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Askar Choudhury, Illinois State University

In this study, we explore the zoning effect on the value of a house in a certain designated zone. This research estimates the housing value due to the effect of zoning classifications. As a result, this research will help the policy makers to improve long term policy decisions in urban planning. In this paper, we provide evidence of zoning effect on the housing value for two different zoning classifications. We use associative model to explore the effect of zone and understand its impact on the housing value. In particular, statistical significance and magnitude of zone dependent housing factors on the "value of the house" is observed.

ENDOGENOUS TIME INCONSISTENCY CONSTRAINTS ON MANAGERIAL DECISION MAKING

Richard Gregory, East Tennessee State University

ABSTRACT

The paper considers project implementation under a managerial system where the manager is monitored and can be replaced. It is shown that if it is more likely for the current manager to be in charge in the next period than a replacement, that the manager naturally possesses generalized hyperbolic discounting, and thus he faces a time inconsistency problem. Time inconsistent managers appear to lack incentive to undertake projects with immediate costs and long-lasting benefits especially when costs are large. Protection legislation can actually increase the time inconsistency, as managers may be less likely to take on projects that they are not likely to benefit them in the sense of diverting cash flows to pet projects rather than to productive long-term investment.

Keywords: Time inconsistency, Present biasedness, corporate investment, managerial behavior, securities regulation

JEL Classification: C73, D99,G11.

ACCOUNTING ETHICS: ARE ACCOUNTANTS MORE INHERENTLY LIKELY TO CHOOSE IMMORALITY OVER ETHICAL BEHAVIOR THAN ANY OTHER SEGMENT OF SOCIETY?

Melinda C. Kushniroff, Millikin University

ABSTRACT

The rise and fall of the Enron Corporation and other corporations such as Tyco, Health South, set off a long-burning fire under the American social conscience. Clearly, unethical behavior had occurred within Enron and these other companies of corporate America. As a result of this unethical behavior, it was and is necessary to investigate how such behavior occurred. The nature of accounting is key.

In order for ethical principles to apply to companies, it must be shown that they can be considered moral or ethically responsible institutions. Secondly, an adequate discussion can of what business ethics is commonly defined as must be provided before the ethics of lack thereof of accountants may be examined. Third, the role of those same ethical standards must be explained in a business context. Fourth, recent societal preventative measures for unethical practice should be examined. Finally, the contribution of philosophical trends and the current philosophical mood of society must be investigated in order to delve into the mindsets of those who perpetrate such acts as society seeks to condemn. Such investigation will show that the downfall of the financial greats should have been as unexpected as it appears to have been, rather the infiltration of postmodern thinking all aspects of daily should have been the first and most obvious warning sign of future events.

THE UNWANTED EFFECTS OF THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) ADOPTION: EVIDENCE FROM DEVELOPING COUNTRIES

Lasmin, Ritsumeikan Asia Pacific University

ABSTRACT

The year 2010 witnessed two major business phenomena in the world. First, an unprecedented degree of consensus among more than 120 countries to require or permit the use of International Financial Reporting Standards (IFRS) in their jurisdictions and; Second, for the first time in history Foreign Direct Investment (FDI) in developing countries reached a half of global investment inflows that are expected to lift up to over $2 trillion in 2012. When the International Organization of Securities Exchange Commissions (IOSCO) ratified International Financial Reporting Standards (IFRS) in 2002, FDI inflows started to grow from $0.6 trillion to $1 trillion in 2005. Furthermore, when the European Union (EU) required its member to use IFRS in 2005, FDI inflows has doubled and reached its peak in 2007 at more than $2 trillion. The global trade also experienced the same increasing trend. Assuming that adopting IFRS promotes higher comparability and transparency of accounting information, the bigger question is does adopting IFRS affect countries' FDI inflows and values of international trade?

To answer this question, we examine the effects of IFRS adoption on international trade and FDI inflows in developing countries. After controlling for generally accepted determinants of FDI inflows and international trade, we find a contradictory fact that developing countries adopting IFRS are unlikely to experience higher FDI inflows and international trade.

INTRODUCTION

Recently, 123 countries has either required or permitted the use of International Financial Reporting Standards (IFRS) in their jurisdictions, indicating the diffusion of IFRS has been taking of substantially (IASPlus, 2010). It appears that the global convergence of national accounting standards and International Accounting Standards (IAS, superseded by IFRS) has been successfully achieved (IASB, 2007). The International Accounting Standards Board itself maintains that IFRS is perceived as "a single set of high-quality, understandable and enforceable accounting standards that require high quality, transparent and comparable information in financial statements and other financial reporting to help participants in the world's capital markets and other users make economic decisions" (IASB, 2007, p. 4). As a result of rapid diffusion of IFRS, it is expected that countries adopting IFRS would have higher degree of transparency and comparability of financial reporting, decrease asymmetric information and at the end attract more investment and foster higher international trade.

The International Accounting Standard Board (IASB) maintains that the acceptance of IFRS represents unification of business language and institutions, which increase the quality of economic information that could help investors, firms, and governments to make better economic decisions. Reasonably, countries turn to IFRS to attract more international investment and trade. Unfortunately, not only adopting IFRS requires high costs of newly established institutions, regulations, infrastructure, and the acceptance that national standards are usurped by international standards, but also although the arguments of adoption of IFRS results in economic benefits are strong and reasonable, little supporting empirical evidence has been found. Botswana, Haiti, Nepal, Panama, Papua New Guinea, Tajikistan, and Venezuela are among countries that substantially adopt IFRS yet have not able to obtain desirable economic benefits from the adoption (Lasmin, 2011). This phenomenon raises an important question: Do countries adopting IFRS really enjoy higher value of international trade and attract higher value of investment? Hence, it is important to study whether IFRS adoption has been playing catalytic roles in promoting international investments and trade in developing countries.

FRAMEWORK AND METHODOLOGY

For countries adopting IFRS, the higher the degree of harmonization with IFRS the bigger the benefits they can exercise because the extent of the harmonization influences the extent of cost of capital of investors and at the same time, the extent of efficiency of financial reporting of reporting entity. By harmonizing national accounting standards with IFRS has been successful, investors do not have to perform additional works in order to obtain desirable financial information. Likewise, reporting companies do not have to do extra works to produce a higher quality and comparable financial statements.

What probably overlooked by the proponents of the globalization of IFRS is that most of developing countries share business characteristics that could limit the realization of the expected benefits associated with adopting IFRS. While IFRS adoption seems reasonable for developed countries where the cost of information collection and financial reporting can be reduced, for developing countries the same expected economic benefits might not be able to be exercised due to several constraints associated to their accounting professions, companies and investors, and accounting standards setters.

Accounting professions in developing countries that in general possess insufficiently developed skills to meet international standards, would suffer from deficient knowledge and interpretation on especially newly enacted standards, that in turn would lead to unreliable financial reporting and auditing. Furthermore, companies may be faced with high costs of changing from one set of standards with little or no correspondent benefits (Roberts, Weetman, & Gordon, 2002) and their business and economic circumstances may not be faithfully represented by the prescribed accounting procedures of the global standards. Moreover, investors relatively do not have adequate expertise and skills to understand the basis on which the financial statement is produced. In addition, the potential benefits of adopting international standards might not be materialized because of weak interpretation and implementation. In developing countries, the issue of government is prominent, rules are often misinterpreted. The result is the comparability of accounting standards may not lead to the comparability of actual financial reporting practices.

HYPOTHESES

Previous section makes it clear that in developing countries there are considerable difficulties in exercising economic benefits from IFRS adoption. Consequently, IFRS that is crafted by developed countries and supported by international organizations and multinational enterprises might not suitable for developing countries. Even if implementing IFRS might increase the comparability and transparency of national financial reporting, for developing economies, the high degree of disclosure will tend to negatively contribute to national competitiveness because their disadvantages will be vividly revealed. Furthermore, the standards that are used to reveal their weaknesses are out of their controls because the standards are created by and for developed economies.

Hence, our hypotheses comprise:

H1. Developing countries adopting IFRS do not experience higher international trade.
H2. Developing countries adopting IFRS do not experience higher FDI inflows

RESEARCH DESIGN

Research Model

Inspired by a Cobb-Douglas production function where a country's level of production is the function of its respective capital, labor, and efficiency parameter (Cobb & Douglas, 1928), (Xu & Wang, 2000), (Bitzer & Gorg, 2008), we apply these inputs and parameter as control variables in estimating the effects of IFRS adoption on international trade and investment.

We then use an ordinary least square (OLS) estimation, which is defined as:

$$Y = \beta_0 + \beta_1 IFRS_i + \beta_2 INC_i + \beta_3 POP_i + \beta_4 ICT_i + \beta_5 GOV_i + \beta_6 REGi + \beta_7 GROUP_i + \varepsilon_i$$

where: Y is the values of FDI inflows, Exports, or Imports; β_0 is the intercept; β_1-β_4 are the slopes/regression weighs that represent the relationships between dependent variable and independent variables; and *ADOPTION* is countries` degree of IFRS adoption, *INCOME* is countries` GDP per capita, *POPULATION* is countries` total population, *ICT* is the countries` degree of information and communication technologies, *GOV* is Countries` level of governance, *REG* and *GROUP are* additional control variables for the location and income groups of selected countries.

