. This has resulted in students obtaining internships, part-time and full-time employment doing web site development.

### **Information Technology Input**

The original student homework web sites were published to a web server that was open to any internet user. If a student knew another student's network username it was a trivial matter to view that student's completed homework. A solution was suggested by members of the Information Technology (IT) Department. They had developed automated scripting that created network storage space with controlled access for a faculty member and all students enrolled in a specific course. The IT Department made this same network storage space web accessible. In this way the faculty member could now access the web sites of all students in their course, but students were only permitted to view their individual web sites. The faculty member could also now access the web site files through the university network to check file and folder structure if necessary. And directory browsing was enabled, which allowed using a browser to investigate folder structures, if needed.

### **Variable Complexity**

One feature of using web sites to both deliver course material and as a tool for students to learn computer skills is the flexibility it offers. Faculty can begin with creating and maintaining just their own web site at first, so that they become comfortable with the technology. Creating a web site with static content is not much more involved than creating a word processing document and saving it in a specific location. With time, class syllabus, assignments and projects can be added. For faculty who want more functionality, learning a programming language such as Visual Basic Script, allows dynamic web pages to be created. This enables the collection of data from students, such as homework, projects, quizzes and course surveys. Even more can be done if Web 2.0 technologies such as RSS feeds and podcasts are incorporated into the web site.

The same idea applies on the student side. Students can be required to create just a one page web site. Later, they can be required to create additional pages and properly hyperlink them. Content can be provided that students must work with for assignments or tests. How much is required of the students can be varied by their level of computer proficiency, major field of study and the available hardware, software and computer technology.

## **CONCLUSION**

The rapid pace of technological change and the importance to businesses of internet technology requires that our students and graduates be well prepared to work in such an environment. The use of the latest computer technology in the teaching of classes, while also requiring that students also become proficient and comfortable with this very technology is an effective way to prepare them for their careers. This approach applies not only to the more technically centered fields of study like computer science, but also to business, education, social science- in short all fields of study can benefit. Potential employers understand the advantages of a computer literate work force.

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# **REMOVING THE "DISTANCE" FROM DISTANCE EDUCATION: STRATEGIES FOR SUCCESSFUL STUDENT ENGAGEMENT AND COLLABORATION**

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## **ABSTRACT**

*With the rapid growth of distance learning offerings, it is of the utmost importance to employ teaching methodologies that engage students and provide forums for collaboration. This session will provide practitioners with creative ways to incorporate asynchronous/synchronous technologies, YouTube, Mobile Media, and wikis into online courses through a variety of pedagogical approaches including orientations, student introductions, virtual project groups, demonstrations, exam reviews, and student presentations. Student and faculty commentaries are included to support how these approaches have enhanced online, undergraduate courses in business and education at Athens State University.*

## **INTRODUCTION**

As online course offerings increase in colleges and universities, it is of the utmost importance for faculty to employ teaching methodologies that will engage students, provide forums for collaboration, and encourage student interaction (Sudweeks, 2003; Swan, 2006). According to the annual Horizon Report (New Media Consortium, 2008), there is a significant trend of educators developing new forms of interaction and collaborative experiences for educational use.

The convergence of evolving e-learning systems, the advent of social software, and the maturity of the "Net Generation" have provided faculty members with exciting new opportunities to develop a sense of community among students in online classes (Mackey; Swan, 2006). By integrating technologies like videos, wikis, synchronous virtual classrooms, and mobile technology into distance learning environments, student engagement, interpersonal communication, and collaboration can be successfully achieved. The challenge for educators is to determine how best to utilize these new technologies to engage and educate this new generation of e-learners (Bartlett-Bragg, 2006).

## **ASYNCHRONOUS VIDEO INSTRUCTION AT ATHENS STATE UNIVERSITY**

Traditionally, many online courses have relied heavily on relatively static forms of instruction such as text and PowerPoint. These techniques often fail to engage students, especially visual learners. They also have significant failings when the instructor is trying to teach something that needs to be demonstrated to be fully understood. Using video recording technologies tailored for instruction can help enhance learning. These asynchronous tools allow the instructor to prepare a live recording for students to view at their convenience.

Faculty at Athens State have used Tegrity since 2005. Tegrity is a proprietary video recording system that supports both webcam and screen capture. Videos are used for a wide variety of instructional activities, ranging from class orientations to working problems to capturing "live" demonstrations. Many faculty members record their lectures using the webcam to show the instructor and the screen to display PowerPoint slides, providing a simulated "classroom" experience. This can be enhanced by using a tablet PC to annotate the slides or other documents and

images. The tablet PC can also be used as a whiteboard, which allows instructors to draw, write, or work problems. For example, several of our accounting professors use Tegrity to show how to work accounting problems. Tegrity also supports video clips, which allows instructors to integrate external resources into a lecture or demonstration.

Since a great deal of the content taught in information literacy and research skills classes involves the use of online databases for information retrieval, Tegrity sessions that capture live demonstrations of information searches are invaluable. These are specifically designed to enrich the content that is presented in textual form in the class notes and in visual form in PowerPoint slides. For example, in a class focusing on finding articles in business periodicals, a session is created that demonstrates how to log in to a database, how to use the subject thesaurus to identify relevant subject terms, how to formulate an effective search statement, how to view the results, and how to limit an existing search. Modeling the use of these resources familiarizes students with them and helps the students overcome any trepidation about using them. These sessions also help the students navigate the resources when they are required to use them for assignments, which solves a lot of problems and answers a lot of questions before they crop up.

Tegrity and similar specialized propriety programs tend to be expensive, both in actual cost and in bandwidth. Other, more commonly available tools, such as files created through a webcam or digital camera, can be used to create similar instructional videos for asynchronous viewing. These video files can then be uploaded to a class website or to YouTube.

YouTube is a great, free alternative to proprietary programs. Instructors can capture video and load to YouTube for student viewing. Additionally students are able to create videos, load them to YouTube, and provide an URL to the instructor for viewing. One assignment at Athens State University is to have students develop an advocacy video. They must create the script, record and edit the video, add titles, transitions, etc. and then load it to YouTube. Once the video is available, the URL is mailed to other faculty and students to be critiqued. This is a fun assignment for everyone involved: the student, instructor and the others who view the final product.

### **WIKIS AT ATHENS STATE UNIVERSITY**

Successful learning is a social activity which involves participation. Using collaborative wikis in e-learning courses has the potential to build online communities where students work together to achieve common goals and objectives related to their assignments (Mackey, 2007).

At Athens State University, wikis are used to support many project-based courses where students work in groups. Because of the team aspect of project courses and the importance of student interaction, students often begin by creating personal wiki pages. While some parameters are provided, it is primarily a free-form space in which students introduce themselves to the class. Most students include information about their families, hobbies and interests, work experiences, and learning goals for the course. Photographs may be included so that a face can be associated with each name, lending a more personal feel to the exercise. Since the entire class will have access to the wiki pages with ability to comment, students are encouraged not to include information of a personal nature or other inappropriate content.

These personal wiki pages then serve as the basis for the formation of work groups. Using the personal wiki pages for background, students interact through an instant messaging tool to converse about the project, get to know one another, and determine compatibility for group work. Once students form their teams, each group designs a team wiki which includes a home page that describes their project and its key deliverables, and contains links to the personal pages of each team member. This collaborative wiki exercise promotes camaraderie and a healthy competition among groups. Using their team wikis and instant messaging tools, students discuss group work electronically rather than meeting face-to-face. This is extremely convenient for online students who are separated by geographic distance and cannot meet physically to discuss class work.

Student groups are able to create project plans and wiki page content by collaboratively adding and editing project documents. Students work together to write, prepare presentations, and create wiki pages which organize this content. The resulting wiki is an electronic portfolio (e-portfolio) which represents all of the work products created by student collaboration on the group project. This project e-portfolio can be saved and shared with other students, instructors, and potential employers during the job search process. It is an outstanding representation of each student's ability to work collaboratively in teams, complete cooperative work products, and use sophisticated new technology like wikis and audio/text messaging tools.

Students at Athens State University also have used wiki tools to create a collaborative, course-specific bibliography for an introductory management information systems (MIS) course. The end result was an MIS bibliography wiki that included over 500 unique terms and associated resources. This exercise introduced students to wiki technology and how it can be used by businesses to provide affordable and effective repositories of information that support collaboration between workers. It also resulted in the creation of a student-generated research resource to be used by students in future MIS classes.

While many other uses are possible, one additional application of wikis at Athens State University involves the creation of knowledge bases of shared technology information. One example is a wiki website that was created to serve as a repository of training materials related to Livetext, an e-portfolio software tool. To assist in training, a wiki, <http://wendycowanlivetexttraining.pbwiki.com/FrontPage>, was created to house a series of video tutorials for students and faculty members on how to use LiveText. "How to" guides provide step-by-step instructions for students to create an e-portfolio and submit assignments, and show faculty how to assess e-portfolios and assignments according to standardized rubrics. This wiki website has assisted faculty and students at colleges and universities outside of Athens State, and is open for enhancement by any who wish to collaborate to improve the wiki site.

Pbwiki is the tool preferred by many students and faculty at Athens State University. Students enjoy using Pbwiki because it is free, flexible, customizable, and easy to use. In addition, wiki sites created with Pbwiki are permanent and can be added to, updated, and shared, even after a course has ended or a student graduates. Comparisons of the many wiki tools available can be found at <http://wikimatrix.com>.

## **VIRTUAL CLASSROOMS AT ATHENS STATE UNIVERSITY**

Many faculty members at Athens State University have been teaching distance classes for 10 years or longer. Yet, until the availability of technology for synchronous virtual classes, the consensus was that not all subjects lend themselves to the online format. Many teachers expressed disappointment with asynchronous online teaching because they felt that in most subjects there are too many new concepts in each chapter to try to cover with asynchronous lectures and discussion questions. Likewise, students do not appear to fully benefit from the discussion questions and many don't watch the asynchronous lectures. Several professors elected to use the "live" synchronous chat format to explain important concepts as a supplement to recorded lectures and online discussions. Students have enjoyed the use of synchronous chat sessions and claim that it helps them learn the material. Typically, these chat sessions are archived for students who cannot attend the synchronous chat session.

Most synchronous chat sessions are conducted in the "text" mode with teachers typing entries into the chat sessions and students responding by typing questions into a textbox. However, beginning in Fall 2008, many faculty members started using Wimba as a live, audio-enhanced chat tool. They are delighted with the results. The ability to pre-load lecture material into Wimba in PowerPoint format, using either the "content" or "e-board" format greatly speeds up the process of teaching the material. Students have the ability to "raise their hand" when they want to ask a question, just like in a traditional classroom setting.



Professors particularly like the "e-board" format where they can draw on a slide, just like a white board in the physical classroom, and highlight the important aspects of a graph or table, at the same time as explaining the concepts. Again, these virtual classes are recorded so students can access them later if they missed the live classroom session. Also, archived classroom sessions can be made available to "guests" when the virtual classroom is set up to invite individuals who are not enrolled in the class. This feature offers another benefit as well. Not only can guests view archived classes, but Wimba facilitates the use of guest lecturers in a course.

Students really like and appreciate the use of Wimba and believe that it overcomes the sense of isolation that many distance students feel. Students also comment that it speeds up the presentation and makes it clearer. They can ask questions as the material is being discussed, which brings the DL classroom as close to a live environment as possible. Testimonials from a number of students have reinforced this view.

Teachers, however, recommend a phased approach to using Wimba as a virtual live classroom tool. There are many features of Wimba that have not been discussed here, yet offer powerful additions to online learning. However, initially limiting the features used in a virtual class to audio chat, e-board, and PowerPoint prevents students and faculty from being overwhelmed with the technology and distracted from the basic benefit of Wimba -- having a "quasi-live" classroom in a DL environment.

### **MOBILE TECHNOLOGY AT ATHENS STATE UNIVERSITY**

The aforementioned technologies are excellent resources for instruction, but may not be affordable for some K-12 public school systems and/or individual teachers. Mobile technology offers a readily available, innovative alternative.

Mobile technology, like other emerging technologies, connects students to a wealth of information that can not only add to their education experience, but provide them with information unattainable from textbooks. Instructors can tell students about the abundance of public misconceptions concerning various topics, but what better way to truly experience this than through text messages sent directly to the public? For example, the general public has many misconceptions regarding health facts. Instead of simply telling health students that this phenomenon exists, have them send text messages containing health statements and request true/false responses from people in their address books. Students are often amazed by the lack of information -- or the quantity of misinformation -- that their friends and families (mobile address book contacts) have in regard to pertinent issues.

Mobile phones are also great resources for accessing information quickly. During a lesson there are many times when classroom discussion can be enhanced through the input of information that is readily available through online sources, such as Yahoo and Google, reached through mobile phones accessing the internet. During a discussion in an elementary physical education lesson about the definitions of two different terms, "hop" and "jump," students with mobile phone internet capabilities were asked to quickly access information to assist the discussion. In a very short amount of time the information was obtained and students learned the correct use for each of the two vocabulary words. This is just one example of the many uses of "quick information" that can be obtained through mobile phones.

Mobile technology can be used to enhance instruction in almost any academic discipline. What a wonderful way to enhance a social studies lesson by having students use their contact list to access family and friends who live in different states, countries, and continents.

### **CONCLUSION**

When striving to create an effective online learning environment, educators must employ new teaching approaches and educational technologies. Understandably, selecting among the many

pedagogical approaches and technologies can be confusing. However, a review of the literature has shown that the more interaction faculty members and students have with one another, the more meaningful their learning experience can be. While the experiences of faculty at Athens State University are limited, faculty and students have met with great success using videos for "live" demonstrations, wikis to support group project work, synchronous virtual classrooms for class lectures, e-board annotations, and virtual discussions and chats, and mobile technology for in-class discovery activities. All of these technologies can be used to enhance online teaching and learning.

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# HOW STUDENT PERCEPTIONS OF ETHICS CAN LEAD TO FUTURE BUSINESS BEHAVIOR

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## ABSTRACT

*Unethical business behavior of many "white collar" business professionals has made major headlines over the past years. One recent example is the misuse of funds on Wall Street such as the massive bonuses paid to employees of American Insurance Group (AIG). This and other ethical dilemmas are being discussed by teachers, parents, employers, and peers of students enrolled in business schools across the country. Opinions abound as to the ethics and morality of those involved. In fact, these very individuals who participate in misconduct have children that will most likely emulate their actions. What is the perception of students enrolled in business schools regarding this type of behavior and other ethical situations that arise? Can these students be influenced in a positive direction so that they can go into the business world with values that are "above reproach" and admirable by those whom they lead. The purpose of this paper is to conduct an analysis of three years of surveys from the Wall Street Journal Ethics Quiz that were given to business students at a small, southeastern public university. An analysis is then made as to whether or not those students' perceptions of sensitive ethical dilemmas have changed over time.*

## INTRODUCTION AND LITERATURE REVIEW

Our laws are a starting point for ethical conduct and are implemented in order for society to avoid extreme situations. In other words, obvious unethical behavior is any behavior that is illegal or blatant (offensive) misconduct (Kullberg, 1988). The question then arises as to "Is any type of behavior 'ethical' as long as it does not violate a law or a rule of one's profession?" (Whittington-Pany, 2004).