Variables

Dependent variable, which represents the value of FDI inflows, Exports and Imports in 2009, retrieved from the World Bank`s World Development Indicators (World Bank, 2010). The independent variable, the level of adoption of IFRS, is retrieved from Deloitte - IASPlus (2008) report surveying current status of the adoption in a wide variety of jurisdictions as of 2008. Consistent with (Hope, Jin, & Kang, 2006) and (Judge, Li, & Pinsker, 2010), a country is codified "1" if it fully adopts IFRS, where all listed domestic and international firms are required to use the standards; otherwise it is codified "0".

For controlling variables, we select 2008 GDP per capita as a proxy for capital, 2008 total population as a proxy for Labor, 2008 internet subscription as a proxy for Information and Communication Technology (ICT) parameter, and 2008 levels of freedom from corruption as a proxy for countries` levels of governance. We also add the two dummy variables, namely countries` region and income group. Level of governance is retrieved from the 2008 Fraser Institute`s Economic Freedom annual report (Gwartney & Lawson, 2008). Other controlling variables are collected from the World Bank`s World Development Indicators (World Bank, 2010).

RESULTS AND CONCLUSION

We use UNDP's Classification of countries report (UNDP, 2010) to separate developing countries from developed countries. We then run the check on the availability of data on each country and exclude countries whose data are missing. In total complete data of 48 developing countries are able to be collected (see Table 1). The sample consists of relatively balance representation of countries` status toward the adoption of IFRS: 26 adopters and 22 non-adopters, which we believe it provides a fair depiction of current status of IFRS and covers developing countries from all continents.

Table 2 shows that the effects of adopting IFRS are significant for all dependent variables and negatively signed, suggesting that all hypotheses are supported. The results show that the effects of the decision to adopt IFRS on the volume of FDI inflows and international trade are considerably unenthusiastic. Developing countries experience declining FDI inflows one year after they decided to embrace IFRS. Likewise, countries adopting IFRS also have to accept the facts that their values of export and import do not increase as previously expected.

Table 1: Countries Sampled and Their Adoption Status							
Adopters				Non Adopters			
Armenia Bahrain Botswana Chile Croatia Egypt Fiji	Georgia Ghana Guyana Hong Jamaica Jordan	Kazakhstan Kenya Kyrgyztan Lebanon Macedonia Mauritius Namibia	Nepal Panama Peru Serbia South Africa Ukraine	Argentina Bangladesh Brazil China Colombia Cote d'Ivoire	Ecuador India Indonesia Korea, Rep. Malaysia	Mexico Pakistan Philippines Russian Fed. Saudi Arabia Singapore	Sri Lanka Thailand Tunisia Turkey Vietnam

Table 2: Regression Results						
Variable	DV: FDI		DV: EXPORT		DV: IMPORT	
	Coefficient	t-value	Coefficient	t-value	Coefficient	t-value
ADOPTION	-.9080047	-1.96***	-1.575832	-4.63*	-1.315056	-4.39*
GDP	.0001205	1.56	.0001121	1.99***	.0001045	2.11**
POP	2.63e-09	1.60	1.54e-09	1.29	1.80e-09	1.71***
ICT	2.56e-09	0.28	6.78e-09	1.01	4.89e-09	0.83
GOV	.003852	0.16	-.0042818	-0.25	-.0061911	-0.41
REG	-.1674625	-1.42	-.1173639	-1.37	-.1057255	-1.40
GROUP	-1.107877	-1.00	-..0174033	-0.02	-.0908842	-0.13
Intercept	22.72419	15.87	24.69801	23.66	24.84235	27.04
F value	5		12.21		12.36	
R-squared	.4730		.6923		0.6948	
Adj R-squared	.3784		.6356		0.6386	
Note: *p<0.01; **p<0.05;***p<0.1						

The results suggest that IFRS that is crafted by developed countries and appears to work well in those countries (Marques-Ramos, 2008), might not able to create the same relationship in developing countries because of different socio-economy and political-economy environments (Lasmin, 2011). Finally, we concede that the results of our study should be interpreted carefully due to several limitations. First, we heavily rely on archival data. The decision of countries to adopt or not to adopt IFRS must be examined further by revealing the real motives and by expanding the definition of adoption. Second, considering that the effects of adopting IFRS might change over time, investigating the diffusion of IFRS and its impacts in a longer observation period and bringing new models or more variables in would improve the quality of our study.

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NEW DEVELOPMENTS IN FINANCIAL REPORTING WITH XBRL

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ABSTRACT

Extensible Business Reporting Language (XBRL) is drastically changing financial reporting. It is an electronic business reporting computer language that makes financial reporting cheaper, faster, and more accurate. It is rapidly gaining worldwide acceptance and promises to radically change accounting and business reporting. The Small Business Administration, the SEC, and numerous other agencies are now requiring that financial reports be submitted in XBRL. This paper provides an overview of the new language, discusses its benefits, and summarizes its future impact on accounting and business.

INTRODUCTION

American business is faced with rapid change in the way financial information is communicated. Historically, companies have spent extensive time and resources producing financial statements with a variety of software applications. Companies often spend time creating financial documents and then those documents have to be recreated when a recipient receives them and needs them in a different format. For example, assume a company submits a set of financial statements in Excel to a bank for a loan. Assume also that the bank has a software program that it uses to analyze all submitted financial statements. The bank would have to input the information from the statements so that its program could analyze the data. If both the potential borrower and the bank had XBRL capability, the statements would be submitted in XBRL and the bank's XBRL program could read and analyze the statements without having to recreate the statements. Thus, XBRL promises to provide for increased speed and standardization of the financial reporting process. It is already significantly changing the business and reporting environment.

XBRL was developed in 1998 by Charles Hoffman, who was a CPA from Tacoma, Washington. Hoffman recognized that the computer cannot distinguish among different terms for the same concept. For example, the computer cannot make a distinction among terms like "merchandise", "inventory", and foreign terms for inventory. To overcome this problem, he developed a tagging system for accounting data. He took the idea to the AICPA and it was fully embraced by that organization. In 2006, because of his work with XBRL, the AICPA gave Hoffman the AICPA Special Recognition Award.

THE ROOTS OF XBRL

The official definition of XBRL from the XBRL International Web site is that it is a "language for the electronic communication of business and financial data, which is revolutionizing business reporting around the world." To understand XBRL, it is useful to trace its development. The roots of XBRL can be traced to the creation of HTML (Hypertext Markup Language). As the internet developed, HTML became the standard language to build web pages. HTML uses information enclosed in tags to build HTML elements. A piece of information enclosed in tags can be illustrated as <a>. The first tag is called opening tag and the second tag is the closing tag. Web designers use the information enclosed in the tags to create text, tables, etc. In HTML, the web browser interprets the information of the web page as it reads the HTML documents.

As powerful as HTML is, it does not lend itself to searching, analysis, and manipulation of information. When businesses began sharing data over the internet, a better tool was needed. XML (Extensible Markup Language) was invented to meet this need. Like HTML, XML uses a tagging system to transmit content. However, while HTML focused on presentation, XML focused on categorization, storage, and transport of this content. XML's popularity stems primarily from the fact that it is compatible with the Internet. As a result, Extensible Markup Language rapidly gained in popularity in the information technology community.

The term "extensible" refers to the fact that the information can be expanded or added in order to provide more meaning and usefulness. "Markup" refers to the fact that the data are enclosed in tags. Because of the tagging system, XML was tailored for business reporting. As an example, assume that an item such as the balance of an inventory account is to be stored in an XML document. This information would be tagged in an XML documents as: <Inventory>648265257</Inventory>.

In this example, the piece of data 648265257 is enclosed in tags. <Inventory> is a beginning tag and </Inventory> is an ending tag. The tags that surround the data differentiate it from other pieces of information. A tag set and its contents are called an "element." The raw information is changed to useful information when it is enclosed in tags.

TRANSITION TO XBRL

Charles Hoffman used XML as a foundation to create XBRL. He took XML and formulated XBRL as a special purpose language of XML. XML thus provides the foundational tools to build XBRL. XBRL focuses these XML tags for use with business and financial data. With XBRL, blocks of text and individual numbers can now be assigned tags that can then be read by computers, assimilated, and compared using automated technology.

XBRL provides its own special set of rules in order to build financial reporting documents. What makes XBRL different from XML is that the XBRL vocabulary is established by a standards committee. XML, by contrast, is a language, not a standard. Using the standard

XBRL vocabulary, business transactions and operations can be reported in a uniform way. Output can also be translated into human-readable form using specially created browser software. This makes human understanding and analysis of the data much easier.