Of recent interest is the highly debated situation of American Insurance Group and the \$165 million in executive bonuses, mostly paid to London traders who created the massive losses that resulted in government bailout money of \$170 billion given to AIG. Were the AIG bonuses "legal"? In reality the bonuses were only one tenth of one percent of the total bailout amount. Additionally, AIG claimed they were contractually obligated to pay the bonuses. A government mistake was that there was no consideration of the possibility of bonus payouts in the structuring of the bailout terms by Treasury Secretary, Tim Geithner. Therefore, the AIG bonuses were contractual and legal. However, the question arises as to how ethical the bonuses were, and should there be some obligation on the part of the recipients to repay the money? (Reed, 2009).

In analyzing the actions of the AIG management, they acted in accordance with their self-interest, defined by Ethical Egoism, which is part of teleological theory; "telos" is Greek meaning ends or purposes. A subcategory to Teleological Theory is Utilitarianism, ultimately meaning to help the most people (Northouse, 2007). Under this method, management should have acted in a way to maximize "social benefits". In the AIG case, this did not occur as the consequences of the mismanagement of AIG were that people's jobs, investments, and security were affected by the decision making of management and traders receiving the bonus money.

There is a second theory that relates to "duty" and the actions of the persons. These theories are called Deontological Theories. These theories imply that the leader has a moral responsibility

and obligation to do the right thing and should not infringe on the rights of others. (Northouse, 2007). Clearly, the actions taken by AIG infringed on the rights of others by using taxpayer money for their personal use when it was not justified. While it is "right" to reward people for achievement and even preventing losses, it clearly "seems" wrong to reward people for incurring losses!

## **METHODOLOGY**

Therefore, what if a person were put in a situation in which right and wrong were a bit unclear? How would they react, or which of several alternatives would they choose? Also, how do student perceptions of ethics lead to future business behavior? To help answer this question the authors surveyed business students in their spring classes in 2006, 2008, and 2009 and did a comparison of the answers to sixteen ethical questions from the Wall Street Journal Ethics Quiz. Most people agree that personal ethics may vary or change from one individual to another, and many within society agree on what is generally ethical or unethical. However, the "grey" areas are difficult to decide. Many of the questions asked in this survey are "grey" areas in which there is no clear cut right or wrong answer. Some may be answered by knowing the ethics policy of the company involved, while others rely on the moral character of the individual making the decision. Nonetheless, these questions provide the opportunity to evaluate the students' perceptions of ethical issues as they are confronted with business ethical dilemmas.

The population of interest was the students who enrolled in business classes at a small southeastern university where a convenience sample of eleven courses was selected for the 2009 survey. From a captive population of 193 students, 157 responses were collected providing a rate of return of 81.3%. The students were informed about the purpose of the study, and the voluntary nature of their participation. Proper research procedures were applied to assure the students' anonymity, the privacy of the information, and to avoid duplication in participation. Classificatory questions were used to be able to evaluate potential differences between the participants.

## **FINDINGS OF THE STUDY**

Table I indicates the sample characteristics of the participants over the three year time frame. In regard to gender differences, there were similarities in the mix between the 2006 and 2008 data; however, the 2009 data indicates an increase in the female population. No conclusive explanation can be given for this increase without other data. The increase in the freshman population in spring 2009 is a result of one of the authors teaching two sections of an introductory to business class which was an elective for freshmen. The authors chose to include the freshman class in order to progressively follow these students over their academic careers. The significant increase in the junior population in spring 2009 is deemed to be a result of the larger sophomore class of spring 2008 advancing. The decrease in the senior population of spring 2009 is indicative of the junior class of spring 2008 advancing. Without the 2007 demographic data, the analysis is incomplete; however, the lower enrollment in the junior class of 2008 could be a result of an increase in the SAT requirements for admission to this university which were implemented during that time frame and lowered in the following year. In regard to demographics concerning concentration, the "other" category resulted again as a consequence of one of the authors teaching the elective introductory to business course during that time.

Description	Gender			Classification			Concentration		
	Sp06	Sp08	Sp09	Sp06	Sp08	Sp09	Sp06	Sp08	Sp09
Male	54%	53%	48%						
Female	46%	47%	52%						
Freshmen				1%	4%	10%			
Sophomore				18%	26%	15%			
Junior				30%	15%	31%			
Senior				51%	55%	45%			
Accounting							16%	14%	18%
Economics/Finance							5%	7%	6%
Health Care Mgmt							15%	17%	21%
Mgmt/Mkt							64%	52%	45%
Other								10%	9%

Table II shows the responses of the students with regard to their answers to the ethics quiz. There is no significant difference between the students surveyed in 2006, 2008, and 2009 regarding items pertaining to internet usage and technology, with the exception of question number two and five. The percentage of respondents from 2009 was significantly different from those in 2006 regarding the use of office equipment in helping family members do homework. The 2009 students had a higher ethical view regarding using equipment in this way. The answer to question five favored the students who took the survey in 2006. The responses indicate a significant difference between 2006 and 2008 students. This was the only question that favored ethically the 2006 students. However, there were seven questions that had a significant difference in ethical responses regarding vendor, client, and employer relationships, which are items that are strenuously taught within the courses of the Department of Business. Fifteen percent of the 2009 students believe a gift of \$25 was troublesome as compared to 24% for 2008 students. This difference in percentages was significant at the .05 level. The students surveyed in 2008 showed a significant difference from 2006 students in questions 8-13. The 2009 students showed a significant difference from 2006 students in questions 10-12. There was a significant difference in both receiving and giving gifts to a boss, and receiving gifts from vendors. In comparison with 2006 students, those students surveyed in 2008 had higher ethical standards regarding giving a fifty dollar gift to their boss, as well as receiving a fifty dollar gift from their boss. Also, the 2008 students received significantly higher responses regarding receiving various gifts from vendors such as football tickets, theater tickets, holiday food baskets, and gift certificates.

Questions	Sp06	Sp08	Sp09
	Answered Yes		
1. Is it wrong to use company e-mail for personal reasons?	55%	58%	51%
2. Is it wrong to use office equipment to help your children or spouse to do schoolwork?	53%	61%	64%*
3. Is it wrong to play computer games on office equipment during the workday?	81%	85%	89%
4. Is it wrong to use office equipment to do internet shopping?	81%	82%	82%
5. Is it unethical to blame an error you made on a technological glitch?	83%	74%*	78%
6. Is it unethical to visit pornographic web sites using office equipment?	98%	97%	99%
7. What's the value at which a gift from a supplier or client becomes troubling?			
	\$25.00	20%	24%
	\$50.00	33%	32%
	\$100.00	47%	44%
8. Is a \$50.00 gift to a boss unacceptable?	33%	43%*	40%
9. Is a \$50.00 gift from the boss unacceptable?	23%	34%*	27%
10. Of gifts from suppliers: Is it OK to take a \$200 pair of football tickets?	59%	44%*	42%*
11. Is it OK to take a \$120 pair of theater tickets?	59%	47%*	41%*
12. Is it OK to take a \$100 holiday food basket?	68%	55%*	56%*
13. Is it OK to take a \$25 gift certificate?	83%	72%*	85%**
14. Can you accept a \$75 prize won at a raffle at a supplier's conference?	95%	93%	92%
15. Due to on-the-job pressure, have you ever abused or lied about sick days?	45%	38%	53%**
16. Due to on-the-job pressure, have you ever taken credit for someone else's work or idea?	6%	7%	4%
* significance difference from spring, 2006, .05 alpha	n=197	n=138	n=157
** significance difference from spring, 2008, .05 alpha			

Regarding questions 10-12, the 2009 students' responses along with the 2008 students' responses were significantly different from 2006 students. For question 13, the 2008 students' responses were significantly different from both 2006 and 2009. The 2008 students gave a more ethical response than both 2006 and 2009. Also, the percentages of 2009 students regarding the abuse or lying about sick days was significantly different than 2008. The 2008 students' responses were much more ethical regarding this issue. However, in question 14, "Can you accept a \$75 prize won at a raffle at a supplier's conference?" the percentage is still high for all three groups, 93% for 2006, 95% for 2008, and 92% for 2009, indicating that the majority of the students believe this type of prize is acceptable.

The comparison of these three data sets indicate that the 2008 students are more aware of certain ethical issues, especially those associated with vendor, client, and employer relationships. However, the 2009 student surveys indicate a rather mixed result with some questions favoring ethical choices, while other questions actually having significant differences leaning in the other direction. One reason the results were mixed in 2009 may be due to the fact that a larger percentage of freshmen and a smaller percentage of seniors were included in the 2009 sample as compared to both 2006 and 2008. Also, the authors acknowledge the variation among students from semester to semester and year to year. Nevertheless, the authors believe that student ethical perception improves as a result of emphasizing ethics in business classes and the interaction that these students may have with their teachers (leaders).

## CONCLUSION

The progression of responses indicated that "yes", ethics can be taught, and that instructors have an impact on the ethical values that students carry with them into the business world. Callahan (1982), questions the fact that perhaps there should be a "Code of Ethics" within higher education because of various poor teaching practices. He elaborates by emphasizing that "there are a few hundred thousand teachers in higher education, a few thousand different types of colleges and universities, and the fact that just about any and all kinds of human beings teach" (Callahan, 1982).

Additionally, because ethical leadership is essential in organizations such as AIG, we recognize the fact that leadership is ultimately provided by universities such as the one surveyed. As professors at the college level, the authors are constantly striving to teach ethical values, which have been learned from family, peers, education, professional experience, and religious instruction. Consequently, the concept of ethics continues to evolve over time. Theories in literature that support ethical leadership include one theory by Heifetz (1994), which advocates that a person must use authority to influence their people through conflicts and rapid change. The leader provides an environment in which followers feel trust and empathy. James MacGregor Burns (1978) in his theory of Transformational Leadership attempts to motivate leaders to strive for higher standards of moral responsibility by emphasizing a follower's needs, values, and morals. Burns' theory is closely associated with Servant Leadership Theory by Robert Greenleaf (1970), which stresses even more emphasis on the needs of followers. Leaders under the Servant Leadership Theory should nurture followers and empathize with them. The followers would then be motivated by viewing the leader as a role model through his/her becoming a servant (Northouse, 2007). According to Stanley (2008), leaders who have ethical values which are irreproachable will motivate followers.

In conclusion, progressive teaching of ethics within departments of business and giving examples of poor ethical decisions such as AIG as a teaching tool enlighten students to the business world they are about to enter. As Stanley (2008), indicated, "an ethical person will not lie, cheat, steal, or tolerate anyone who does." Therefore, enhancing students' perceptions in these areas will go far in producing a more ethical business environment.

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# CCA LEADERSHIP SURVEY OF NUS STUDENTS

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## ABSTRACT

*Co-Curricular Activities (CCAs) is an integral part of Singapore's education system as the local educational institutions recognize that they will not be able to provide a high quality educational experience by focusing solely on good academic grades. The National University of Singapore (NUS) hopes to nurture students who are academically strong and are able to lead the student organizations or project groups in campus effectively.*

*The Office of Student Affairs (OSA) conducted an online Student Leadership Survey in early February 2009. The objectives of the survey are to find out the students' participation rate in CCAs, their motivation to take up leadership roles, and to solicit feedback on how the University can further motivate, recognize and develop the student leaders. 3184 students, or almost 10% of the undergraduate and postgraduate student population, responded to the survey. At present OSA organizes the annual NUS Student Achievement Awards to nominate and recognize the most deserving student leaders and student groups as well as nominate the office bearers of the various student organizations for trainings, exchanges and conferences that develops their leadership and organizational abilities. The results of the survey will help the University tailor its programs, process and rewards system to better support the student leaders.*

## About NUS

The National University of Singapore (NUS) is a comprehensive university centred in Asia. The 30,000 students hail from 100 countries, with international students making up 20 per cent and 50 per cent of the undergraduate and graduate enrolment respectively. Half of the University's faculty are drawn from overseas. NUS offer her students a rigorous broad-based education and opportunities for personal development. About 50 per cent of our undergraduates have an overseas educational exposure, with 20 per cent spending a semester or more abroad.

## About OSA

The Office Student Affairs (OSA) comprises of the Student Service Centre, Career Centre and the Student Life Division. The Student Life Division is divided into five sections; Student Organizations, Sports and Recreation, Training and Development, International Student Services, and Residential Life. These five sections oversee, facilitate and collaborate with more than 100 student groups such as Hall Committees, Students' Union, Faculty Clubs, Varsity Sports Teams, Interest Groups, Volunteer Network and Student Societies.

## Student's Participation in CCA

Co-Curricular Activities (CCAs) or student activities are an integral part of our education system to recognize the fact that good subject grades alone are an insufficient gauge of student quality. The current technological revolution, global competition, and push towards a knowledge-based economy require Emotional Quotient and soft skills like creativity, leadership abilities, teamwork, flexibility, communication skills, resilience and an enterprising spirit. CCAs offer within the framework of their myriad of activities, opportunities at learning and practicing such skills.

Our students are strongly encouraged to participate in the diversity of student clubs, societies, committees and student appointments, and to be part of the vibrant student life. OSA endeavors to provide opportunities for our students to develop skills in leadership, teamwork, and social responsibility to better prepare them for their future roles in society. Through leadership roles and activities such as sports, cultural activities, event management and community services, students will grow in confidence and acquire new knowledge for an all-rounded education.

### **Student Leadership Survey**

The Office of Student Affairs emailed a Student Leader Survey to all NUS students in early February 2009. The objectives of the survey are find out the CCA participation rate, the reasons for participating in CCAs and for holding leadership positions, perception of the student leaders, and to solicit feedback on how the University can further motivate, recognize and develop the student leaders. 3184 students, or almost 10% of the undergraduate and postgraduate student population, responded to the survey.

### **Survey Findings**

Almost 60% of the survey respondents were participating in at least one CCA. One reason for this relatively low participation rate could be some of the respondents were undergraduates or postgraduates in their final year of studies and therefore they were focused on completing their thesis or embarking on job hunting. Another reason might be a significant number of undergraduates were on overseas student exchanges overseas for six months to a year.

About half of the respondents acknowledged making friends and the opportunity to enhance one's resume as reasons for CCA participation. 40% cited time constraints as the reason for discouraging them from participating. With a choice of more than 100 student organizations catering to a wide array of preferences and affiliations, almost 90% of the respondents found at least one CCA that interest them.

Time and peer support were the top two impetuses for the respondents to hold leadership positions in CCAs. The opportunity to implement changes and possession of the relevant skills and knowledge to contribute to the CCAs were the next two persuading factors. Lastly the good reputation of the student organization would also convince more than 60% of the respondents to participate in that particular activity.

CCA points are awarded for participation in student organization activities and for appointment holders in student leadership positions. CCA points are used for the annual bidding of campus accommodation. As the University welcomes a large number of foreign and exchange students every semester and a significant number of students prefer to stay within the proximity of the campus, the demand of campus accommodation is almost twice the supply available. Therefore it is surprising that more than 80% of the respondents denied CCA points were one of the motivations for wanting to hold student leadership positions.

63% of the respondents acknowledged that student leaders were effective in voicing the needs and concerns of their constituents to the University administration. Paradoxically only 47% agreed that these same leaders had created a visible impact within the student community. This contradiction might have arisen because the constituents' expectations of their student leaders are much higher. For example the constituents might expect their leaders to initiate large scale and high impact student activities in addition to being able to raise concerns to the University administration.

Less than half of the respondents felt that their leaders were adequately equipped with the relevant skills to lead the student community. However nearly 90% agreed the student leadership experience would provide them with the life skills which would be useful in future. We could then infer that at least 40% of the respondents believed that student leadership appointments were good training opportunities especially for those lacking in leadership competencies at the onset. The

aforementioned hypothesis could be partly confirmed by the subsequently finding that a high majority (81.7%) of the respondents believed that leaders could be nurtured.

Student leadership positions include executive committee memberships of student organizations and project directorships of student projects and events. The survey findings reveal that almost one-third of the respondents hold such positions and the gender ratio was almost equal. A high 84% of these student leaders also believed that leaders could be nurtured.

A quarter of these student leaders were concurrently holding part-time jobs. Therefore we could argue that although time constraint was identified as a key reason for discouraging the students from participating in CCAs, ultimately the students could still find a way to manage their studies, job, and student leadership commitments at the same time.

Diverse and sometimes creative suggestions were provided by the respondents on how to further motivate and develop the student leaders. Many of these suggestions relate to providing awards, testimonials and other forms of explicit recognition. Others point to a more comprehensive and formal student leadership training program and mentorships by the staff. Some of the suggestions can also be categorized under higher financial support for student organizations and student activities. A few respondents suggested that OSA should create networking opportunities between its various student organizations as well as with relevant external organizations. One leader in the Students' Union urged OSA to explore salaried positions and the deferment of academic studies for key student leadership appointments. Another leader in the Student Societies suggested providing academic credits as incentives.

## **Recommendations**

At present OSA organizes the annual NUS Student Achievement Awards to nominate and recognize the most deserving student leaders and student organizations. The Awards also serves as a platform to motivate the nominees to excel in their respective fields. However as only the top 10% of the nominees will eventually be selected to receive the Awards, the University can organize both formal and informal appreciation events to acknowledge other deserving student leaders and student organizations.

As the office that oversees almost all the student organizations and which collaborates most closely with our student leaders, OSA can better tailor and match the trainings, exchanges and conferences with their specific needs. For example OSA can initiate and collaborate with the representative student leaders in drawing up their Training Needs Analysis (TNA) at both the individual and organizational level at the start of the academic year. Concurrently a list of internal and external training and immersion opportunities can be forecasted and matched with the outcome of their TNA. Student organizations can also nominate their leaders if such opportunities are publicized and made available for them.

OSA should continue to administer the CCA Leadership Survey annually as at least 3 continuous years of survey results will be required for a meaningful trend analysis as well as to measure the effectiveness of initiatives implementation and relevant student policy refinements.

Survey respondents		3184 (100%)	
		Yes/True	No/Not True
<b>Currently participating in CCAs</b>		59.3%	40.7%
<b>Reasons for participating in CCAs</b>			
To widen social circle		59.7%	40.3%
To enhance credentials in resume		45.7%	54.3%
<b>Reasons for not participating in CCAs</b>			
Busy with other commitments (time constraint)		39.9%	60.1%
There are no CCAs that interest me		10.8%	89.2%
<b>Reasons for holding leadership positions</b>			
If I have the time		87.2%	12.8%
If I have the support of my friends		82.9%	17.1%
If the CCA groups/student organizations are reputable		63.5%	36.5%
If I already have the skills and knowledge to contribute		70.3%	29.7%
To change the ways things are currently done		75.7%	24.3%
To obtain higher CCA points		18%	82%
<b>Perception of Current Student Leaders</b>			
They are effective in voicing my needs/concerns		63.3%	36.7%
They are visible and create impactful presence within the student community		46.9%	53.1%
They are adequately trained to lead the student community		42.6%	57.4%
Leaders are born, not made		18.3%	81.7%
Student leadership will provide me with life skills that are applicable		89.8%	10.2%
<b>Currently holding leadership positions in CCAs</b>		989 (31.1%)	68.90%
Gender ratio	Male 46%	Female 54%	
Leaders are born, not made	Yes/True 16.1%	No/ Not True 83.9%	
Concurrently holding a part-time job	Yes 26%	No 74%	

## **HOSPITAL WASTE MANAGEMENT: AN INFORMATIONAL ASSESSMENT**

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**Marshall Ottenfeld, Roosevelt University**  
**Carl Witte, Roosevelt University**

### **ABSTRACT**

*The proper and safe disposal of hospital waste constitutes an extremely important aspect of hospital operations from both a managerial and marketing standpoint. This paper presents an empirical study designed to investigate current hospital waste management practices, and to provide a benchmark with which to gauge and improve these processes. This research is based on a survey of 410 U.S. hospitals which seeks to identify the key problems these institutions face regarding waste disposal, and the current practices that they employ. Among the findings, are that the top five importance dimensions in selecting an outside service to dispose of medical waste included: reliability of service, environmental responsibility, accurate billing, price considerations, and attitude of employees. The impact of institutional size (based on hospital census) is also investigated in terms of its influence on waste management practices.*

# **BEST PRACTICES FOR SELECTING POTENTIAL EMPLOYEES FOR CUSTOMER SERVICE JOBS: WHAT REALLY WORKS IN CROSS CULTURAL SETTINGS?**

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DeAndre Whitt, Endogastric Solutions  
D. Carraher, Cameron University**

## **ABSTRACT**

*Chait, Carraher and Buckley (2000) contend that "quality service depends, in part, on the skills, attitudes and personality traits of the service provider" (p. 110). Since attitudes and personalities are difficult to change, selecting individuals with the right characteristics for service jobs is very important. Research (Pohlman and Gardiner, 2000) has shown that when companies deliver outstanding customer service they create value over time. Customers judge companies by the quality of their service (Chait et al., 2000). Excellent customer service keeps customers coming back even when the product is cheaper elsewhere (Solnet and Kandampully, 2008). The purpose of this paper is to determine the best practices for managers in selecting an applicant for a customer service job in a cross cultural setting. Despite intensive job interviews the right person is not always selected for the right job. Using the biodata inventory of McBride, Mendoza, and Carraher (1997) this paper investigates what personality traits have the best performance outcomes; look at some of the different selection processes that are used; and focus on selection processes that utilize personality traits.*

*Even though researchers have found that personality tests are the best way to select a person for a customer service job, organizations have not implemented them into their selection process. This paper takes Klehe beliefs that researchers have not understood the complexities and pressures that organizations are under and that is why they are reluctant to adopt scientifically recommended selection procedures. Organizational constraints consist of costs, applicant acceptance and litigation. We use a sample of 161 individuals in the health care field in order to compare multiple instruments in an actual cross-cultural work setting.*

## **INTRODUCTION/CONCLUSIONS**

Based on our findings as well as on previous research suggestions for future research and implications for managers are provided (Buckley and associates, 1992- present; Carland and associates 1984-present; Carraher, 2005; Carraher & Buckley, 1996; Carraher & Carraher, 1995; Carraher, Hart, & Carraher, 2002; Carraher, Mendoza, Buckley, Schoenfeldt, & Carraher, 1998; Carraher, Buckley, Scott, Parnell, & Carraher, 2002; Carraher, Carraher, & Mintu-Wimsatt, 2005; Carraher, Franklin, Parnell, & Sullivan, 2006, Carraher & Parnell, 2008; Carraher, Parnell, Carraher, Carraher, & Sullivan, 2006; Carraher & Sullivan, 2003; Chait, Carraher, & Buckley, 2000; Carraher, Sullivan, & Crocitto, 2008; Crocitto, Sullivan, & Carraher, 2005; Hart & Carraher, 1995; Sethi & Carraher, 1993; Sturman & Carraher, 2007; Sullivan, & Carraher, 2005; Williams et al. 2008).

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# TECHNICAL ENTREPRENEURSHIP IN HEALTHCARE MANAGEMENT AND THE BIG FIVE PERSONALITY FACTORS

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## ABSTRACT

*Many people would like to be their own boss, have people work for them or be able to work flexible hours. Today, it is much easier for one to launch a new business because of the ease at which information can be obtained from the Internet. What are some of the characteristics necessary to be a successful entrepreneur, especially a technological entrepreneur? This paper examines these issues.*

*We discuss the personality characteristics necessary for a successful technological entrepreneur using the big five personality factors and a data set of technological entrepreneurs. We find that Emotional Stability, Conscientiousness, Extraversion, and Agreeableness are all important factors for someone developing in to a successful technological entrepreneur. This is quite surprising as most previous research has not found support for the importance of Emotional Stability while in the current sample it was the most powerful indicator. The paper also addresses how individuals are able to develop these personality traits more fully so that they can be more successful. Suggestions for future research are provided.*

## INTRODUCTION/CONCLUSIONS

The big five personality model has emerged in recent years as a robust model which provides a parsimonious yet comprehensive taxonomy of personality (Zhao & Seibert, 2006; Ensvick & Langford, 2000). The model brings together more than 40 years of research on an individual's interpersonal, attitudinal, emotional, experimental and motivational style. Each personality dimension within the big five model is said to describe a psychological functioning that includes a number of more specific and narrow traits (Zhao & Seibert, 2006). One's big five personality traits, affect ones health, relationships, goals, achievements, spirituality and professional success (Pawlik-Kienien, 2007). Researchers, have identified the big five traits to include Extraversion, Openness to Experience, Agreeableness, Conscientiousness, and Neuroticism (Ensvick & Langford, 2000).

Based on our findings as well as previous published research, suggestions for future research are provided examining other avenues for examining relationships between the Big Five and Technological Entrepreneurship (Buckley and associates, 1992- present; Carland and associates 1984-present; Carraher and associates 1991-present).

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# CUSTOMER SERVICE AMONG HEALTHCARE ENTREPRENEURS IN POLAND, RUSSIA, AND THE USA

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## ABSTRACT

*Learning more about the impact of customer service can enhance the profits of both small business owners and global entrepreneurs by gathering pertinent business and marketing information with a goal of applying them towards a real life situation. Service design should be a high emphasis in businesses because more is needed to reflect its key role in modern day economics. Not too many people can recall when superior customer service was experienced firsthand. Services are delivered from firms selling products and services to consumers, government agencies, non-profits, and other businesses. The operations in these organizations varies widely, but common elements allow us to study the process used in service organizations in seeing what can be done to improve customer service. The service process design is essential to better service delivery, and this report expands the discussion into dimensions of customer service like customer contact and domains of service product offerings, service guarantees, and key roles played by employees in customer service delivery being made by various organizations (Schroeder, 2008). In the present research we examine customer service among healthcare entrepreneurs operating in Poland, Russia, and the USA. It is found that personality impacts customer service levels the most in the USA ( $R^2 = .299$ ,  $N = 873$ ) followed closely by Russia ( $R^2 = .265$ ,  $N = 282$ ), and then Poland ( $R^2 = .257$ ,  $N = 201$ ). Suggestions for future research are provided.*

## INTRODUCTION

Previous research in the workplace indicates impact of having supportive supervisors on the job for customer service workers. Previous workplace research showed how the impact of supportive supervisors, teams, other departments, and technology on employee satisfaction and organizational commitment. These variables have influence on the customer contact employee behavior and customer satisfaction. This report will try to explain how different variables relate to employee's capacity to satisfy customers and provide exceptional service to them. Capacity of employees to satisfy customers is strongly dependent on a set of mutually supportive variables and the body of this report will provide details on the subject (Sergeant & Frenkel, 2000).

A study was conducted examining the customer service of front line service personnel in entrepreneurial service businesses serving the tourist market and the influence of seasonality on utility of predicting customer service levels. Subjects were included from Austria, Switzerland, United Kingdom, and United States who were surveyed and assessed by dimensions of customer service orientation by trained evaluators while serving customers. The results support the use of a biodata inventory as cost-effective means for small business to develop and retain competitive advantage and profitability relative to the rivals within their industry (Carraher & Parnell, 2008).

Many businesses strengthen their customer service recovery by offering guarantees as a way to define their service and ensure satisfactory delivery to customers. Advantages exist for the firm and the customer, since customers reduce their risk of purchasing the service from the firm who

must clarify exactly what the service process provides. Such clarification helps to improve service process design, and it also specifies the extent of service recovery required upon business failure. Service guarantees also provide the motivating vision for employees of what they should be doing to satisfy customers. If a customer is not satisfied and requests payout from a service guarantee, the organization can use the customer request as feedback. This information is to understand what customers expect from their service, and how the service processes can be improved in better matching customer's expectations (Wirtz, Kum, & Lee, 2000).

It is essential for an organization to have productive employees in order to provide value for their customers. Having productive employees will result in having lower operational costs, and ensure customers are satisfied when given support by management and technology systems. Southwest Airlines is a case study used because they have the most productive employees in the airline industry. This company utilizes short routes, fast aircraft turnaround, and very productive employees to produce aircraft and pilot utilization 40 percent than its competition. The customer perceptions of value are high at Southwest Airlines, and other features such as frequent arrivals and departures, on-time service, friendly employees, and low air fares leads to high perceptions of value for the customer. Employee retention along with low employee turnover help in driving productivity and customer value. Costs of employee turnover to consider are not only the cost of recruiting and training replacements. The greatest cost for a company is lower productivity and lower customer satisfaction from new employees versus experienced ones (Schmenner, 2004).

A key to providing superior customer service is to understand and respond to customer expectations and factors that influence formation of customer expectations. Loyal customers are key to profitability and holds equal or greater importance than a focus from management towards market share. It is important to consider the lifetime value of a customer, as studies show that a 5 percent improvement in customer loyalty can raise profits anywhere from 25 to 85 percent. If customers are satisfied with their service, it would become a windfall because they will not only provide repeat business but tell others of the positive experiences with the company. The goal should be to move beyond barely satisfying customers, but customers should feel that service is so exceptional that it is worth telling other people about it. Customers reporting high satisfaction levels tend to impact profitability more than neutral one (Parasuraman, Berry & Zeithami, 1991).