The benefits of XBRL have long been compared with those brought by the adoption of barcodes in the retail distribution supply chain. XBRL standardizes business and accounting data just like the barcode standardizes product descriptions. An easy way to conceptualize XBRL is to compare it to an item of inventory that has a bar code. The bar code is used to identify the item and track it from the time it is manufactured until it is ultimately sold. In the same way, XBRL tags enable data to be traced from the creation of that data until it ultimately shows up on a financial document. A final document that is created in XBRL is called an "instance document."

BENEFITS OF XBRL

Because it standardizes the way information is presented, XBRL substantially improves the ability to access financial information. The fact that the information is standardized enhances consistency across organizations. When data is transmitted from one organization to another, both the sender and the receiver's software will interpret the information in the same way. There is no need for the receiver to manually intervene and reformat the data for its particular software.

The advantages for companies that must prepare or analyze financial information are numerous. Companies are able to compare and analyze the financial data of other companies quickly and efficiently. In addition, since the information is standardized, large amounts of data can be queried and manipulated.

Another major advantage of XBRL involves searching for data on the internet. Since the data is standardized by XBRL tags, a search engine will limit the search to the specific financial information enclosed in those tags. Without the tags, the search engine will find numerous sites that are unrelated to the information being requested.

THE SEC'S MOVE TO XBRL

The SEC realized the tremendous benefit of standardizing financial information. It recognized that if public filings were submitted with XBRL tags, it would enable users to more easily access financial data. In 2008, the SEC issued a new rule that required companies to submit their financial statements in XBRL format. The rule put in place a graduated phased-in schedule that would take place over three years. In the first phase, the 500 largest companies with a public float of five billion or more were required to file in XBRL starting in June of 2009. The next phase required corporations with a common stockholder's equity of at least $75 million to file in XBRL starting in June 2010. The third phase required that all remaining public companies file in XBRL in June 2011.

INTERNATIONAL IMPLICATIONS

As XBRL gained credibility and recognition in the U. S., other countries recognized its value and moved toward adoption and implementation. In 2001, an international conference on XBRL was held and ten countries participated. Out of this conference, XBRL International was formed. XBRL International is a not-for-profit organization that works to advance and standardize XBRL internationally. The organization now has hundred of members. The European Union has also invested substantial resources to promote the adoption of XBRL.

IMPLICATIONS FOR SMALL BUSINESS

XBRL is also having a profound impact on small business. XBRL software is now included in most small business accounting systems. It is moderately priced and requires no license fees like most software. More and more government agencies are requiring that financial data be submitted in XBRL format. Large vendors and many suppliers are also accepting financial documents such as purchase orders in XBRL. The Small Business Administration now requires that XBRL be used in loan applications that include cash flow projections.

CONCLUSION

XBRL is a new way of standardizing the formatting of financial information. Some have called it a new paradigm for producing financial statements and a new way to conceptualize and communicate data. As the accounting profession moves toward international standards, there is an increased need to minimize differences in the presentation of financial information.

Extensible Business Reporting Language represents opportunities to improve the timeliness, consistency, accuracy, and cost of producing financial information. It will be important for the accountant of the future to understand XBRL and be able to use the new language. XBRL promises to radically change accounting and business reporting.

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SOLVING FOR THE TIME DISPARITY CROSSOVER POINT

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ABSTRACT

When two capital budgeting alternatives are mutually exclusive and have a time disparity of cash flows, a conflict can occur between the NPV and IRR for the two projects. One project can have a higher NPV and the other project can have a higher IRR. The indifference point is the crossover point for the two NPV's in the NPV profile. If the reinvestment rate for future cash flows is above or below the crossover point, the project with the higher NPV at that point is preferred. This paper shows how to determine the crossover point in the NPV profile.

THE TIME DISPARITY PROBLEM

One of the problems in capital budgeting arises when two projects are mutually exclusive and the two projects exhibit time disparity. Time disparity occurs when one project has relatively large cash flows early in the life of the project and the other project has relatively large cash flows at the end of the life of the project. Of course, if the two projects are not mutually exclusive and if both projects have positive NPV, that is, if both projects have an IRR greater than the cost of funds, both projects would be accepted in the capital budget. However, if two projects are mutually exclusive, it is possible to have a conflict between the NPV and the IRR for the two projects. That is one project has the higher NPV while the other project has the higher IRR. Thus, the corporate financial decision-maker does not have a definitive answer for which project to accept. Brigham and Davies (2010, page 419) further define the problem by observing that "a conflict exists if the cost of capital is less than the crossover rate."

The resolution of the conflict that arises from the time disparity problem coupled with the mutually exclusive problem derives from the NPV profile. The NPV profile is the graph of the NPV for each project for different discount rates. The x-axis for the NPV profile is the discount rate and the y-axis the NPV for each project at the different discount rates. The NPV profile for each project crosses the y-axis at the intercept if the discount rate is zero percent. At a zero percent discount rate, the financial decision maker simply totals the future cash flows and subtracts the costs of the project. This calculation is the y-axis intercept. The x-axis intercept, the point at which the NPV for each project is zero, is the IRR for each project. In the examples used in this paper, the two NPV profiles intersect. The intersection, crossover, point is the critical reinvestment rate for future cash flows. This intersection is the point at which the NPV for both projects is the same.

A TIME DISPARITY PROBLEM EXAMPLE

The cash flows assumed for the two projects used as examples in this paper are shown in Table 1. The NPV and IRR computations are in Table 1, also. Project A has larger cash flows in the early years of the life of the project and Project B has larger cash flows later in the life of the project. Both projects have a cost of $25,000 and a cost of capital of eight percent (8%). The NPV for Project A is $3,171 and the NPV for Project B is $4,650. The IRR for Project A is 16.38% and the IRR for Project D is 13.38%. Thus, the time disparity conflict results since Project B has the greater NPV and Project A has the higher IRR. Thus, a conflict results because, according to the NPV decision rule, the financial decision maker should select Project B and according to the IRR decision rule, the financial decision maker should select Project A. Obviously, this conflict is problematic since financial decision makers need unequivocal decision rules.

Table 1: Annual Cash Flows Time Disparity Problem Example

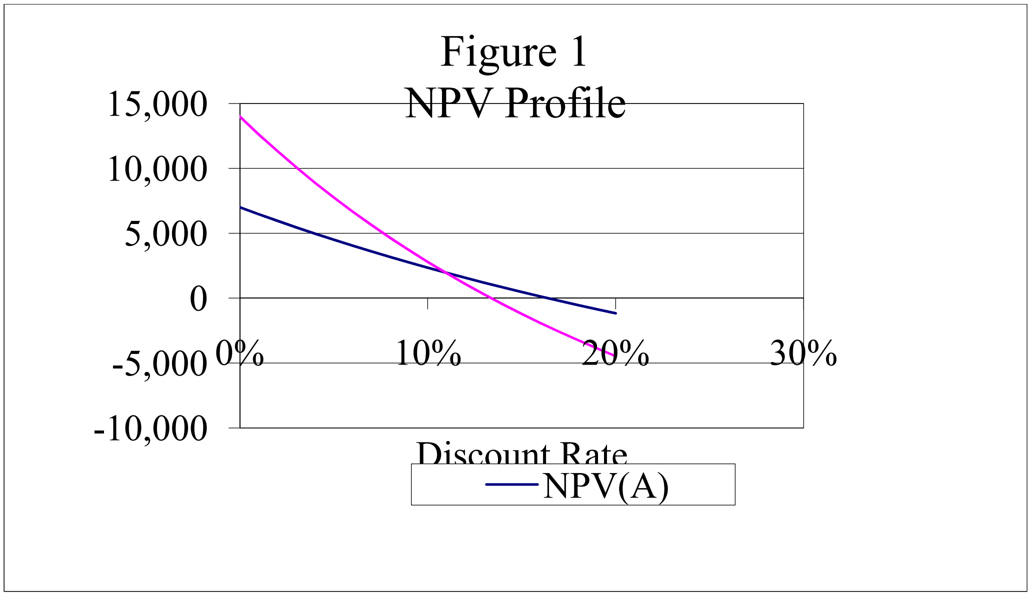
MCC	8%	8%
Year	Project A	Project B
0	-25000	-25000
1	18000	2000
2	8000	3000
3	4000	4000
4	2000	30000
NPV	3,171	4,650
IRR	16.38%	13.38%

THE NPV PROFILE

Table 2 contains the NPV computations for Project A and Project B at discount rates ranging from zero percent to twenty percent using the cash flow projections in Table 1. The NPV profiles for Projects A and Project B are in Figure 1. At twenty percent, both projects have NPVs less than zero so no further graphing is necessary because at any discount rate above twenty percent both projects would be rejected. The calculations show the present value of Project A and Project B assuming different discount rates. Eleven percent (10.9393%) is the cross-over point at which both projects have the same NPV. The crossover point is the indifference point at which the financial decision maker is indifferent between the two projects. At a discount rate below eleven percent, project B has the higher NPV and at a discount rate above eleven percent, Project A has the higher NPV. As the financial decision maker can see from the NPV profile, at discount rates below the intersection point, project B has the higher NPV and at discount rates above the intersection point, Project A had the higher NPV.