The Big Five Personality instrument of McBride, Mendoza, and Carraher (1997) as modified by Carraher, Mendoza, Buckley, Schoenfeldt, Carraher (1998) was used to measure personality for samples of 873 American entrepreneurs ( $R^2 = .299$ ) 282 Russian entrepreneurs ( $R^2 = .265$ ), and 201 Polish entrepreneurs ( $R^2 = .257$ ) in the health care field and also their levels of customer service performance. It has previously been found to be related to several different types of performance (Carraher, Buckley, Scott, Parnell, & Carraher, 2002; Carraher, Carraher, & Mintu-Wimsatt, 2005; Carraher, Franklin, Parnell, & Sullivan, 2006, Carraher & Parnell, 2008; Carraher, Parnell, Carraher, Carraher, & Sullivan, 2006; Carraher & Sullivan, 2003; Chait, Carraher, & Buckley, 2000). We provide suggestions for future research on personality, customer service, cognitive variables (Carraher & Buckley, 1996; Sturman & Carraher, 2007), compensation and benefits (Carraher, Hart, & Carraher, 2002; Hart & Carraher, 1995; Williams et al., 2008), entrepreneurship (Carland and associates 1984; 1988; 1992; Carraher, 2005), mentoring (Carraher, Sullivan, & Crocitto, 2008; Crocitto, Sullivan, & Carraher, 2005) and expatriate stress (Carraher, Sullivan, & Carraher, 2005) and their relationships with customer service and personality are suggested. It is argued that Buckley and associates (Buckley, Carraher, Carraher, Ferris, & Carraher, 2008; Buckley, Carraher, & Cote, 1992; Buckley, Carraher, Ferris, & Carraher, 2001; Buckley, Fedor, Veres, Wiese, & Carraher, 1998; Buckley, Mobbs, Mendoza, Novicevic, Carraher & Beu, 2002) are correct about the need to accurately measure facets of interest to human resource professionals.

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# **WORK SCHEDULING SATISFACTION AND WORK LIFE BALANCE FOR NURSES: THE PERCEPTION OF ORGANIZATIONAL JUSTICE**

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## **ABSTRACT**

*The shortage of nurses and other qualified health care workers has become a universal problem in the United States and other regions in the world. Recruitment and retention of quality healthcare workers in general and nurses in particular are of paramount importance to health care organizations. Previous research indicates that employees who are satisfied with their jobs are less likely to leave an organization. One of the areas of employee satisfaction for nurses is the availability of workforce scheduling that allows them to coordinate their professional and personal lives for work life balance. The results of this study indicate perceptions of fairness for the actual work schedules (distributive justice) as well as the process used to generate that schedule (procedural justice) are important for satisfaction with the assigned schedule. This study provides work schedule satisfaction as an additional option for hospital administrators trying to attract and retain nurses.*

# **IMPACT OF STOPPING RULES ON HIERARCHICAL CAPACITATED CLUSTERING IN MULTIPLE DEPOT LOCATION ROUTING PROBLEMS**

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## **ABSTRACT**

*The objective of the multiple depot location routing problems (MDLRP) is to minimize warehousing and transportation costs by selecting warehouses out of a set of possible warehouses and to assign customers to routes serviced from these warehouses. The customer locations are fixed and customer demand is known. The constraints are that the demand for each customer must be met and facility and vehicle capacities cannot be exceeded. Each customer has to be placed on a single route serviced by a vehicle from a warehouse. Multiple routes may originate from each warehouse.*

*Because the MDLRP has been shown to be NP-hard, the extant literature has developed various heuristics, including clustering based heuristics, to solve the MDLRP. The underlying assumption of the clustering based heuristic approach is that clustering customers based on proximity is a reasonable approach to minimizing routing costs. Because hierarchical clustering does not require a priori assumptions about the number of clusters, we propose two stopping criteria: minimum number of clusters required and change in within cluster variation. Our results indicate that significant savings can be achieved by considering multiple stopping rules.*

# SEMI-AUTOMATIC IDENTIFICATION OF FACETED CATEGORIES FOR DOCUMENT CLASSIFICATION AND RETRIEVAL

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## ABSTRACT

Several studies (Hearst, 2006, Venkatsubramanyan and Perez-Carballo, 2007), suggest that interfaces that present results organized into categories or faceted hierarchies meaningful to users may help them make sense of their information problem as well as the information system itself.

Until now it has been difficult to generate automatically facet classifications that are flexible and effective. This paper describes a system that generates facets in a semi-automatic way from corpora gathered from the web.

Such tool would make the work of knowledge engineers faster, easier, and cheaper. It could also be used to make search and browsing engines more effective and more user friendly.

A "facet" is an aspect of a topic (Anderson and Perez-Carballo, 2005). For example the following three sets would be reasonable facets in a cooking domain: ingredients (e.g. apples, cayenne pepper, chocolate), utensils (e.g. egg slicer, funnel, grater, potato masher), processes (e.g. basting, poaching, pressure cooking),

The central hypothesis of this paper is that multi-word terms that appear in a similar grammatical context are likely to belong to the same facet. For example, "cayenne pepper" and "chocolate" are likely to appear in similar contexts, which are likely to be different from the contexts in which "potato masher" and "egg slicer" appear.

The algorithm used by the system uses the Brill tagger (Brill, 1995) to tag the corpus with part of speech (POS) information. Using predetermined regular patterns of POS tags, it identifies sequences of words that are good candidates for multi-word terms (MWT). For example: a sequence of singular nouns is a candidate for MWT. Each MWT is saved with the sentence where it was found. The sentence contains the grammatical context in which the term appeared in the corpus. MWTs that appear in similar grammatical contexts are grouped together into sets. Our hypothesis is that such sets correspond to useful facets.

The tests described here suggest the method presented is useful and effective.

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## **TAX AND SPEND, OR SPEND AND TAX? AN UPDATE**

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**Dan R. Ward, University of Louisiana at Lafayette**  
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### **ABSTRACT**

*Given the rapid disappearance of the budget surpluses achieved by President Clinton, and indeed, the spiraling deficits of both the Bush and the new Obama administrations, this cause and effect relationship between taxation and spending has taken on renewed importance to the U.S. economy and bears a fresh examination. Thus the fundamental question is whether the need to finance deficits causes increases in taxes, or whether increases in taxes lead to increased government spending.*

*In an extension of Darrat's 1998 study of this issue in Turkey, this research constructs a model to determine the relative importance of tax cuts and tax increases with respect to the budget deficit of the United States. Co-integration procedures and Granger causality tests are employed to investigate the relationship between government spending and tax revenues. This article provides the interested reader with a better understanding of the potential implications of the interrelationships between tax policy and spending.*

# **THE DEMISE OF THE QUICK LOOK TEST: AN ANALYSIS OF SECTION 1 OF THE SHERMAN ACT FOLLOWING THE LEEGIN AND POLYGRAM DECISIONS**

**Brian Winrow, Winona State University**

## **ABSTRACT**

*Since the enactment of the Sherman Antitrust Act of 1890, businesses have been prohibited from implementing both vertical and horizontal restraints, which have been construed as against public policy in a democracy. Such restraints were traditionally scrutinized under the dichotomy approach, adjudged under the rule of reason or the per se analysis. In 1972, a third standard was fashioned in Chief Justice Burger's dissent in *United States v. Topco Associates, Inc.*, creating a trichotomy approach to antitrust. The new standard was designed to serve as an intermediary standard, coined the quick look test, permitting courts to conduct a brief analysis in order to ascertain whether a comprehensive rule of reason was warranted. The quick look test was formally embraced by the majority as a viable standard in 1999, within the Courts holding in *California Dental Association v. Federal Trade Commission*. Under the quick-look test, after a plaintiff alleges that the defendants violated the antitrust laws, the quick-look shifts the burden to the defendants to offer a competitive justification for their conduct. As the conduct and its effects become more obviously anticompetitive, they trigger a more abbreviated analysis*

*While there is an established precedence of case law supporting the trichotomy approach, two recent landmark cases have abolished the quick look analysis, reverting back to the traditional dichotomy approach. The two cases consist of *Polygram Holding, Inc. v. F.T.C.*, and *Leegin Creative Leather Products v. PSKS, Inc.* The purpose of the article is to briefly discuss the history of the Sherman Antitrust Act, and to apprise the reader as to the new standards by which horizontal and vertical agreements will be adjudicated. This is an important and timely issue as a series of recent cases has revolutionized how courts view alleged restraints on trade, which previously served as the confines under which many business principles, such as Porters Generic Strategies, were formulated. As a result, these theories need to be revisited in light of the new antitrust environment.*

## **EFFECTIVENESS OF ONLINE ADVERTISEMENT FACTORS IN RECALLING A PRODUCT**

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### **ABSTRACT**

*The emerging area of interactive advertising presents fresh challenges for advertisers who have hitherto adopted interruptive strategies. This paper explores various online advertisement factors that motivate consumers to recall online advertisements. A data-driven model and quantitative approach was applied to over 3,400 participants who provided responses to a questionnaire. The collected data was filtered and 858 (25 percent) respondents met the predefined categories. Several factors and their effectiveness were examined. The results revealed that embedded videos, price, product or services, along with credibility make online advertisements a very effective tool in motivating consumers in recalling online advertisements and eventually making business transactions. The research concluded that advertisers need to advertise their product or service based on what the consumers want in their advertisement. Banner plan text advertisement, floating advertisement, pop-up advertisement, and music advertisements are not as effective as embedded video which enhance online advertisement and motivate consumers. The result of this research study provides useful tools for both the consumer and the business owner.*

## **INFORMATION SHARING WITH B2B CUSTOMERS: THE SELLER'S "DOUBLE-EDGED SWORD"**

**William W. Hill, Mississippi State University**

### **ABSTRACT**

The goal of this paper is to recognize the potential problems for sellers who share information with customers in the business-to-business (B2B) setting, a perspective counterintuitive to previously discussed in the marketing literature. In doing so, the author hopes to broaden the understanding of information exchange from the seller to the buyer, providing a perspective to the potential harmful long-term effects. The author proposes relationships are enhanced through information sharing in the early stages of the relationship, but eventually these relationships often peak and diminish as expert knowledge is transferred from the seller to the buyer. Also discussed is the seller's paradox in sharing information to build trust, while taking the risk of diffusing valuable knowledge to the buyer over the extended relationship.

### **INTRODUCTION**

In the selling domain, it is clear that for the seller to survive, he/she must develop and maintain long-term relationships with the customers. Indeed, the marketing literature acknowledges the importance of the buyer-seller relationship toward sustaining competitive advantage (Hunt, 1983a; Ferber, 1970). Further, the stream of research relative to relationship marketing reinforces the importance of this strategy (Morgan and Hunt, 1994, Wilson, 1995). One factor noted for cultivating buyer relationships is information exchange (Cannon and Perrault, Jr., 1999). Previous research suggests information exchange fosters customer satisfaction (Cannon and Perrault, Jr., 1999), builds trust (Anderson and Weitz, 1992; Morgan and Hunt, 1994; Anderson and Narus, 1990; Doney and Cannon, 1997), and offers a perception of commitment (Dorsch and Carlson, 1996; Morgan and Hunt, 1994) for both parties. Information exchange has been suggested to have a positive impact on the internal functions within an organization (Buckman, 1998) and to be a constructive influence within alliances and joint ventures (D'Aspremont and Jacquemin, 1988; Kamien, Muller, and Zang, 1992). Moreover, in the supply chain, companies often share knowledge to improve visibility in chain operations resulting in innovative solutions between channel partners (Im and Rai, 2008).

Yet, surprisingly, previous research in this area has given minimal consideration to the negative influence of information exchange long-term. Specifically, do negative outcomes exist for the seller? Is there a limit to the amount of information that should be offered to the buyer? Are certain types of information too confidential to share? Are there specific contexts where the information offered is more detrimental to the business than others? Clearly, from this view, the answers to these questions are fundamentally yes. There seems to be a genuine sales dilemma in sharing information to build trust that runs the risk of transferring valuable knowledge to the buyer. This does not suggest that information sharing can always be avoided, nor does it imply that every scenario will necessarily lead to negative outcomes. This paper simply offers another perspective that is believed to be real. Thus, this view is counterintuitive to the belief that information sharing by the seller is always good approach for building relationships. In fact, the author suggests it can have serious impacts to the value of the seller and the products and services offered by the selling company. Since this issue has been given minimal notice in the marketing literature, this paper provides needed insight in this area.



## **Information Exchange – Impacts to relationships and products**

Not surprisingly, firms seek innovative products as a means of achieving competitive advantage. A part of this process is being unique and difficult to imitate—clearly a key factor in sustaining companies against competitive challenges. Yet, while firms strive to differentiate, many find this goal problematic. A key problem here is competitive substitutes eventually become available in the marketplace. We know this is not uncommon even for the most successful companies. This issue of avoiding commodity status is particularly difficult within some raw material channels. Take, for instance, the mineral industry. Kaolin clays are mined, processed, cleaned, bleached, filtered, chemically treated, etc. prior to being shipped as clay slurries to the paper and paint industries. These industries use these mineral slurries and other raw materials to make coating recipes that, when applied to the surface of paper (or the living room wall), give optical properties that are appealing to the buyer. While many of these recipes are innovatively unique, in the world of manufacturing where formulating recipes is as much an “art” as a “science,” the likelihood that customers or competitors will discover other mineral combinations that could provide similar benefits, is a strong possibility. Another example here (in the industrial setting) is in the control of the pH. There are a variety of chemicals that work adequately in the control pH beyond the standard industrial acids and bases sold for this purpose. So as you can see, even at the simplest process level, it is constant battle for the seller to differentiate products to make a “valued-difference” to the buyer. Substitutes are often just around the corner.

Because of this challenge, sellers are forced to compete largely through relationships. In doing so, sellers strive to enrich relationships by sharing information about the product, services, applications, etc. to secure trust, commitment, and to demonstrate seller expertise to the buyer. For the latter, the seller is not just selling the product, but the knowledge that can be offered. They are selling solutions involving their product. This is generally smart business—particularly with products that are otherwise considered commodities. (Recall IBM’s effective slogan “Solutions for a small planet” where the PC is the commodity). Initially, the buyer will respect the seller for the knowledge that is shared and the relationship should prosper. Yet, over time, the seller is vulnerable to sharing valuable knowledge to the customer. In a sense, the seller, at some point, is giving away expertise—information that accelerates the commodity status for even new products in the market. Wilson’s (2000) depiction of “the case of the vanishing salesperson,” alludes to this concern. Wilson’s (2000) view suggests that the role of the salesperson is diminished with deep relationships, and we agree. However, we suggest deep relationships often occur as the result of information exchange. That is, information exchange reduces the importance of the seller because the buyer has become knowledgeable of the product, how it is used, and how they think it is used. Of course, this added knowledge about the product to the buyer, surely reduces the uniqueness of the product over time. Based on this discussion, we offer the following propositions.

Proposition 1: For buyer-seller relationships that prosper, information exchange from the seller to the buyer is likely a key factor stimulating the enrichment of that relationship in the short-term. As a result, the seller's perceived value to the buyer should initially increase.

Proposition 2: For buyer-seller relationships that prosper, information exchange from the seller to the buyer is likely a key factor diminishing that relationship long-term. As a result, the seller's perceived value to the buyer should eventually decrease.

Proposition 3: Information exchange by the seller to the buyer to secure and nurture relationships is likely a key factor in reducing the timeframe that product remains unique to the market.

## CONCLUSIONS AND FUTURE RESEARCH DIRECTIONS

This proceedings paper has generated a number of thoughts for future research. First, an empirical study for the ideas proposed seems warranted. Interestingly, while we take a darker view for the practice of sellers sharing information with buyers, there would also expect to be long-term influences for buyers sharing information with sellers. A framework for that process could prove insightful. Future research could include development of a taxonomy system for the types of information exchange that occur. While we suggest in this paper that the information exchange may be present in different forms (i.e. product, financial), there may be a number of information exchange types that warrant identification in the marketing literature.

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# EMPLOYEE SELECTION AND CUSTOMER SERVICE MANAGEMENT IN EASTERN EUROPE

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## ABSTRACT

*During this economic downturn companies are facing unique challenges and they are in need of their HR department more than ever; because the only solution for these companies is to get rid of their employees, in order for them to meet their quarterly quota. Determining what type of employee will be needed has caused companies to change their strategies and re-design their workforce. Managerial positions will eventually require more effort and hard work with less resources to work with. Having the right people is crucial and with so much restructuring going on a company's HR needs to be more connected with the organizations goals. HR planning will determine how it will perform in these times of hardship. Another challenge will be to determine employees roles within a company, so analyzing and designing the workforce, which is one of the primary roles of the HR department will be crucial to be able to recruit and develop the right individuals. Having a greater selection of employees from so many backgrounds makes the process tougher. Determining the actual needs of a company in these times will be crucial for success and survival. Employee selection is the underlying key to a company's success and is crucial in developing a superior staff that will take the organization to a higher level of performance. Each process must be detailed and elaborate from determining the candidates pool to planning an organization's culture. These are factors that must be in-line with an organization vision, in order to provide value to the Stakeholders. We use data from the Big Five Personality Factor's measure of McBride, Mendoza, and Carraher (1997) in order to examine the utility of selection methods in Eastern Europe and the influence that these have on Customer Service Management systems.*

## INTRODUCTION

While the current economic downturn has been severe in many parts of the USA, it has been even more severe in other parts of the world. In the current paper we examine customer Service Management in Eastern Europe (Moldova, Poland, & Ukraine) and show that CSM have been shifting more towards servicing tourists than locals. Many specific suggestions for future research are made based on previous research as well as our own finds (Buckley and associates, 1992-present; Carland and associates 1984-present; Carraher, 2005; Carraher, Mendoza, Buckley, Schoenfeldt, & Carraher, 1998; Carraher, Buckley, Scott, Parnell, & Carraher, 2002; Carraher, Carraher, & Mintu-Wimsatt, 2005; Carraher, Franklin, Parnell, & Sullivan, 2006; Carraher & Parnell, 2008; Carraher, Parnell, Carraher, Carraher, & Sullivan, 2006; Carraher & Sullivan, 2003; Chait, Carraher, & Buckley, 2000; Carraher & Buckley, 1996; Sturman & Carraher, 2007; Carraher & Carraher, 1995; Carraher, Hart, & Carraher, 2002; Hart & Carraher, 1995; Carraher, Sullivan, & Crocitto, 2008; Crocitto, Sullivan, & Carraher, 2005; Sethi & Carraher, 1993; Sullivan, & Carraher, 2005; Williams et al. 2008).

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# **COULD ANIMATED BANNER ADS HURT A WEBSITE? THE MODERATING ROLES OF WEBSITE LOYALTY AND NEED FOR COGNITION**

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## **ABSTRACT**

*While extant research has examined the effectiveness of banner ads, relatively little is known about the effect of animated banner ads on consumers' attitudes and revisit intentions toward the host website and the brand advertised in the ad. This research contributes to and enhances our understanding of this topic by exploring and identifying consumer responses to animated banner ads on websites and then empirically testing a conceptual model. Results show that exposure to animated banner ads on a website results in consumer skepticism toward the website, which negatively influences their attitudes toward the website and the brand in the ad and intentions to revisit the website. These results are moderated by consumers' loyalty toward the website and by need for cognition (NFC). Empirical results support the proposed hypotheses.*

*Key words: skepticism, animated banner ads, schemer schema, psychological reactance, excitation transfer theory, revisit intentions.*

## **THE IMPACT OF CORPORATE TAX EXECUTIVE CREDENTIALS ON PERSON-ORGANIZATION FIT**

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### **ABSTRACT**

*Researchers have examined several factors that influence the extent to which the values of individuals are congruent with the values of the organizations in which they are employed. These factors include personal characteristics, satisfaction with corporate policies, and job/task competence. Additionally, recent studies have shown the importance of such person-organization (P-O) fit measures in overall employee effectiveness and performance. This study examines the impact of a specific personal characteristic—certification and licensure (credentials)—on the person-organization fit between corporate tax executives and their work environments. Two hundred twenty-three corporate tax executives provided questionnaire information regarding P-O fit in four resource areas—staffing preferences, continuing professional education, availability of inside and outside tax guidance, and support for participation in professional organizations. Our overall finding is that tax executive credentials impact person-organization fit in terms of resource allocation. A significant credential effect is found in three of four P-O fit areas—satisfaction with staffing levels of tax professionals, availability of outside tax consultants, and participation in professional organizations. Implications for tax executive performance and effectiveness are discussed.*



# **INNOVATION ADOPTION DECISIONS: THE EFFECT OF PROBLEM SOLVING STYLES AND SOCIAL SUPPORT**

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## **ABSTRACT**

*Previous innovation research has focused on organizational factors that lead to the adoption of an innovation. However, there has been little research on individual and behavioral factors in the innovation adoption process. Typically, many innovations are proposed each year for implementation consideration by organizations. However, only some are adopted while many others are not. It is possible that the fate of an organization may be determined by its ability to infuse itself with new ideas as problems occur or to anticipate changes that might produce challenges to it. Managers with innovator problem solving styles may be essential to whether, or not, an innovation is adopted. Further, innovations that may be effective for the organization might not be implemented without support from other stakeholders. Thus, managers must have effective work relationships and support from people both internal and external to the organization.*

*This study investigates how the personal involvement of change agents in the organization (innovators) relates to their problem solving style, social support patterns, and innovation adoption decisions. Results indicate that while the innovator problem solving style is positively related to both internal and external forms of informational and emotional social support, only the external forms of social support are associated with the adoption of innovations. Research contributions and implications about the importance of social networks for innovators are discussed.*

# **A FRAMEWORK FOR INTEGRATING APPLIED ETHICS INTO A BUSINESS LAW COURSE**

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## **ABSTRACT**

*Since ethical considerations arise from almost any topic taught in a business course, students can engage in a dialogue of ethical issues without taking a distinct course in business ethics. In order to encourage and facilitate such dialogue, this paper presents a framework that can be used to incorporate an ethics component into any business course. This threefold framework for applying ethics includes knowing what's important, sharing what's important, and action with integrity. When integrated into a business course, this framework encourages students to articulate what's important to them; to recognize what's important for others; and to understand the need for action that is consistent with what's important to themselves and others. Students who employ this framework in an ethical dialogue related to a particular business topic will be able to recognize the knowledge, tools and resources they already have to address ethical issues, and will be able to understand the need for continued development of ethical decision-making skills.*

*While the three part framework can be integrated into any business course, in this paper the framework is presented as a classroom tool that can be used in the context of a business law course. Students will use the framework to identify and articulate their values, and then apply those values in brief cases studies that raise both ethical and legal issues.*

## **A FRAMEWORK FOR APPLIED ETHICS**

Applied ethics can be defined as a “general field of study that includes all systematic efforts to understand and resolve moral problems that arise in some domain of practical life.” (Winkler 1998) Applied ethics is a broad field of study because in one way or another all successful organizations, leaders and individuals develop and use systematic approaches to understand and resolve the issues they face. While many different systematic approaches exist, for the purpose of this class we will learn and use a three part framework that involves knowing what is important, sharing what is important and acting with integrity.

This three part framework can be helpful for individuals, work groups and organizations. It is just as applicable for an individual trying to muddle through the daily myriad of tactical or operational issues as for an organization trying to develop and implement a strategic plan. The approach explores existing individual and organizational strengths, it emphasizes the need to consider and include others, and it reinforces the implicit and profound importance of action with integrity.

## **KNOWING WHAT IS IMPORTANT**

Clearly articulated values are important. They establish purpose, shape objectives and provide a guide for action. By knowing what is important organizations, leaders and individuals are better prepared to understand and resolve moral problems.

At the organizational level knowing what's important involves a reflective vision of existing beliefs and a forward vision of future objectives. Knowing what's important is the process of developing an ideology that defines the organizations core values, establishes its core purpose and creates a vision of its future. Included in the understanding of the organization's envisioned future

is the recognition that while the envisioned future is open for change, the core ideology must remain the same. (Collins and Porras, 1997)

Establishing organizational values and aligning future objectives with those values will insure action with integrity. This is true in any organization including businesses that are formed primarily to make a profit. A business that values customer satisfaction and that sets customer satisfactions as a goal, is a business that will likely implement and adhere to customer satisfaction policies.

Vision is as important for an individual leader as it is for an organization. In the same way that successful organizations articulate their core values or vision statement, leaders can improve their chances for success by taking the time to know what is important to them.

The opening of awareness stocks both the conscious and unconscious minds with a richness of resources for future need. But it does more than that: it is value building and value clarifying and it armors one to meet the stress of life by helping build serenity in the face of stress and uncertainty. (Greenleaf 1991, p. 27)

Articulated values are tools that leaders use to lead. By determining what is important, leaders are better able to identify and define problems, and respond to them in a systematic, ethical way.

The same is true of any individual in any situation. Each individual has his or her own values, values that are a result of a lifetime of influences and experiences, and consciously or unconsciously our values shape how we respond to problems. The more aware we are of what is truly important to us, the more likely we are to respond ethically. Yet rarely do we take the time to reflect on our values. Most of us are familiar with a saying that is attributed to Socrates "... an unexamined life is not worth living ...". This saying calls on us to examine ourselves, to reflect on our values and to determine what is important to us.

The following exercise asks you to reflect on what is important to you and to determine how you should conduct your life. This sort of reflection is an important step that individuals and organizations can take to work towards an understanding and a resolution of moral problems. It is suggested that you look inward as a reflective process, then outward by learning what others have to say; and finally to put what you know to be important into writing.

### **INDIVIDUAL EXERCISE - KNOWING WHAT'S IMPORTANT**

1. List at least twelve values that are important for you:
2. Identify three values that are very important for you (non-negotiable).
3. Provide a brief, personal definition for each your non-negotiable values.
4. What influences and experiences in your life have shaped your values?

### **SHARING WHAT'S IMPORTANT**

Self examination and articulated values will help you understand what is important to you. That self-awareness can be reinforced and enhanced by sharing what is important to you with others. Sharing what's important recognizes that, in most instances, what others deem important can be and should be important to us.

The process of sharing what is important can take many shapes. At its most basic level the process can as straightforward as an "I'll show your mine if you show me yours" exchange between two people. No matter what the shape, the process of sharing is enhanced by the inclusion of other parties, especially stakeholders, those individuals or groups who will be directly or indirectly impacted by your action or decision. The better you understand the consequences your actions will have on others, the more likely you will be to act in an ethical manner.

Sharing what's important can be especially valuable in establishing guidelines for individuals in organizations to follow. Membership in both formal and informal groups normally includes implied and/or explicit codes of conduct. As an individual in an organization you may have multiple roles and be required to operate in a variety of social contexts, and having guidelines based on shared values can help you and others in the organization determine what is expected of you.

Businesses have many types of codes that to one degree or another communicate the values of the business. These include mission statements, customer service policies, internal control processes, and personnel handbooks. The most obvious example of a code that defines and communicates organizational principles is a corporate code of ethics. "In the case of corporate ethics programs, codes of conduct and other policy documents formalize company values and expectations for ethical behavior" (Trevino & Weaver, 1999, p. 42).

The following exercise asks you, as members of a group, to do the same, i.e., to reflect on what is important for your group and to determine how your group should act.

### **GROUP EXERCISE – SHARING WHAT’S IMPORTANT\***

1. List at least twelve values that are important for your group:
2. Identify four non-negotiable values and provide a brief definition for each:
3. Create a code that articulates and communicates the shared values of your group.

### **ACTION WITH INTEGRITY**

A sincere commitment to knowing and sharing what’s important will result in action with integrity and ultimately create a personal or organization identity and character. Your thoughts become actions, your actions become habits and your habits become your character. That ultimately your character is shaped by what you identify as being important, underscores the importance of reflecting and sharing your values. But reflection and communication are not enough. You may be familiar with the saying that, “talk is cheap; it takes money to buy whiskey.” To realize the benefits of knowing and sharing what’s important; individuals and organizations must be willing to “walk the talk.”

Walking the talk is not always easy, but proper attention to articulated values will enable a decision maker to define the problem, identify opportunities, focus on desired outcomes and develop more creative resolutions. Spending time applying values rather than merely considering alternatives will help you respond to problems and moral dilemmas in an ethical way. Rather than decision making that involves selecting from two or three apparent resolutions, value based decision making (Keeney, 1992) involves crafting solutions based on what you have identified as being important. Such an approach is more likely to lead to a win-win resolution.

Similarly, while the facts of an ethical dilemma are often significant and should be considered in any ethical analysis, the situation alone should not determine how you respond to an ethical dilemma. Action with integrity requires responses and resolutions that are premised on articulated values. It should not matter that the other person has much more money than you or that the other person has acted unethically in the past. Your action should be based what you have established as being important to you; and should consider what you have learned to be important for others. Instead of focusing only on certain facts, look to the values you have identified and communicated, and use those values to engage in self-examination to determine what action you should take.

Self-examination involves asking yourself questions and then answering them based on the values you have identified as important to you. There are a variety of approaches to self-examination but most begin with some variation of what is commonly referred to as the “smell test”: Do I want my name associated with this action? Would I want my mother or children to know I’ve

done this? How will this make me feel about myself? Would I want this to appear on the front page of the paper?