Table 2: Annual Cash Flows NPV Profile Calculations

Discount Rate	NPV(A)	NPV(B)
0%	7,000	14,000
1%	6,468	12,633
2%	5,953	11,329
3%	5,454	10,085
4%	4,970	8,897
5%	4,500	7,762
6%	4,044	6,678
7%	3,601	5,642
8%	3,171	4,650
9%	2,753	3,701
10%	2,346	2,793
11%	**1,951**	**1,923**
12%	1,567	1,090
13%	1,193	291
14%	829	-475
15%	475	-1,210
16%	130	-1,915
17%	-206	-2,592
18%	-534	-3,242
19%	-854	-3,867
20%	-1,165	-4,468



Note: The NPV profile is based on cash flow projections from Table 1. The numbers used in the graph are from Table 2. The above calculations show the present value of Project A and Project B assuming different discount rates. Eleven percent (10.9393%) is the crossover point at which both project have the same NPV. The crossover point is the indifference point. At a discount rate below eleven percent, project B has the higher NPV and at a discount rate above eleven percent, Project A has the higher NPV.

COMPUTING THE NPV PROFILE INDIFFERENCE

Table 3 contains the computations necessary to determine the discount rate, at the intersection point, at which the NPV of Project A equals the NPV of Project B. The difference in annual cash flows is determined for each year of cash flows between Project A and Project B. For Year One, the Cash Flow for Project A of $18,000 minus the Cash Flow for Project B of $2,000 which is equal to $16,000. The annual cash flow difference is computed and the IRR is calculated for this cash flow stream, which in this example is 10.9393%. That is, if future cash flows are reinvested at a rate above 10.9393%, then the financial decision maker should choose project A. If the anticipated reinvestment rate is below 10.9393%, the financial decision maker should choose project B. At a discount rate below 10.9393%, project B will have the higher terminal value. And at a discount rate above 10.9393%, project A will have the higher terminal value.

Table 3: Annual Cash Flows NPV Profile Crossover Point		
NCF(A)	NCF(B)	Difference
18000	2000	16000
8000	3000	5000
4000	4000	0
2000	30000	-28000
	IRR	10.9393%

SUMMARY AND CONCLUSIONS

The time disparity problem results from having two mutually exclusive projects for which one project has relatively large cash flows early in the life of the project and the other project has relatively large cash flows late in the life of the project. One project has a higher NPV and the other project has a higher IRR. Thus, no unequivocal decision rule is available to the financial decision maker. The average rate at which future cash flows from two projects can be reinvested. The NPV Profile can be sued to select one project over the other. The NPV profile, which is a graph of the NPV for each project at different discount rates, can be used to resolve the time disparity problem. If the anticipated future reinvestment is greater than the indifference point Project B is selected otherwise, the alternative project, Project A, is selected.

The rationale for these decisions is based on the anticipated investment opportunity set available to the financial decision maker. If the anticipated investment opportunity set has lower return projects, the financial decision maker would want to keep cash flows invested in higher return projects such as Project B for as long as possible. If the anticipated investment opportunity set has high return projects, the financial decision maker would want to receive cash flows sooner so that anticipated high return investments can be implemented before those high return opportunities are lost. Alternatively, in times of financial distress, the firm may need to invest in projects with higher cash flows earlier in order to avoid bankruptcy from a lack of cash.

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G7 EQUITY INDEX REACTION TO THE 2008 FINANCIAL CRISIS

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ABSTRACT

The 2008 global financial crisis had far-reaching effects in the international equity markets. While the crisis had its origins in the US mortgage market, the resulting economic impact was widespread. This paper examines the changes in risk, return and cross-market correlation in the G7 national equity indexes before, during and after the 2008 global financial crisis. We find that daily returns of G7 equity indexes dropped more than 0.35% and risk measures more than doubled during the crisis period. Index returns recovered and standard deviations dropped after the crisis, but risk did not fall to pre-crisis levels. Cross-market correlations indicate consistently lower correlations between the Japanese market and the remaining G7 countries suggesting a persistent diversification benefit in global portfolios.

INTRODUCTION

Shocks to financial markets come in all forms from oil price shocks to monetary tightening. Since the late 1980s, there have been several significant shocks to select markets which were transmitted to other capital markets. A few worth noting are the 1987 US Stock Crisis, 1994 Mexican Crisis, 1997 Asian Crisis, the 2001 terrorist attacks, and recently the 2008 global financial crisis. The first signs of the crisis became evident in early 2007 with the Federal Home Loan Mortgage Corporation (Freddie Mac) announcement that it would no longer buy the most risky subprime mortgages and mortgage-related securities. Throughout the rest of 2007 and early 2008, the US Federal Reserve implemented a series of rate cuts and extraordinary liquidity measures to support the markets and cushion the effects of the growing mortgage crisis. On September 7, 2008 the Federal Housing Finance Agency (FHFA) placed Fannie Mae and Freddie Mac in government conservatorship. At the same time, the U.S. Treasury announced the purchase of preferred stock, a secured lending facility and a temporary program to purchase mortgage backed securities (Federal Reserve 2010). One week later, Bank of America announced its $50 billion purchase of Merrill Lynch & Co. and Lehman Brothers filed bankruptcy. The 2008 crisis was similar to the Asian crisis with its roots in excessive risk in the debt markets (Chatterjee, Ayadi, and Maniam ,2003).

Although the origins of the 2008 financial crisis arguably are based in the US mortgage markets, the results have been far reaching. Each of the G7 countries exhibit negative average daily returns during the crisis period. The purpose of this paper is to investigate the changes in risk and return measures for each of the G7 national equity indexes from January 2006 through

March 2010. Additionally, the differences in cross country correlations are used to identify changes in market interactions.

The next section reviews some of the literature relevant to the reaction of global equity markets to financial shocks and the transmission of financial information between world markets. Section 3 describes the objectives of this study and Section 4 describes the G7 data used. Methodology is explained in Section 5. The next section presents the empirical results. Conclusions and suggestions for further research are given in the final section.

LITERATURE

The integration of financial markets and the transmission of economic shocks across markets has been the focus of considerable research for many years. The occurrence of a series of financial crises has provided frequent opportunity to evaluate the reactions of markets to shocks. Much of the previous research stems from an underlying assumption of market efficiency between similar markets. The absence of market integration is interpreted to suggest the availability of a diversification benefit in a global portfolio (Gonzalez-Rozada and Yeyati (2008), Phengpis, Apilado and Swanson (2004)). Changes in market integration during times of crisis provide insight into the pricing of new information across related markets (Caporale, Pittis, and Spagnolo (2006)).

OBJECTIVES

The purpose of this paper is to evaluate changes in market risk, return and cross market correlations before, during and after the 2008 financial crisis. The paper describes return and risk characteristics for the G7 national equity markets for the period January 1, 2006 through March 31, 2010. The 2008 financial crisis period is defined from failure of Fannie Mae and Freddie Mac (September 7, 2008) through the first repayment of Troubled Asset Relief Program (TARP) (March 31, 2009). The pre-crisis period covers January 2006 through September 6, 2008. Although the financial crisis cannot be considered ended in March 2009, the first redemptions of preferred shares under the Capital Purchase Program of TARP signaled an initial movement toward recovery. The paper utilizes a differences between means model to identify the impact of financial crises on national equity markets risk, return and correlations.

DATA AND METHODOLOGY

The data used consists of daily MSCI index levels for the G7 national equity indices (Canada, France, Germany, Italy, Japan, UK & US) for the period January 1, 2006 through March 31, 2010. The daily returns are calculated as the difference in the natural logs at time t and $t-1$. A 2-day average return is evaluated. January 2006 through early September 2007, the pre-crisis period, was a time of increasing uncertainty in the financial markets. During this period, four of the G7 countries had negative average daily returns: USA, UK, Italy, and Japan. During the crisis period, all seven indexes had negative returns and each index showed positive returns in the recovery period. The US exhibits the lowest standard deviation of returns of the individual countries studied. This is seen in the pre-crisis and crisis recovery periods. During the crisis period, Japanese returns showed the lowest risk, even though Japan had the highest standard deviation in the pre-crisis period. Canadian returns were riskiest in the crisis and recovery periods. The average returns of all indexes are normally distributed (Jarque-Bera) over the full period and each subperiod.

Table 1: Descriptive statistics for each series and time period

This table details the descriptive statistics for the G7 national equity indexes.