Such basic self-examination will shift the focus away from misleading inquires such as “How much money can I make?” or “What are my chances of getting caught ?” and will instead lead to a deeper examination of what is right and what is wrong based on your pre-determined values. Honest self-examination based on articulated values will result in questions such as “Is this action fair to everyone involved?” or “What action causes the least harm and results in the most good?”

Such a value oriented analysis of an issue or problem is far more likely lead to action with integrity.

Case studies are utilized with small and subsequently larger group discussions to practice ‘action with integrity.’ In groups of three or four apply the legal principles we have examined in the text and in class to resolve the legal issues raised in the following case studies, and then apply the three part framework to determine how you would respond to the ethical issues.

### **GROUP EXERCISES – ACTION WITH INTEGRITY**

Contract Law: In an attempt to attract students, Watsamatta U. offers one year of free tuition to the high school senior who writes the best essay on the importance of education. Wilma Makiett submits an essay that describes her mother’s struggle to raise five children on her own while working as a custodian and taking on-line courses to complete her college degree. The essay details the sacrifices her mother made to get an education and to build a better life for Wilma. The essay ends with a description of her mother’s losing battle to breast cancer. Over 700 essays are submitted and the selection committee chooses Wilma as the winner.

Before the school year starts a financial aid worker who served on the selection committee notices that Wilma listed a father and mother on her financial aid application but no siblings. After an investigation, it is discovered that Wilma is the only child from a comfortable middle class family and that Wilma made up the entire essay.

1. What type of offer did the University make?
2. Was Wilma’s acceptance of the offer effective? Explain why or why not?
3. Given the values you have identified as important to you, if you were Wilma would you try to enforce the contract? Explain your answer.

Contract Law: Three years ago you and your husband purchased and moved into an old Victorian three story house. Since moving both you and you husband have had trouble sleeping. At least once a month or more either you or your spouses will be startled from your sleep by a sudden sense that someone has entered the room. Although no one is actually in the room, these experiences are always followed by an overwhelming sense of panic. Three days ago your husband got up in the middle of the night to get a snack and as he approached the kitchen he experienced that same sense of panic. Slowly entering the kitchen he became alarmingly aware of a presence in the kitchen and then noticed the faint illumination of a small, deformed woman clutching a knife sitting at the kitchen table. Since that night your husband has refused to enter the house. You and he have agreed to sell the house and move.

1. Do you have any ethical obligation to tell potential buyers that you believe that the house is haunted?
2. Assume that you sold the house without telling the buyer that you believe it to be haunted. Could the buyer assert any defenses that would rescind the contract for the sale of the house? List the elements of each

Real Property Law: Three month ago your daughter, Britney, and her fiancé, Kevin, moved back home and have been residing in a rental house you own. They haven't paid any rent and you're comfortable with that because you have an unspoken agreement with your daughter that she will receive the house from you as a wedding gift. During the three months that Britney and Kevin have lived in the house, Kevin has purchased and installed a woodstove, and built a deck in the backyard that connects the house to the swimming pool.

The couple is very happy and is looking forward to their wedding when Kevin comes home early from work and finds Britney skinny dipping with the pool boy. Kevin calls off the wedding, and in response, Britney kicks him out of the house. A few days later, you receive a letter from Kevin demanding that you pay him \$3,500, the amount he spent on the lumber for the deck and the woodstove and stovepipe. If you don't pay him, Kevin states that he will take back his woodstove and stovepipe, and disassemble and remove the deck.

1. Does Kevin have a legal right to take back the woodstove and stovepipe?
2. Does Kevin have a legal right to disassemble and remove the deck?
3. Applying the framework for applied ethics, will you pay Kevin the \$3,500? Explain your

Agency Law: Willy Freise rents a run down two bedroom house from you in Icebanks, Alaska. Throughout October and September Willy has complained to you that the furnace frequently stops working, sometimes for hours at a time. You have told him that you would look into the problem but have not had time to initiate the furnace repairs. One morning in early November the furnace quits working, and Willy calls a repairman to fix the furnace. The repairman concludes that the furnace is so old she will not be able to get parts for it. She recommends a new furnace, which she would sell, deliver and install for \$2,500. Willy tells the repairman that you have authorized the repairs and that he will sign the contract on your behalf. After the installation is completed, Willy tells the repairman to send the bill to you.

1. Are you liable under the contract created by Willy?
2. Is Willy liable under the contract he created on your behalf?
3. Do you have any ethical obligation to pay for the furnace? Explain your answer.

#### ACKNOWLEDGMENT

\* The first group exercise was based on a similar premise presented by Marianne Jennings at the 2008 Washington State University Business Law and Ethics Symposium.

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## **EXCHANGES OF VACATION HOMES AND CERTAIN OTHER MIXED USE PROPERTIES: CAN THESE POSSIBLY QUALIFY FOR TAX DEFERRAL?**

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### **ABSTRACT**

*The acquisition of real estate has frequently been a cornerstone in the investment and tax strategies of individuals. These investments often result in taxpayers being faced with three different, but potentially related scenarios. First, the taxpayer may have acquired investment property years ago that, if sold, could yield substantial gains even given today's troubled markets. Second, the taxpayer had a primary residence that was converted to investment property. Lastly, the taxpayer wants to invest money for both enjoyment and income potential through the acquisition of a vacation/second home. In spite of current economic conditions, many feel that now is the time for taxpayers to plan for the future through prudent investments and the utilization of effective tax minimization strategies. Taxpayers who currently own appreciated investment property and who desire to avoid current taxation of gains may choose to swap for vacation home property as opposed to the outright sale of the property. Likewise, taxpayers with existing vacation property may have changed their choice of vacation destinations with the need to dispose of the property and acquire new properties. Lastly, taxpayers may be planning to acquire vacation property with an eye toward making the property their retirement haven.*

*The purpose of this article is to explore the provisions of Revenue Procedure 2008-16 relative to its safe harbor provisions which, if specific ownership, limitation on personal use, and rental use standards are met, allow certain mixed-use dwellings (part personal and part investment use) to be treated as investment property for purpose of utilizing the tax deferral mechanisms of like-kind exchanges under Section 1031. To provide a framework for the exploring the Revenue Procedure, a brief overview of the basic requirements for Section 1031 exchanges is presented along with clarifying illustrations. The article should provide individual taxpayers and investors with the basic knowledge to structure these types of transactions so as to maximize wealth through prudent tax planning and minimization.*

# AN INTEGRATIVE FRAMEWORK OF INTERNATIONAL EXPANSION OF FAMILY FIRMS: EVIDENCE FROM TAIWANESE MANUFACTURERS

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## ABSTRACT

*Globalization and acceleration of technology diffusion has propelled the traditional family firms to undertake international expansion. However, the determinants of FDI and its relationship to firm performance for traditional family firms remains largely understudied in international business research. This paper attempts to test a set of existing theoretical constructs based on an integrative framework of internalization perspective, resource-based perspective, institution-based perspective and marketing signaling theory. Our empirical findings using data from 276 businesses not only confirm the relevancy of existing theories to explain the international expansion of family firms but also capture the mediating effects of FDI on firm performance which are not previously reported in current literature.*

## INTRODUCTION

Globalization and acceleration of technology diffusion has propelled the traditional family firms to undertake international expansion. With nearly one-quarter of the world's population and one of the fastest rates of economic growth for the past two decades, China has attracted many Asian family firms for their business expansion (Hsiao & Hsiao, 2004). Since 1996, the foreign direct investment (FDI) into China has exceeded \$40 billion annually. As more and more emerging economies participate in the global economy, traditional family firms have aggressively expanded their reach globally. For example, Hong Kong Li Ka Shing family has built a business empire that includes: banking, construction, real estate, plastics, cellular phones, satellite television, cement production, retail, hotels, transportation, airports, electric power, steel production, ports, and shipping. One of its flagship companies, Hutchison Whampoa Limited, is the largest port administrator managing more than forty-two ports worldwide. The importance of this phenomenon has attracted the attention of researchers. Many studies were carried out to understand whether there are any significant differences in the motives for traditional family firms and multinational enterprises (MNEs) (Fernandez and Nieto, 2006; Wang, 2006). Two research strands have made this direction promising. First, the emerging trend of international expansion of traditional family firms has provided a natural setting to further advance family business research. Most family-business research currently is largely descriptive rather than prescriptive. By using more analytical approach, Fernandez and Nieto (2006), and Wang (2006) have examined the impact of ownership structure on the international involvement of family firms. Second, there is an increasing body of research on the international expansion of small and medium sized firms (Lu and Beamish, 2001). Often the studies of SMEs may cross with the studies of family firms (Fernandez and Nieto, 2006).

Research involved in SMEs and family firms share the same difficulty to gather public information. Unlike most public-traded MNEs, SMEs and traditional family firms tend to be more restricted in disclosing their private information to the public. Our integrative model assumes that a firm's superior capabilities and relationship networking not only affect the firm performance directly but also affect the firm performance indirectly through the level of FDI. There is a market



signaling effect that has not been reported in previous research. After this introduction, we provide a brief review of the literature. Then we introduce a conceptual framework and research methodology. In the following section we test our hypotheses with survey data and SEM. The paper concludes with testing results and managerial implications. Many specific suggestions for future research are made based upon previous research (Carraher, Mendoza, Buckley, Schoenfeldt, & Carraher, 1998; Carraher, Buckley, Scott, Parnell, & Carraher, 2002; Carraher, Carraher, & Mintu-Wimsatt, 2005; Carraher, Franklin, Parnell, & Sullivan, 2006, Carraher & Parnell, 2008; Carraher, Parnell, Carraher, Carraher, & Sullivan, 2006; Carraher & Sullivan, 2003; Chait, Carraher, & Buckley, 2000; Carraher & Buckley, 1996; Sturman & Carraher, 2007; Carraher & Carraher, 1995; Carraher, Hart, & Carraher, 2002; Hart & Carraher, 1995; Williams et al. 2008; Carland and associates 1984-present; Carraher, 2005; Carraher, Sullivan, & Crocitto, 2008; Crocitto, Sullivan, & Carraher, 2005; Carraher, Sullivan, & Carraher, 2005; Buckley and associates, 1992-present).

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## **THE GOVERNANCE OF TELECOMMUTERS: AN AGENCY AND TRANSACTION COST ANALYSIS**

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### **ABSTRACT**

*Telecommuting is a topic of interest for practitioners and scholars alike. However, research on telecommuting is only beginning to scratch the surface (Siha & Monroe, 2006). To better understand the phenomenon, there is a need to understand organizational, managerial, and worker motivations and practices. One challenge for management is to develop control strategies that accurately monitor and evaluate remote employee work. To this end, this paper develops a framework for the managerial control of telecommuting employees based on an integration of transaction cost and agency theories. Specifically, this paper contributes to managerial theory by investigating the effect of transaction uncertainty, outcome uncertainty, and work utility on the utilization of two forms of organizational governance, behavioral and output controls. Propositions are developed and ramifications for further research and practice are discussed.*

# ORGANIZATIONAL SUSTAINABILITY AND SOCIAL ENTREPRENEURSHIP REVISITED: IMPROVING CUSTOMER SERVICE USING SIX SIGMA

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## ABSTRACT

*This paper investigates the degree of marketing implementation of Six Sigma, its meaning and importance, in the service industry. We will define elements of Six Sigma, how it can improve the service industry, the methodologies used, and then we'll conduct a case study using what we have learned. Six Sigma is used to improve processes in the manufacturing industry but has been used to reduce costs, improve cycle times, eliminate customer complaints and improve the service industry overall (Chiodo, 2004). We'll use DMAIC (Define-Measure-Analyze-Improve-Control) as a roadmap and strive for Six Sigma in the customer service environment. Data from over 800 North American social entrepreneurs shows the importance of quality management techniques and personality at improving customer service. In the current sample adding Six Sigma processes were able to increase organizational productivity by 35%.*

## INTRODUCTION

The root of Six Sigma reaches back in time when the greatest pressure for quality and speed was on manufacturing. Six Sigma is now stepping out of its cave and has expanded to the Service industry. It is being used in a variety of businesses that involve customer service. According to Sharon van Wyk, GE Financial Employer Services Group's Vice President, "Six Sigma processes in service and manufacturing environments are actually more similar than you might think. The basic process and principles are the same" (Jacowski, 2009). We have discovered that Six Sigma brings a process focus to operations – to improve customer service processes. By working with customers to identify the critical-to-quality characteristics, we can focus on what is important to customers. We'll be able to eliminate variation, with the use of metrics and statistics, and we'll be able to improve customer service which will, in turn, improve overall profits.

The term "sigma", a letter in the Greek alphabet ( $\sigma$ ), is used in the field of statistics as a field of variation. It is a statistical term for measuring how far a given product varies from perfection. Six Sigma is used to describe variability or standard deviation in a set of figures; it is equal to 99.99966 percent (Rioux, 2000). As the sigma number gets higher, the number of defects approaches zero. It is a disciplined, data-driven approach and methodology to eliminate defects by driving towards *six* standard deviations, between the mean and the nearest specification limit, in any process, product, or service. If it is possible to measure defects in a process, then it is possible to strategically remove these defects. The ultimate goal is to make defects equal as close to *zero* as possible (Cook, 2001).

Today, most companies function at a three to four level sigma, which is defined as having cost of defects equal to 20 to 30 percent of revenue. All companies strive for a six sigma – defined as no more than 3.4 defects Parts per Million (PPM) or 3.4 Defects per Million Opportunities (DPMO). This will mean that the company will have cost of defects less than one percent of sales (Cook, 2001). *The objective of Six Sigma is to reduce process output variation on a long-term basis.*

In the current study we used McBride's Personality instrument as modified by Carraher, Mendoza, Buckley, Schoenfeldt, Carraher (1998) and the Six Sigma process in order to examine their relationship with performance. McBride's scale has previously been found to be related to

several different types of performance (Carraher, Buckley, Scott, Parnell, & Carraher, 2002; Carraher, Carraher, & Mintu-Wimsatt, 2005; Carraher, Franklin, Parnell, & Sullivan, 2006; Carraher & Parnell, 2008; Carraher, Parnell, Carraher, Carraher, & Sullivan, 2006; Carraher & Sullivan, 2003; Chait, Carraher, & Buckley, 2000). We provide suggestions for future research on personality, customer service, cognitive variables (Carraher & Buckley, 1996; Sturman & Carraher, 2007), quality management (Carraher & Carraher, 1995), compensation and benefits (Carraher, Hart, & Carraher, 2002; Hart & Carraher, 1995; Williams et al. 2008) entrepreneurship (Carland and associates 1984; 1988; 1992; Carraher, 2005), mentoring (Carraher, Sullivan, & Crocitto, 2008; Crocitto, Sullivan, & Carraher, 2005) and expatriate stress (Carraher, Sullivan, & Carraher, 2005) and their relationships with motivations for working are suggested. The work of Buckley and associates (Buckley, Carraher, Carraher, Ferris, & Carraher, 2008; Buckley, Carraher, & Cote, 1992; Buckley, Carraher, Ferris, & Carraher, 2001; Buckley, Fedor, Veres, Wiese, & Carraher, 1998; Buckley, Mobbs, Mendoza, Novicevic, Carraher & Beu, 2002) are also held up as examples as to how we should test preconceived notions about organizational phenomenon and test to see what works. Other suggestions for future research on quality management and Six Sigma processes are also suggested.