	Full Period (N=1171)		Pre-crisis (N=698)		Crisis (N=147)		Post-crisis (N=261)	
Index	**Mean**	**Std Dev.**	**Mean**	**Std Dev.**	**Mean**	**Std Dev.**	**Mean**	**Std Dev.**
Canada	0.0101	1.4171	0.0344	0.8750	-0.3655	2.9588	0.2010	1.2557
France	-0.0227	1.3370	0.0106	0.8678	-0.3439	2.6171	0.1520	1.1454
Germany	-0.0074	1.3191	0.0336	0.8553	-0.3814	2.6050	0.1518	1.1964
Italy	-0.0531	1.3970	-0.0151	0.7804	-0.4265	2.8047	0.1460	1.2317
Japan	-0.0310	1.0983	-0.0285	0.9176	-0.2367	2.0174	0.1103	0.8243
United Kingdom	-0.0250	1.2807	-0.0070	0.8116	-0.3681	2.6577	0.1728	1.0651
USA	-0.0162	1.0547	-0.0015	0.6417	-0.3031	2.2726	0.1497	0.8117

First, differences between national means are calculated for the periods before, during and after the financial crisis. T-tests based on equal variances and unequal variances are calculated to determine the statistical significance of the differences. An F-test evaluates the equality of the variances. The results shown are based on equal variances where appropriate and unequal variance otherwise. Additionally, the correlations of the returns for each country pair are calculated for each time period. The Fischer r to z transformation is used to calculate the differences and significances between the correlations.

Table 2: Mean daily returns and differences between means by period

This table shows the mean daily returns for the G7 national indexes in the pre-crisis (Jan06-Sept08), crisis (Sept08-Mar09), and crisis recovery (Apr09-Mar10) periods. Differences between the means are shown with significance levels.

Variable	**Pre-crisis** (N=698)	**Crisis** (N=147)	**Post-Crisis** (N=261)		**Crisis minus Pre-crisis**		**Post-Crisis minus Crisis**		**Post-Crisis minus Pre-Crisis**	
Canada	0.0344	-0.3655	0.2010		-0.3999	a	0.5665	a	0.1666	b

Table 2: Mean daily returns and differences between means by period

This table shows the mean daily returns for the G7 national indexes in the pre-crisis (Jan06-Sept08), crisis (Sept08-Mar09), and crisis recovery (Apr09-Mar10) periods. Differences between the means are shown with significance levels.

Variable	Pre-crisis (N=698)	Crisis (N=147)	Post-Crisis (N=261)		Crisis minus Pre-crisis		Post-Crisis minus Crisis		Post-Crisis minus Pre-Crisis	
France	0.0106	-0.3439	0.1520		-0.3545	a	0.4959	a	0.1414	b
Germany	0.0336	-0.3814	0.1518		-0.4150	a	0.5331	a	0.1181	c
Italy	-0.0151	-0.4265	0.1460		-0.4114	a	0.5725	a	0.1612	b
Japan	-0.0285	-0.2367	0.1103		-0.2082	c	0.3470	b	0.1388	b
UK	-0.0070	-0.3681	0.1728		-0.3611	a	0.5409	a	0.1798	a
United States	-0.0015	-0.3031	0.1497		-0.3015	a	0.4528	a	0.1513	a

Significance levels are: a=1% , b=5% , c=10% ; Differences between means represent chronological change

EMPIRICAL RESULTS

Table 2 shows the mean daily returns and differences between the means for each of the G7 countries in the period before, during and after the 2008 financial crisis. The difference between means represents the chronological difference between means. In particular, the average daily US return in the crisis period was -0.3031 and the average pre-crisis return was -0.0015. The difference between these means, crisis period minus pre-crisis period is -0.3015. This difference indicates that average daily returns fell 0.3015% from the pre-crisis period to the crisis period. The US return increased 0.4528% in the crisis recovery period. The third column of differences shows the change from the pre-crisis period to the crisis recovery period. In the case of the US, returns increased 0.151% from pre-crisis to recovery.

The global nature of the 2008 financial crisis is evident in the differences between means shown in *Crisis minus Pre-Crisis*. Average daily returns for all of the indexes studied declined during the crisis period. The average decrease in returns was 0.35%, with Germany and Italy exhibiting the greatest drops. All indexes showed sharp increases from crisis to recovery with 4 of 7 posting gains in excess of 0.5%. Returns on the Japanese market were least effected in the crisis period (-0.208) and showed the smallest increase during the recovery period (0.347). Over the entire period, all equity indexes showed increases in daily returns.

Table 3: Cross market correlations, differences and significance										
		Pre-Crisis	*Crisis*	*Post-Crisis*	*B-A*		*C-B*		*C-A*	
		(N=698)	*(N=147)*	*(N=261)*						
FRA	CAN	0.567	0.708	0.761	0.140	a	0.053		0.193	a
GER	CAN	0.543	0.686	0.781	0.143	a	0.095	b	0.238	a
IT	CAN	0.524	0.682	0.757	0.159	a	0.075	c	0.234	a
JP	CAN	0.113	0.324	0.043	0.211	a	-0.281	a	-0.070	
UK	CAN	0.588	0.724	0.751	0.136	a	0.027		0.163	a
USA	CAN	0.562	0.753	0.780	0.191	a	0.027		0.218	a
GER	FRA	0.953	0.926	0.969	-0.027	a	0.043	a	0.016	a
IT	FRA	0.918	0.959	0.961	0.041	a	0.002		0.042	a
JP	FRA	0.198	0.350	0.073	0.152	b	-0.278	a	-0.126	b
UK	FRA	0.917	0.949	0.925	0.032	a	-0.024	b	0.008	
USA	FRA	0.426	0.544	0.680	0.118	b	0.136	b	0.254	a
IT	GER	0.905	0.880	0.933	-0.025	c	0.053	a	0.029	a
JP	GER	0.208	0.307	0.054	0.099		-0.253	a	-0.154	b
UK	GER	0.881	0.875	0.916	-0.007		0.042	b	0.035	a
USA	GER	0.400	0.620	0.682	0.220	a	0.062		0.282	a
JP	IT	0.169	0.365	0.076	0.196	a	-0.288	a	-0.093	c
UK	IT	0.854	0.913	0.886	0.059	a	-0.028	c	0.032	b
USA	IT	0.388	0.495	0.681	0.107	c	0.186	a	0.293	a
UK	JP	0.166	0.355	0.080	0.189	b	-0.275	a	-0.086	
USA	JP	-0.023	0.006	-0.067	0.028		-0.072		-0.044	
USA	UK	0.426	0.542	0.643	0.115	b	0.101	c	0.217	a
Significance levels are: a=1% , b=5% , c=10%; Differences between means represent chronological change										

Cross market correlations and the differences between these correlations are shown in Table 3. The results show evidence of high correlations among European countries and consistently lower correlations between Japan and the remaining G7 members. This persistent relationship may support the availability of a diversification benefit in a global portfolio, even in times of crisis ((Gonzalez-Rozada and Yeyati (2008), Phengpis, Apilado and Swanson (2004)). In the crisis period, cross market correlations generally increased, except between Italy/Germany and France/Germany. Even though these correlations declined slightly, the overall level of correlation remained high. In the crisis recovery period, correlations increased in 14 of 21 pairs and declined in 7 pairs. Interestingly, Japanese pairs accounted for five of the seven drops

(Canada, France, Germany, Italy and UK) and the UK was involved in the remaining two (Italy, France). Over the entire period, all seven Japanese pairs exhibited lower correlations in contrast to all other pairs which reported increased correlations. The largest gains are seen in the US/Italy, US/Germany, and US/France pairs.

CONCLUSIONS

While the 2008 financial crisis may trace its origins to the US mortgage market, the effects have been significant and widespread. The average daily returns of the G7 equity markets demonstrate the far-reaching and consistent impact of the crisis. Equity returns drop sharply and risk increases for each G7 member during the crisis period. Returns improve and risk diminishes in the post-crisis period, but risk measures remain elevated above pre-crisis levels in the sample studied. Cross-market correlations for the Japanese market demonstrate a lower level of market integration which reduces even further during this period. One avenue of further research will be to expand this investigation to all G20 nations to evaluate the crisis response in a larger sample of countries.

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A STUDY OF INVENTORY MANAGEMENT AND PROFITABILITY THROUGH VARIOUS INDUSTRIES' FINANCIAL STATEMENTS

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ABSTRACT

There are a lot of inventory management innovation case studies in business textbooks. However, there are few case studies to explain an efficiency of inventory management with financial terms. This paper examines the financial performance measurement data of 33 well-known companies with successful inventory management. Relationship between inventory management efficiency and companies' profitability is investigated and we found that high-tech industry has a better performance in inventory management and profitability than retail and manufacturing industries.

FINANCIAL STATEMENT PRESENTATION: WHAT HAPPENED TO THE SHAKE UP?

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ABSTRACT

A company's financial statements are central to financial reporting. Investors, creditors, and other external users look to these statements for information regarding the financial position, cash flows, and operations of an entity and frequently consider them key to decision making. However, under current US GAAP and iGAAP (i.e., IFRSs), alternative formats for statement presentation are allowed with transactions/events not necessarily being reported or classified consistently from one statement to another. Thus, the linkage among the financial statements as well as the relationships among the items being reported is frequently difficult for users to understand. While the FASB and the IASB have committed to a program of harmonization of US GAAP and iGAAP and have taken many steps toward such a convergence, the presentation of information in the financial statements is governed by two separate and divergent sets of rules. International accounting standards, or IFRS, provide minimum presentation requirements and US GAAP provides only fragmented guidance presented in a piecemeal fashion throughout a variety of reporting standards. Accordingly, comparability between different entities' financial statements and the usefulness of such statements for users is lessened. This is particularly true for those companies who must comply with both US GAAP and IFRSs – whose rules must be followed?