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# MOTIVATIONS FOR WORKING IN CHINA AND THE USA: STRATEGIC ENTREPRENEURSHIP IN CAPITALIST MARKETS

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## ABSTRACT

*Entrepreneurs create innovative products or services with the intention or goal motivated by success, achievement, recognition, family obligation, and/or money. In contrast, our society operates as a capitalist economy where profit is the driver for business transactions. Due to the lack of compensation in the capitalist economy, workers become entrepreneurs and overcome obstacles in order to gain success. In the current study we use the Motivation for Working (Carraher & Whitely, 1998; Carraher, Carraher & Whitely, 2003) in order to compare the motivations for working of entrepreneurs in the USA and China. We will begin to understand the difference of the capitalist and entrepreneur then determine factors of success or failures that the entrepreneur undergoes such as the importance for good customer service.*

## INTRODUCTION

An entrepreneur is driven by their innovativeness to develop new products or processes. What motivates an entrepreneur to insightfully innovate a new product or process is not necessarily driven by profit but driven by the need to transform society. In our society we operate as a capitalist economy where profit drives businesses and corporations. The entrepreneur must succeed in the business world by overcoming obstacles such as competitive rivalry, price wars, and understanding the consumer needs. Many theorists debate about the issue of entrepreneurs unable to effectively operate a new venture due to their inability to act as a capitalist where profit is the main driver. It is the free markets that allow new ventures to become successful even if the underlying driver of profitability is not met. These free markets allow entrepreneurs to create new innovative products or services in a capitalist economy. Although capitalism drives the economic and social institutions, the socially distinct entrepreneurs share a common motivation to innovate and transcend society thus enjoying the compensation that is guided by their motivations. Motivators are the main drivers for entrepreneurs to effectively operate in an economy built around wealth. By understanding how the entrepreneurs work in a capitalist economy we can then understand the ties linking an entrepreneur as a capitalist and view the difference of compensation of the successful entrepreneurs.

In our society, capitalism drives the economic and social institutions with the underlying goal being profit. Our society has built a perception that profits are the main driver in our free market capital. If capitalism is what our society operates under then the view that entrepreneurs who do not operate for profit are not what we define as capitalism. Other theorists, such as Charles O'Kelley concur that the entrepreneur does not fit the perfect competition model. The perfect competition model is "the maximizing behavior of individual producers and consumers, guided solely by price signals" to be successful. (O'Kelley, 757). The perfect competition model therefore has no room for entrepreneurs since they are not operated solely by price signals.

Entrepreneurs operate in a capitalist economy where profitability is the driving force however even if an entrepreneur is motivated by other factors it does not go without saying that profit is always an underlying goal. It all begins with creativity of an innovation, after an innovation is successful then the entrepreneur may enjoy the profits that will "transform the innovative

entrepreneur into a capitalist” (McDaniel, 2003). In fact, an analysis completed by Block and Koellinger, results show that the overall satisfaction of an entrepreneurship is through financial success. Many theorist argue whether an entrepreneur’s goals are that of a capitalist or not but as we can see, an entrepreneur and capitalist are one of the same. Entrepreneurs can be differentiated because the underlying goal is not to seek profit but to gain success.

According to Carraher, Carragher, and Whitely (2003) individuals have six primary motives for working: Entitlement, Work Centrality, Social reasons, intrinsic satisfaction, obligation, and pay. We examined these issues and their relationship with pay in samples of 266 American entrepreneurs and 284 Chinese entrepreneurs. We also examined the influence that personality had on compensation using the Big Five Personality instrument of McBride, Mendoza, and Carragher (1997) as modified by Carragher, Mendoza, Buckley, Schoenfeldt, Carragher (1998). The biodata instrument has previously been found to be related to several different types of customer service oriented performance (Carragher, Buckley, Scott, Parnell, & Carragher, 2002; Carragher, Carragher, & Mintu-Wimsatt, 2005; Carragher, Franklin, Parnell, & Sullivan, 2006, Carragher & Parnell, 2008; Carragher, Parnell, Carragher, Carragher, & Sullivan, 2006; Carragher & Sullivan, 2003; Chait, Carragher, & Buckley, 2000). We provide suggestions for future research on personality, customer service, cognitive variables (Carragher & Buckley, 1996; Sturman & Carragher, 2007), compensation and benefits (Carragher, Hart, & Carragher, 2002; Hart & Carragher, 1995; Williams et al., 2008), entrepreneurship (Carland and associates 1984; 1988; 1992; Carragher, 2005), mentoring (Carragher, Sullivan, & Crocitto, 2008; Crocitto, Sullivan, & Carragher, 2005) and expatriate stress (Carragher, Sullivan, & Carragher, 2005) and their relationships with motivations for working are suggested. It is argued that Buckley and associates (Buckley, Carragher, Carragher, Ferris, & Carragher, 2008; Buckley, Carragher, & Cote, 1992; Buckley, Carragher, Ferris, & Carragher, 2001; Buckley, Fedor, Veres, Wiese, & Carragher, 1998; Buckley, Mobbs, Mendoza, Novicevic, Carragher & Beu, 2002) are correct about the need to accurately measure facets of interest to human resource professionals as there may be differences across cultures, reasons for working, or countries. Other suggestions for future research are also suggested.

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# TECHNOLOGY FOR NONPROFIT ORGANIZATIONS AND THE LIMITED SOURCES OF CAPITAL DUE TO THE CHANGING ECONOMY: THREATS TO ORGANIZATIONAL SUSTAINABILITY

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## ABSTRACT

*Technology is only one of a few sources nonprofit organizations use to operate a successful organization. Technological advances such as the use of internet to promote the organizations' mission, email usage and online tools for fundraising and marketing, and the management of daily financial and management operations of the organization are all useful tools. Technology has been used over the past twenty years as an advantage for nonprofits when seeking funding but the issue with funding is on the rise due to the economic status of America. With America in a recession more and more nonprofit groups are looking at possibly losing funding sources and even possibly closing its doors of providing social services to the community. There are several funding sources nonprofits can look into such as business venture, corporate capital, government grants, and local community donors however with the financial distress nonprofits may need to seek other avenues. The past decades there has been an increase for businesses and corporations as well as the community to fund nonprofit groups but what happens when there is no money to give to charities? We look at not only how technology has helped shape nonprofits success but also the different avenues nonprofit organizations can utilize to fund their programs. We also look at different possibilities such as collaboration of services and depletion of programs for the survival of nonprofit organizations. In the next coming years it will be important for nonprofit communities to not only be successful but to survive during such a tough recession.*

*Today nonprofit communities are suffering as a result from the direct impact of our economical financial status. Nonprofits are no stranger to our society in fact most of the leading nonprofit organizations began over a hundred years ago by social entrepreneur leaders. These social entrepreneur leaders paved the way our society looks to build a better tomorrow. It was only over twenty years ago when nonprofit organizations integrated technology to expand their organizations advocacy efforts and created a more effective management support system. Today, technology has become a successful tool utilized by nonprofits however it has resulted in an increasing number of nonprofit organizations serving society. We examine a sample of NPO's and examine the influence that technology is having on their ability to raise funds. It is found that customer service and technology both play a part in raising capital. Implications of the current work and suggestions for future research are provided.*

## INTRODUCTION/CONCLUSIONS

In 2007 there was a reported 1.5 million nonprofit organizations by the Internal Revenue Service, this number does not include the smaller agencies that are not required to submit Form 990. Technology has become so widely integrated as a useful tool for nonprofits to seek funding but it has also been a threat for those agencies that do not have the capabilities to budget for software or computers. Although technology has proved to be effective in the management and sustainability of nonprofits there is still a concern for funding capabilities received by nonprofits from sources such as business ventures, government grants, corporate capital, and local communities. Funding is and will continue to be an issue for nonprofit organizations and with the additional concerns

related to the economical distress of the economy it is imperative to review all funding sources that nonprofits must tap into. It is no doubt that the nonprofit community has experienced difficulties in funding and are going to be greatly affected by the economies downturn that we must follow by our leaders examples to hurdle around the changing economy to find new capital ventures for the survival and success of the non-profit community.

Nonprofits are moving from relying on federal and state grants to moving into business ventures to support their programs mission. Business ventures are no stranger to the nonprofit community in fact the nonprofit uses a business venture as a means to fund their organizations mission or incorporate the business operations to their mission. For example, a drug rehabilitation program may open a specialty shop to bring in revenue for the program and to employ the population they serve as a means to get their clients back on track. Some see business ventures as a positive influence to the agency while others criticize the mission getting lost due to the lack of focus on the program. One excerpt states by opening a business venture it will “force you to tighten up services, become a better operator, and be more responsive to people’s needs. Your clients benefit and your community benefits” (Budd, 2007). However, critics state that a business venture will take your eye off the mission by relying on succeeding a business or the business using the organizations cash flow to operate. In reality the business venture should only be an option if the nonprofit can prove there is enough cash flow for the business to operate on its own and the businesses mission relates to the programs goals. Due to the limited funding available it is difficult to not consider opening a business venture.

In the twenty-first century we have seen an uprising of technological advances used by nonprofit organizations but in turn the downfalls we see today lay with the limited funding capabilities and the rising community of nonprofits. Advances in technology has been successful for nonprofits in that there is variety of possibilities to utilize the world wide web to reach the public, use software and online tools for fundraising and marketing, and manage the operations of the organization in an efficient manner. Cyberspace has been used to create nonprofit communities without the cost of administration or building usage, which has overall lowered the cost to operate an organization. Cyberspace has proven to be cost efficient however the issues that arise with nonprofit organizations that solely use cyberspace to operate the organization is the inability to see first hand the progress and outcome of a program. Software and online tools have also proven to be a successful tool for nonprofits to use to measure the effectiveness of a program or to collect membership information. One problem that occurs with a nonprofit having to utilize software is the updates involved for keeping software running appropriately. Software programs tend to require updates in order to run properly which in turns requires a nonprofit to not only be computer savvy in technology but possibly an IT Technician hired full time to operate programs. For smaller organizations this becomes a problem because as you can see small organizations do not budget for IT professional salaries or budget for software. Another area technology has worked for nonprofit is the use of financial software that enables accounting data to be entered and easily accessible. Just as software is continuously being updated so does software for financial data. Technology is important to operate a successful nonprofit however it takes expertise and knowledge to effectively ensure the operation of a nonprofit is used to the best of its advantage. Nonprofit organizations must ensure to budget for professionals who have a vast knowledge is business and technology as these are two major components to operate a successful organization. As of today there are programs established to focus on business or public policy but what should be implemented in a program specifically aimed at the business operations of a nonprofit organization to include technology, business, accounting, public policy, and social entrepreneurship.

Based upon our findings and previous research suggestions for future research are provided (Buckley and associates, 1992- present; Carland and associates 1984-present; Carraher, 1991a, 1991b, 2005; Carraher & Buckley, 1996; Carraher & Carraher, 1995; Carraher, Hart, & Carraher, 2002; Carraher, Mendoza, Buckley, Schoenfeldt, & Carraher, 1998; Carraher, Buckley, Scott, Parnell, & Carraher, 2002; Carraher, Carraher, & Mintu-Wimsatt, 2005; Carraher & Parnell, 2008;

Carraher, Parnell, Carraher, Carraher, & Sullivan, 2006; Carraher & Sullivan, 2003; Chait, Carraher, & Buckley, 2000; Carraher, Sullivan, & Crocitto, 2008; Crocitto, Sullivan, & Carraher, 2005; Hart & Carraher, 1995; Sethi & Carraher, 1993; Sturman & Carraher, 2007; Sullivan, & Carraher, 2005; Williams et al. 2008).

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# **SOCIAL ENTREPRENEURSHIP AND SUSTAINABLE INNOVATIONS IN MEDICAL SERVICE**

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## **ABSTRACT**

*This research is a broad view of social entrepreneurship and what social entrepreneurship is within the medical field. This paper addresses the meaning of social entrepreneurship and how it can lead to increases in sustainable innovations within the medical field. Discussed are the academics involved, different structures a social entrepreneur may consider when organizing their venture, and struggles with financing. Special attention is paid to for-profit social entrepreneurs in the hopes of eliminating doubts that profit and a social mission cannot be combined. Data from expatriate health care professionals/social entrepreneurs (Carraher, Sullivan, & Crocitto, 2008) is examined and suggestions for future research are provided.*

## **INTRODUCTION/CONCLUSIONS**

In this paper we use data from 268 expatriate medical professionals/social entrepreneurs in order to examine factors which influence innovation in the medical field and other types of innovations. As the median income of our sample is over \$300,000 per year we hope to end the myth that social entrepreneurs can not earn a large sum of money. Based on our findings as well as previous published research, suggestions for future research are provided examining other avenues for examining sustainability and innovation issues in the health care field (Buckley and associates, 1992- present; Carland and associates 1984-present; Carraher, 1991a, 1991b, 2005; Carraher & Buckley, 1996; Carraher & Carraher, 1995; Carraher, Hart, & Carraher, 2002; Carraher, Mendoza, Buckley, Schoenfeldt, & Carraher, 1998; Carraher, Buckley, Scott, Parnell, & Carraher, 2002; Carraher, Carraher, & Mintu-Wimsatt, 2005; Carraher & Parnell, 2008; Carraher, Parnell, Carraher, Carraher, & Sullivan, 2006; Carraher & Sullivan, 2003; Chait, Carraher, & Buckley, 2000; Carraher, Sullivan, & Crocitto, 2008; Crocitto, Sullivan, & Carraher, 2005; Hart & Carraher, 1995; Sethi & Carraher, 1993; Sturman & Carraher, 2007; Sullivan, & Carraher, 2005; Williams et al. 2008).