The FASB and the IASB have both recognized the potential problems in this area with each independently adding a financial reporting project to their agendas in 2001. In 2004, the two rule-making bodies joined forces to conduct a joint project on financial reporting to establish a common international standard to improve how information is organized and presented in financial statements and is part of the overall international convergence movement. This paper overviews the results to date of this joint FASB-IASB project on financial statement presentation.

Phase A of the joint project, began in 2004 and completed in 2005, resulted in several amendments to iGAAP; however, FASB elected not to amend US GAAP until completion of subsequent project phases. After over two years of deliberations with parties interested in the fundamental issues of financial statements, a joint discussion paper "Preliminary Views on Financial Statement Presentation" was issued in 2008. Based on five years of comments from interested parties, results of outreach activities, and academic research, the IASB and the FASB

staffs each individually issued a Staff Draft in July 2010. These documents, which are essentially the same with slight differences in detail designed to address specific issues relevant to each Board, reflect tentative joint decisions by the two Boards up to that time as well as amendments to the proposals put forth in the discussion paper.

The FASB Staff Draft significantly changes the format for financial statements for reporting financial position, results of operations, and cash flows by all entities – both public and non-public – with the goal of improving usefulness for decision making. Financial statements should be based on the core principles of cohesiveness and disaggregation. Both Boards have engaged in and continue to conduct focused and targeted outreach activities designed to elicit feedback regarding this project. However, both the FASB and the IASB acknowledge that a lack of capacity exists to properly evaluate results of these activities at this time. Accordingly, the project's time line has been modified and the project postponed until the requisite capacity is available. This decision, originally made in October 2010, has been reaffirmed at each subsequent FASB Board meeting and no further action on the project, other than outreach activities, by either Board is expected before December 2011.

A project of this magnitude must be taken slowly and implemented with extreme caution. As both the FASB and the IASB have discovered, such a massive change, even one undertaken in answer to user requests, is not always welcomed with open arms by those requesting the change. Costs and benefits of such a change for both users and preparers must be collected and assessed which the Boards are painstakingly doing. This process takes time and requires that everyone involved be receptive to the changes being proposed. The FASB and the IASB appear to recognize this and have shown restraint regarding the revamping of the financial statements. However, little by little, both appear to be taking baby steps toward the goal of international harmonization of financial statement presentation.

FINITE REINSURANCE: A DESCRIPTIVE ANALYSIS OF ITS POTENTIAL ECONOMIC CONSEQUENCES TO INSURERS

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ABSTRACT

The financial troubles of AIG, in 2008, was not the first time the firm was under scrutiny for questionable business practices. In 2004, the firm admitted to improperly accounting for finite reinsurance contracts with General Re, a Berkshire Hathaway subsidiary. Finite reinsurance is a non-traditional form of reinsurance that many insurers were using to stabilize reported operating results and enhance capital position. Due to the nature of these complex reinsurance contracts, regulators continue to closely monitor for legitimate risk transfer and transparency.

Reinsurance practices have come under scrutiny before. During the early 1990's, the insurance industry came under attack by various constituents because of the lack of information regarding the effect of reinsurance contracts on insurers' financial statements. In response, FASB issued SFAS No. 113 and NAIC issued SSAP No. 62. Even though the goals of the new standards were to correct reporting deficiencies, further development and potential misuse of finite reinsurance continued. In response to such misuse, the NAIC adopted additional disclosure requirements for insurers that use finite reinsurance contracts, effective for the 2006 reporting year. The corporate investigations also resulted in a current joint project between FASB and the International Accounting Standards Board (IASB) regarding insurance contracts.

I argue that the constraints imposed on insurers when required to separately disclose finite reinsurance transactions, produce less favorable reported financial positions (i.e., balance sheets) and provide management with fewer opportunities to manage reported operating results (i.e., income statements), ceteris paribus. In addition, I argue that the costs of additional disclosures (i.e., higher earnings volatility and leverage) are greater for smaller insurers because they are less able to respond to the reinsurance reporting changes required by NAIC.

This study reports descriptive data on earnings variability, leverage and solvency indicators in the periods prior to and following NAIC's adoption of additional reinsurance disclosures for statutory accounting reporting to insurance regulators. Observing insignificant changes in earnings variability and leverage is consistent with economic consequence theory in that any impact to earnings variability and leverage, from the new disclosures, was offset by other means. Observing significant changes in these measures may indicate that management was unable to counteract the impact of the disclosures, which implies no other changes in risk

management decisions by management. Examining these measures is not only important to assess operating, financing, and regulatory risks because they are used by management, regulators, and investors, they are a necessary step in determining whether potential economic consequences from the recent change in disclosure requirements need be examined.

I base my research on insurance companies operating during 2000 and 2009 filed the additional disclosures regarding finite reinsurance. The sample is two related samples with one sample for the pre-NAIC disclosure period and the other sample for the post-NAIC disclosure period.

Results from both earnings variability measures are mixed. Earning variability from the pre-NAIC disclosure period to the post-NAIC disclosure period was significant for the larger insurers but insignificant for the smallest 20% of insurers. The results are opposite of predictions. Findings from the leverage and solvency tests are also mixed. The first measure, liability to equity, is significantly different between periods for all insurers disclosing finite reinsurance contracts. The second leverage measure, net premium written to equity, is significantly different between periods for all insurers except the smallest 20% of the insurers. Once again, this result is not as predicted.

Findings of this study are relevant to the current debate on risk management activity reporting and disclosure. A common argument by the proponents for better reporting of risk management activities is that many standards are not sufficiently comprehensive to capture the underlying economics of such activities. Because of the current alleged misuse of finite reinsurance, NAIC, FASB, IASB, and the SEC are once again evaluating the deficiencies in the reporting of reinsurance contracts. With regulators and accounting standard boards all undergoing projects to evaluate the necessary changes to improve reinsurance reporting, this study begins to provide feedback to regulators (i.e., FASB, SEC) on the insurers that were most impacted by the disclosures standard and how management reacted to the imposed limitations and the required comprehensive reporting of their risk management activities.

AN ECONOMIC SOCIOLOGY OF AFRICAN ENTREPRENEURIAL ACTIVITY

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ABSTRACT

This paper outlines a research agenda that expands the examination of entrepreneurial activity in Africa beyond the standard methodologies, theoretical perspectives, tools and techniques. It argues for an economic sociological perspective that considers cultural measures such as religion, ethnicity, colonial heritage and the role of traditional leadership as well as political measures. Following a review of the relevant literatures, a series of propositions based on each of the aforementioned is presented. The Economic Community of West African States is presented as an appropriate research setting.

INVESTOR DECISIONS AND ENTREPRENEURS' DISPOSITIONAL AND INTERPERSONAL FACTORS

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ABSTRACT

There is an increasing interest in the oral presentations and elevator pitches of entrepreneurs in order to obtain a meeting with investors or to obtain funding for ventures. Recent research on investor decisions has identified the importance of entrepreneurs' oral presentations and has questioned the necessity and validity of requiring entrepreneurs to write a detailed business plan. Therefore, a search of literature was made to identify research which examined the impact and influence of oral presentations on the investors' decisions. Twelve papers and article, with varying degrees of empirical rigor, which addressed some aspect of these presentations. A variety of subjective criteria such passion, enthusiasm, credibility, interpersonal behavior, social signals, and honesty which were categorized into dispositional and interpersonal factors. Data collection techniques used in the identified studies included a variety of methods such as live presentations, videos, and electronic devices. Based on a review of these articles, recommendations for future research were made. One recommendation was to develop a research framework which would be used to perform research on the investors' assessments of entrepreneurs' oral presentations, a framework which could be expanded to include more objective criteria and investor characteristics. As part of this framework, one would include type of investor and stage of screening process. Other recommendations included the development of reliable instruments to measure the subjective criteria and to design a taxonomy of these criteria.

USE AND EFFECTIVENESS OF BUSINESS PLANS

There has been quite a bit of research examining the decision-making processes and criteria of investors, specifically venture capitalists and angel investors. Many familiar with entrepreneurial ventures and startups would probably suggest that a formal business plan is important for obtaining capital from formal sources such as angel investors, venture capitalists, strategic partners and most banks. However, the research relating to business plan efficacy is mixed. Some researchers have confirmed a positive relationship between firm performance and their use of a formal business plan. (Bracker, Keats, & Pearson, 1998; Ford, Matthews, & Baucas, 2003; Delmar & Shane, 2003; Gartner & Liao, 2005). Some have concluded that the relationship between business survival and the presence of written business plans for start-ups is, at best weak. (Perry, 2001). Other researchers have arrived at the opposite conclusion that that there was no performance differences in new business startups with and without written business plans. (Lange, Mollov, Pearlmutter, Singh, & Bygrave, 2007; Lumpkin, Shrader, & Hills, 1998; Miller & Cardinal, 1994;). Further, Keely and Kaapp (1994) concluded that high performing companies were involved more in taking action than planning. Gumpert (2003) believes that entrepreneurs need to spend more time with implementing their plans and much less time on writing and refining it. Others have confirmed that entrepreneurs who had a formal business plan at startup were in the minority. (Bartlett, 2002; Bhide, 2002). In fact, the number of start-ups with business plans have been reported to be around 5%. (Sexton & Van Auken, 1985; Rue & Ibrahim, 1998). Lange et al (2007) conclusions reflect the current state of the evidence that business planning prior to startup improves firm performance is lacking.

Many entrepreneurship professors have emphasized the importance of having a business plan prior to starting up a business. According to Lange, Mollov, Pearlmutter, Singh, and Bygrave (2007), business plans are likely the most prevalently used teaching tool in entrepreneurship education. Despite the fact that business plan emphasis in entrepreneurship education, their use is not supported by research. In 2004, 10 of the top 12 universities in the United States conducted business plan competitions (Honig, 2004). Major universities have sponsored business plan competitions, which can include only a written business plan, or they can include an orally presented business plan or elevator pitch to a team of judges. Some recent research on investor use of business plans is discouraging. Kirsch, Goldfarb, and Gera (2009) discovered that venture capitalists rely more on instinct and expertise in identifying and assessing relevant information and spend little time on evaluating the content of business plans. According to Goldfarb, "business plans don't matter." Venture capitalist (VC), Jeff Fagnan, indicated that he had never invested in an entrepreneur who brought a business plan when they met. Paradoxically, this VC is a judge at a major university's business plan competition (Bowers, 2009). Guy Kawasaki (2006) has suggested that an entrepreneur make the pitch multiple times, use the feedback received from those times, change the pitch, and then write the plan.

ORAL PRESENTATIONS

Generally, there are several distinct stages in entrepreneurs' efforts to receive funding. Typically, the initial stage involves investors' reviewing a large number of business plans, at which stage, 80% of the applications are eliminated. The second stage is usually includes an oral presentation and by the entrepreneur or entrepreneurial team and then a question and answer period. (Galbraith, DeNoble, Ehrlich, & Mesmer-Magnus, 2010). However, there may be a new trend emerging. There are some investors, such as Jeff Fagan, that prefer a presentation as the first stage (Bowers, 2009). De Clercq, Fried, Lehtonen, and Sapienza (2006) acknowledge that the pitch is an important step in the screening process regardless of the stage at which it occurs.

As a result of the importance of oral presentations in funding efforts, more and more universities are encouraging oral presentations and elevator pitches. While oral presentations can range from 10 to 60 minutes in length, elevator pitches are typically anywhere from 1 minute to 5 minutes. However, Kroker (2003) is offering suggestions for a 10 second elevator pitch. The term "elevator pitch" was developed to describe a short presentation, usually 1 to 3 minutes, the amount of time that it took to ride an elevator to the top floor of a building with a potential investor. Non-academic interest in elevator pitches has exploded. A recent search of the term "elevator pitch" on Google, resulted in "about 1,400,000 hits". There are hundreds of articles by venture capitalists and angel investors describing what are the important criteria for an effective elevator pitch. There are televisions programs such as "The Dragon's Den" in the United Kingdom and Canada (on BBC America), and "American Inventor" and "Shark Tank" on American television. Such higher institutions of learning as Wake Forest University, Duke University, Babson College, and the University of Georgia, and Georgia Institute of Technology have competitions for oral presentations and elevator pitches. In summary, the absence of strong and consistent support for written business plans and the increasing investor interest in oral presentations has spurred interest in entrepreneurs' oral presentations and pitches.

Despite this increasing interest in entrepreneurs' oral presentations and elevator pitches to investors, there is a lack of research on the impact of oral presentations on investor decisions (Clark, 2008). The purposes of this paper are to review the research on entrepreneurs 'oral presentations and pitches and to make recommendations for future research

METHOD

The EbscoHost and Proquest databases were searched using the following search terms and phrases: "elevator pitch", "pitch", "entrepreneur and oral presentation", "investor decision-making", "investor criteria", "angel investor decision-making", and "venture capitalist decision-making". In the process of this research, several articles which assessed certain behaviors in oral presentations as part of the whole screening process, even though their focus was not on oral presentations and pitches. The literature identified 12 articles and papers which related presentation evaluations and performance to investor decisions or interest in the investment opportunity.

RESULTS

Twelve articles were identified which examined the relationship between dispositional and interpersonal factors observed during oral presentations and investor or judge. This confirms Clark's assertion that there is a dearth of research on the factors which influence and the criteria of effective elevator pitch and oral presentations, and investors' evaluations of those factors. (Clark, 2008). Likewise, Gregoire, Konig, and Oviatt (2008) confirmed that there is much research on the decision-making criteria of VCs and angels, but little is known about how investors evaluate verbal presentations. Some of these articles evaluated the oral presentation, along with a formal business plan, while others designed their studies to specifically examine the influence of skills observed during the oral presentations and pitches. There were a variety of criteria used in these studies, with most being investors' interest in the investment opportunity and their willingness to fund the opportunity. The factors which were found to be related to investor decisions were categorized into dispositional and interpersonal factors.

Dispositional Factors

Baron and his colleagues have examined entrepreneurs' oral presentations in several studies. Baron and Brush (1999), using extracts from practice presentations only two minutes long, found that entrepreneurs' adaptability, their ability to alter their behavior in different social situations was significantly related to a consulting firm's decision to assist entrepreneurs in obtaining financing. In particular, there were significant differences between the two groups in social skills, persuasiveness, emotional intelligence, personal appearance, as well as social adaptability.

Elsbach and Kramer's research (2003) found that Hollywood producers listening to pitches categorized presenters (pitchers) into one of three categories early in the presentation. One of the categories, creatives, was identified by their passion. Therefore, perceived passion of the presenter seems to be a significant variable in investor decisions, particularly those that involve creativity.

Cardon, Sudek, and Mitteness (2009) investigated the influence of perceived passion on angel investing having angels watch videotaped presentations 15 minutes in duration, followed by a 15 minute question and answer period. Measuring three types of displayed passion, enthusiasm, preparedness, and commitment, they found that the importance of the type was a function of the stage of the funding process. They found that these traits were associated with screening stage interest or investment potential.

To pinpoint what aspects of the entrepreneurs' behavior the VCs were evaluating, Gregoire, Koning, and Oviatt (2008) collected VCs' second-by-second ratings of live presentations at a financing event. They linked the ratings with the presentations' audio-visual records and used a panel analysis to examine the impact of entrepreneurs' different arguments. Their findings suggest that perceptions of credibility may influence the persuasiveness of arguments about management team quality.

In their research, Wiltbank, Sudek, and Read (2009) studied the influence that entrepreneurs' choices based on the data they evaluated at various stages of the screening and selection process. The non-predictive control approach included some more subjective items which could be influenced by the entrepreneurs' oral presentations. These items included passion, honesty, enthusiasm, and trustworthiness.

In another recent research effort, Chen, Xiao Ping, Yao, Xin, and Kotha, (2009) examined the impact of perceptions of passion on VCs decisions. Using a perceived passion scale composed of two factors, passion and preparedness, they concluded that perceived passion was not significantly related to VCs' funding decisions, but that preparedness was related to the decision.

In summary, the dispositional factors which were related to investor or judges' decisions were passion, enthusiasm, credibility, social adaptability, impression management, social skills, persuasiveness, emotional intelligence, personal appearance, and commitment. However, the most frequently examined disposition was perceived passion. In their review article, , Cardon, Wincent, Singh, and Drnovsek (2009) found that passion was can increase motivation, that it is related to tenacity, drive, creativity, and increased levels of persistence and initiative. Enthusiasm is a positive affect and enthusiasm related to persuasiveness. (Terry & Hogg, 2000). Therefore, passion may be a useful construct which reflects those "intangibles" that investors are seeking.

Interpersonal Factors

Mason and Harriman (2000) showed a video of one entrepreneur's presentation in order to obtain funding from 41 investors. Collecting qualitative data, comments on the entrepreneur's presentation, the authors concluded that this study demonstrated that impression management and presentation skills are critical to raising finance.

Mason and Harriman (2003) had angel investors evaluate video recordings of actual pitches presented at an investor forum. The authors found that entrepreneurs' presentation skills had a strong impact on the angels' assessments. Angels indicated that weaknesses in presentations which were related to clarity, content and structure were major reasons for rejecting investment opportunity. The presentations' content and quality was correlated with investors' interest, the higher the presentation score, the higher the greater the investors' interest. Paradoxically, however, when asked, investors reported that their decisions were more substantively, factually based information.