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## ACCOUNTING ISSUES AT GSI

**Jane E. Baird, Minnesota State University, Mankato**

### CASE DESCRIPTION

*The primary subject matter of this case concerns accounting issues in a company that manufactures and sells gaming supplies. Specific issues examined include taxation and financial reporting related to exclusivity contracts, prior period accounting errors, leases, loss contingencies, and forward currency contracts. The case has a difficulty level of four, so it would be appropriate to use in senior level accounting courses or in master's level courses. The case is designed to be discussed in one to two class hours and is expected to require approximately 15-20 total hours of outside preparation by students (three to four hours per case issue). It can be utilized as an extensive course project requiring all students to research all five issues, or each of the five case issues can be assigned to a separate student team so that each team researches just one issue.*

### CASE SYNOPSIS

*This case is designed to improve accounting students' skills in regard to researching financial reporting standards and tax law and using critical thinking to apply the accounting and tax rules and guidelines to Gaming Supplies Incorporated's (GSI) situation. GSI is a manufacturer of gaming supplies, including dice, gaming chips, playing cards, and gaming tables and equipment used in casinos. Joe Newby, a recent accounting graduate, finds himself on the GSI engagement. He is asked by his supervisors to research several accounting and tax issues related to GSI's activities, including a contract involving exclusive rights to security technology embedded in its gaming chips, an accounting error found in previously issued annual reports, new leasing contracts, and a forward currency contract. Students are asked to take on the role of Joe Newby and research these issues and formulate conclusions as to how they should be handled by GSI. The case provides students with a unique opportunity to examine real business issues and their impact on both accounting and tax reporting. Students must access the new FASB Accounting Standards Codification in order to adequately address the case issues, thereby getting exposure to the new standards format and gaining familiarity with search methods appropriate for the new format.*

## **CREATECH FILMS INC.**

**Jane E. Baird, Minnesota State University, Mankato**

### **CASE DESCRIPTION**

*The primary subject matter of this case involves accounting at an independent film production company. Students will research accounting and tax guidance related to several issues, including debt forgiveness, timing of revenue recognition for DVD sales and video licensing agreements, and the treatment of script and production costs. The case has a difficulty level of four. The case is designed to be discussed in one to two class hours. Approximately 5-15 total hours of preparation by students should be expected if all case questions are assigned.*

### **CASE SYNOPSIS**

*Lights, camera, action! This case brings the world of film making into the accounting classroom. The students are introduced to Createch Films Inc., a company that produces, markets and distributes original independent films. The company has promise, but is struggling to stay afloat as delays in film production have resulted in a severe cash shortage. The cash shortage has caused the company to enter into some unusual arrangements, including forgiveness of debt by the company's founders and stock given to executives as a substitute for paychecks. In addition, the arrangements related to DVD sales and rental agreements are unique to the industry. The company's bookkeeper is in over her head and doesn't know how to account for many of the company's contracts and activities. So, the students must come to her rescue. Students are asked to examine the company's various contractual arrangements and accounting issues and research related tax and financial reporting standards to determine how these activities should be reported. The case is designed to improve accounting students' research and critical thinking skills, as well as their written communication skills. This case offers students an opportunity to see how to apply basic guidelines, such as those for revenue recognition, to industry-specific situations.*

# LOCATION CHOICE PROPENSITIES IN FRAGMENTED INDUSTRIES

Richard Brown, Temple University

## ABSTRACT

*Fragmented industries are fundamentally different in terms of their structure and competitive landscape yet these industries have been neglected by much of the existing literature. In a sample of 90 countries and using the fragmented real estate industry, I empirically test Institutional Theory using Probit Regression in the context of international location choice and find that Institutional Theory is supported in this context. Three variables—GDP, Uncertainty Avoidance and Regulatory Quality—are found to be most significant. Additionally, a key finding is that firms in fragmented industries help to legitimize countries in addition to other competing firms.*

## BACKGROUND

There has been a comprehensive review in the International Business (IB) literature on the behavior of firms in concentrated industries and their expansion across national borders. Beginning with the Harvard Multinational Project in the 1960s, IB scholars such as Raymond Vernon and Frank Knickerbocker posited that oligopolistic industries were prone to make aggressive-defensive moves in order to maintain the equilibrium in the subject industry. As such, and because these firms had a valuable position to protect, the decision to engage in foreign direct investment (FDI) was reactionary for many firms. The focus of these studies was not only industries that had oligopolistic tendencies but that were also involved in manufacturing. This combination of highly concentrated, or oligopolistic, industries and manufacturing concerns was logical for the time since most data that was available to academics were of this sort.

One problem with the study of this type of industry makeup is that it represents only a fraction of businesses that operate in the United States. As manufacturing has been displaced overseas, the U.S. economy has become ever more service oriented (Department of State Website 2006). Scholars, however, have not moved with the changing economy as many current studies are interested in diminishing industry structures. Certainly I am not arguing that these industries are irrelevant; instead, the point is that IB needs to incorporate more diverse sets of industry populations even if data collection and theory building is more difficult in this environment. I argue that the current literature neglects industries that do not have consolidated structures and that this neglect may be caused by several factors.

## THEORY

Institutional Theory may help to explain many of the activities of Multinational Enterprises (MNE) in both the motivations to move across boundaries and the resultant behaviors once those boundaries are crossed. Following the variation of Institutional Theory proposed by Meyer and Rowan (1977) and developed by DiMaggio and Powell (1983) as well as Scott and Meyer (1983), institutions are considered to be both formal and informal and, as such, can have a profound effect on those individuals or firms that must interact with them. In the context of location choice for U.S. based firms, informal and formal institutions are contained in governmental structures. This point needs to be expanded. Governments and their agencies are both formal structures, in that they operate and create laws, and informal, in that individuals that have power in the formal structures often create informal entities within government. An important trait of this line of theory is that

environments can have multiple institutional settings which help in defining legitimacy in the system (Scott 1987)

An example of the dichotomous (i.e. Formal and Informal) relationship within government structures is that of a regulatory body. Although national or local governments may set forth the legal structure of how industries and firms are regulated, subsystems within the regulatory body can have a persuasive influence on the regulatory outcome (Fineman 1998). If there is an asymmetry between the *de jure* law and the *de facto* law, one can argue that this is a lack of regulatory quality. Additionally, some subsystems in weak governmental structures become corrupt. In a corrupt system, meritorious work is considered inferior to both connections and bribes. All of these traits create informal institutions within formal institutions which effect not only firms that are based in those countries but also the location choices made by firms based in other countries.

Mimicry and legitimacy are two important areas in Institutional studies. Industrial Organization Theory indirectly states that firms in fragmented industries should be less prone to imitation. This could be true for two major reasons. First, firms who participate in near perfect competition environments have less at stake to protect. In an oligopolistic structure, if a firm does not protect its share, then its competition will move to capture it. However, industries that are fragmented create an environment that is less about protection because both the input markets and output markets tend to be fragmented (Briesmeister and Fisher 1998; Caves and Porter 1978; Dess 1987; Dollinger 1990). Secondly, fragmented industry actors may not know what their competition is doing because information tends to also be fragmented and asymmetrical. Taking this a step further, firms may not completely understand who their competition is or which firm is a market leader.

If this is the case, then how does a firm gain legitimacy? Legitimacy (Von Bertalanffy 1975; Terreberry 1971; Scott 1987) can be earned by a firm through numerous societal stakeholders namely customers, suppliers, competitors, trade groups, and the like. In an international setting, host governments and local social structures are also a source of legitimacy and, as such, can have a significant influence on entry choice by firms. Conversely, governments can be legitimized by entrants. Although the literature covers firm legitimacy, I argue that legitimacy goes both ways. In countries where firms aggregate, these firms act to legitimize doing business in that country. Additionally, fragmented industry firms legitimize to a greater extent than do concentrated industry firms because, theoretically, fragmented industries should be less prone to follow the leader or competitors.

## EXISTING LITERATURE

Institutional theory has had a limited exposure in the context of International Business studies. However, a number of studies have utilized it including Brouthers (2002) which combines Institutional Theory and Transaction Cost Economics; Oliver (1996) uses broad influences such as government and society in the context of firm competitive advantage; Aguila et. al. (2004) in explaining the international technology management of information systems; and Lai et. al. (2006) who describe the theory in the context of global supply chains.

## VARIABLES, DATA AND METHODOLOGY

This study will attempt to find empirical evidence to support or refute Institutional Theory in general and both mimetic isomorphism and legitimacy in particular. The study is designed as follows. First, samples of leading firms in the real estate industry were chosen. Leading firms were chosen because there is much more detailed information about their previous international entry choice than smaller, private firms. Secondly, a count was tabulated as to which countries these firms chose to locate. This second point also entails that countries were noted where no companies chose to locate. Thirdly, the country sample was divided into two. The first sample is comprised of 68



countries that were entered and the second is comprised of 22 countries which were entered from zero to one percent relative to the total amount of entries. Fourth, a probit regression was utilized to model the propensity of firms to choose the first set of countries over the second set. The binary dependent variable (1=High Entry, 0=No Entry) was regressed on country data which will be described below. Specifically, the hypotheses tested are as follows:

- H1: Firms that are located in fragmented industries will tend not to mimic competitors in their choice on international entry.
- H2: Nations that are perceived to have high corruption are less likely to attract firms in fragmented industries.
- H3: Nations that have higher economic freedom are more likely to attract firms in fragmented industries.
- H4: Nations that have a high power distance are more likely to attract firms in fragmented industries.
- H5: Nations that have low individualism/high collectivism are more likely to attract firms in fragmented industries.
- H6: Nations that have high uncertainty avoidance are more likely to attract firms in fragmented industries.
- H7: Nations that are politically stable, have an effective government, have high regulative quality and a strong rule of law will tend to attract fragmented industry firms

Data for this analysis was retrieved using multiple sources. First, a comprehensive list of real estate firms was found in Hoover's Directory. Of these firms, a sample was selected of leading firms in four industry subgroups—Commercial Brokerage, Residential Brokerage, Property Managers, and Hotels. Some subgroups, such as operative homebuilders, were intentionally not selected because they almost never directly compete internationally.

Secondly, country data were derived from several sources including 1) Geert Hofstede's Cultural Dimensions, 2) Transparency International, 3) The Heritage Foundation, 4) The World Development Indicator Database and 5) The Kaufman Surveys from 2006. The variables used in the model which are derived from these sources include:

- Natural Logarithm of the Gross Domestic Product (Ln\_GDP)
- Four Hofstede Cultural Variables—Power Distance (Hof\_PDI), Individualism (Hof\_IND), Masculinity (Hof\_MAS) and Uncertainty Avoidance (Hof\_UAI)
- Corruption Perceptions Index (CPI)
- Index of Economic Freedoms (IEF)
- Kaufman Variables—Political Stability (Pol\_St), Government Effectiveness (Gov\_Eff), Regulatory Quality (Reg\_Qlt) and Rule of Law (Rule\_Law)

It is important to reiterate the unit of analysis. This study is based on a country or country by industry unit of analysis evidenced by the documentation of entry into countries by firms in the real estate industry. The dependent variable is based on a count of entries into the 90 countries in question. The model, which will be explained below, is based on the number of times a country was entered by firms in the real estate industry. Additionally, all independent variables are based on country data which supports the unit of analysis for the study.

Probit Regression is the technique used in this analysis. Probit analysis is relevant when the response variable has a binary value (Johnston; Tabacknick and Fidell 2007). In this case, the Dependent Variable is Entry or No Entry and, therefore, a link function of the Generalized Linear Model (GLM) is appropriate. Typical linear regressions require that the dependent variable is continuous and not either binary or discrete (Bounded between 0 and  $\infty$ ). More specifically, the probit regression to be modeled:

$$P(Y = 1 \text{ given that } X = x) = \Phi(X'\beta) \quad (1)$$

## RESULTS AND DISCUSSION

	Model 1	Model 2	Model 3	Model 4
Model Significance	0.001*	0.001*	0.001*	0.001*
AIC Value	62.25	59.24	53.21	62.11
Intercept	-8.308	-9.389	-14.97	-20.406
LN_GDP	0.677	0.674	0.549	0.779
Hof_PDI	-0.027	-0.017		-0.01
Hof_IDV	-0.007			0.007
Hof_MAS	0.026			0.01
Hof_UAI	0.035	0.033	0.029	0.036
CPI	-0.769	-0.801		-0.831
IEF	-0.101	-0.073		0.047
Pol_St	0.148	0.171		
Gov_Eff	-0.168	0.283		
Reg_Qlt	3.653	3.109	1.038	
Rule_Law	0.425	0.123		
Aggregat				0.569

Table 1 includes the results of several models of the Probit Regression. The full model (Model 1) tested all variables simultaneously. Model 1 corresponds with Hypothesis 1 which is a test of Institutional Theory in general. H1 is rejected and, therefore, supports, at some level, the notion of mimetic isomorphism and legitimacy factors in this fragmented industry.

Model 2 tests all variables except for Hofstede's Individualism and Masculinity variables which were both insignificant in all iterations of the probit analysis. Although the same three predictors were found to be significant in this model as in the previous one, the AIC value improved (Smaller is better) from 62.25 to 59.24.

Model 3 discriminated against all non-significant predictors and included just those independent variables that held highly significant in Models 1 and 2. This model was both the most significant and parsimonious of all iterations with just an intercept and three predictors. The AIC dropped to 53.21 and the model p-value was <0.0001. Furthermore, the intercept, which was insignificant previously, became highly significant along with the three predictors. Model 3 can be written as:

$$P(Y=1) = -14.97 + .549(LN\_GDP) + .029(Hof\_UAI) + 1.038 (Reg\_Qlt)$$

Model 3 states that the propensity of a country to be entered by a highly fragmented firm is positively related to the country's GDP, Uncertainty Avoidance, and Regulatory Quality. One more model (Model 4) shall be discussed where I aggregated the four Kaufmann variables into one variable—Aggregat. The reasoning behind this is that these four variables measure governance structures both formal and informal. In order to capture the four together, I tested the Probit analysis using all predictors. While the model is highly significant, the AIC score was no better than Model 1. However, the Intercept value is significant in Model 4 as well as the new aggregated value ( $p=.021$ ).

In regard to the seven hypotheses tested, Hypothesis 1 was rejected which is evidence of support of Institutional Theory as previously discussed. Hypotheses 2 through 5 were not supported. Therefore, the Corruption Perceptions Index, Index of Economic Freedoms, Hofstede's Power Distance and Individualism were insignificant, respectively. However, strong support was found for Hypothesis 6 and support was found for Hypothesis 7. Uncertainty Avoidance (Hof\_UAI) was significant in all iterations which shows that as uncertainty avoidance rises, the propensity or probability that a country would be entered rose. Additionally, the institutional factors listed in Hypothesis 7 received support. When the items were tested separately, only Regulatory Quality (Reg\_Qlt) was significant but when the items were aggregated in Model 4, the Aggregat variable was significant.

The results show that Institutional Theory holds up in the face of country entry by firms in a fragmented industry. The most notable findings are the role that uncertainty avoidance and regulatory quality play in the propensity for a nation to be entered. Subsequently, these factors add to the legitimization of nations in the environment because firms act to legitimate not only each other but also the nations that they choose to do business in. The significance of the combined variable in Model 4 which included political stability, government effectiveness, regulatory quality and rule of law is also important because these combined factors can be considered the backbone of institutions both formal and informal.

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