Clark (2008) specifically designed his study to examine the impact of oral presentation skills on angels' initial screening investment decisions. Angels evaluated 15 minute presentations on 32 presentational (delivery style) and non-presentational factors. Like Mason and Harriman's study, even though the presentational factors had the highest relationship to the angels' level of interest, angels' post-presentation reasons for decisions given were such non-presentational factors as company, market, product, funding and finance issues. Angels' assessment of presentational factors included comments related to such variables as ability to sell themselves, clarity and understandability, structure, level of information provided, and personal characteristics, as well as the investment opportunity. Clark (2008). The results from the angels self-reporting of criteria used confirms Mason and Harriman's (2003) results that the criteria investors' identified were not the same criteria identified empirically as used to make decisions. Pentland (2010) and his colleagues have performed several studies which have studied social signals or "honest signals" as predictors of outcomes in a variety of settings. Stolzman (2006) used an automated speech analysis program to analyze the speeches of MBA students' pitches, most of which related to funding pitches. He found that over 35% for persuasion's sample variance was explained by non-linguistic speech features. Speakers who spoke more quickly and maintained an even volume were perceived as more persuasive. The single variable most related to ratings of persuasiveness was voicing rate or talking speed. This finding is similar research on ratings of charisma. (Rosenberg & Hirschberg, 2005). Stolzman, based on his findings, drew to a couple of conclusions. One, that good content will not always insure a positive perception of one's presentation. Two, one's ability to be persuasive may be more influenced by how one say things rather than what one says.

Pentland (2010) has studied nonverbal communication cues and designed a study where midcareer executives participated in business plan competition and rated one another. The participants wore devices which recorded such things as tone of voice and body and hand movements. He found that how the plan was delivered was related to their ratings and concluded that they were not listening to facts, but they were listening to the presenter's enthusiasm, passion, "how excited the presenter was about the plan." (The power of nonverbal communication…). In another study, Olguin and Pentland (2010) collected data on their "social signals" at a party. Almost a week later, the same participants presented business plans to contest judges. Analyzing data collected on social interactions (number of different people met, face-to-face interaction time, physical activity level, variation in physical activity level, speech energy, percentage of speaking time, and time in close proximity to others or to a specific location) and without reading or hearing the pitches, they were 87% accurate in predicting who would win the competition. Members of the successful teams, those identified as winners by judges, spoke more were more energetic and were consistent in physical activity levels, had lower energy in speech and spent more time close to others. According to Olguin and Pentland (2010), "the best predictor was the average percentage of speaking time (activity) across members of the team" followed by "number of people met, physical activity level, consistency or variation in physical activity, speech energy, and time in close proximity to others". Further, he reported that in another experiment, he had some judges watch the pitches, and other judges read the pitches. The two groups differed in their ratings of the pitches. In another article, Pentland ("The power of charisma"..2008, 20 Oct.) reported a study where executives in their mid-30s participated in a business plan competition, where they both presented their plans and the rated each other's plan. He found that the presenter's tone of voice alone could be used to predict the ratings he or she received. He concluded that, not what was in the plan, but how the plan was presented influenced the assessment of the plan.

Carney, Cuddy, and Yap (2010) performed a study which is not related to entrepreneurs' oral presentations, but is related to oral presentations in general. The authors, in their research on body language when communicating with others, concluded that people are less influenced by what one is saying, the words, and more influenced by the way they feel about you. It is the way in which you communicate the message and not about the message's content.

Regardless of how interpersonal behavior was defined, either non-linguistic behavior, social signals, honest signals, or body language, the conclusions is the same: body language influences how some perceive others and how they attribute certain characteristics to the speaker.

CONCLUSIONS AND RECOMMENDATIONS

The literature review confirms earlier researchers' conclusions that entrepreneurs' oral presentations and pitches bring a different dimension to investors' evaluations of investment opportunities. It further confirms the limited research which differentiates the impact of entrepreneurs' oral presentations and that of written business plans. Based on the research articles identified, investor decisions and judgments are influenced by how the presentations are made, that is, by the entrepreneurs' dispositional and interpersonal factors, as much or more than the content of what is presented. Investors themselves are sometimes unaware that they are being influenced by more subjective factors, even though they report making their decisions on more objective factors such as market size and competition. Research on entrepreneurs' dispositional and interpersonal factors which influence investor decisions is fragmented. The research is found in a wide range of disciplines, sample sizes vary, instruments used to measure both the criteria and the independent variables are multiple, with varying degrees of reliability. Furthermore, the limited research on entrepreneurs' oral presentation effectiveness has examined a broad range of subjective criteria.

The following are some recommendations for future research on investor decision-making, and in particular, the impact of oral presentations:

Develop a framework for identifying those entrepreneurial dispositions (personality, optimism, passion, enthusiasm) and those interpersonal factors (social signals, presentation style) which are related to, not only investor decisions, but venture performance.

Identify the key components of an effective pitch or presentation to investors. Current research examines a variety.

Develop reliable measures of these components since reliability establishes the upper limits of validity. Further, generally, there are no accepted instruments which can be used to make cross-study comparisons.

Expand the criteria that are being used in research. Examine the relationships of these reliable measures to measures of success such as being able to obtain additional meetings with investors, the investors' interest in the opportunity, the investor's decision to invest or not invest, and ultimately the performance and success of the venture.

Re-assess what we are teaching in entrepreneurship courses. Our overwhelming emphasis on written business plans may not be in the best interest of aspiring entrepreneurs. More emphasis on how the content of business plans is presented is a promising avenue.

Develop a framework of investor decision-making that involves oral presentations. For example, it would be useful to examine differences in criteria between VCs and angel investors, differences in criteria at each stage of screening. Varying criteria at different stages has been confirmed by some of the current research.

Develop a taxonomy of the subjective criteria that investors used and that have been researched.

Determine what impact presentation time limits have on investor decisions. The reviewed research investigated presentations which lasted from 30 seconds to 1 hour.

By addressing some of these issues, we will be better able to understand investors' use of subjective criteria in their screening and opportunity selection process.

References are available from the author.

ACTION-BASED ENTREPRENEURSHIP EDUCATION: HOW EXPERIENCE PROBLEMS CAN BE OVERCOME AND COLLABORATION PROBLEMS MITIGATED

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ABSTRACT

This paper provides suggestions about how to analyze business ideas for exploitation in an entrepreneurial education context, and how an institution can provide support activities to enhance the chance of successful exploitation of those ideas. Active learning has become the preferred choice in teaching entrepreneurship and external ideas are used to provide the students with business opportunities to exploit. An instrumental case study at the Norwegian University of Science and Technology – School of Entrepreneurship, however, finds challenges when collaborating with these external partners. By reviewing theory, ways to improve the analysis of business opportunities are found and presented. Additionally a structured idea search process and mentors are suggested as a means of gaining access to sufficient business ideas and the experience and network necessary for a successful process of evaluation and exploitation.

WHAT FACTORS INFLUENCE FIRST-YEAR STUDENT'S SUCCESS AND FAILURE AT TRU; A CASE OF INTRODUCTORY ECONOMICS COURSES

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ABSTRACT

The likelihood of success and failure in Microeconomics, ECON 1900, and Macroeconomics, ECON 1950, of 1369 TRU students was analyzed using a probit model. This approach uses students' final marks along with other personal and institutional characteristics to determine the probability of passing the two introductory courses in economics. The success and failure have found to be influenced by factors such as high school GPA, age, gender, location, type of high school, etc.. The results indicate that boys have a higher chance of successfully passing Microeconomics while such differentiation between boys and girls was not clearly evident in case of Macroeconomic. Prior academic achievement, measured by the average GPA of some selected high school courses, was also found to be significant. In addition, the likelihood is also dependent on the age of students at the time the course is taken. For a given high school GPA and regardless of student's gender, the highest probability of passing these courses occurs at age 25. Finally, students of both genders who were recruited from the School Districts close to Thompson Rivers University have shown better chances to pass these courses.

ECONOMIC DEVELOPMENT PROSPECTS FOR A SMALL ISLAND ECONOMY: THE CASE OF GUAM

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ABSTRACT

This paper focuses on key characteristics of a small island economy in order to evaluate its economic development prospects. In particular, this paper has chosen to study the economy of the island of Guam, identified its key characteristics and investigated the economic development challenges it faces and the opportunities available to it.

STUDENTS' PERCEPTIONS REGARDING MBA DEGREE PROGRAMS

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ABSTRACT

Purpose

The purpose of this paper is to understand the variables involved in a student's decision to enroll in an MBA program, which can assist universities in recruiting and retaining students.

Design/Methodology/Approach

A questionnaire was designed and distributed to students in two regional state universities to identify factors playing a primary role in the graduate school decision as well as to examine students' perceptions of an MBA degree. Seven *a priori* hypotheses were evaluated using a myriad of analyses, including examination of response percentages, ANOVA procedures, independent sample t-tests, and Levene's test for equality of variances to appropriately examine each. The seven hypotheses tested were:

H_1: The majority of students at both institutions agrees or strongly agrees that an MBA degree is valuable.
H_2: The majority of students at both institutions agrees or strongly agrees that they intend to pursue an MBA degree sometime in the future.
H_3 There is no difference in responses of students according to class (junior, senior, other).
$H_{4:}$ There is no difference in responses of male and female students.
H_5: There is no difference in responses of students at the two different universities.
H_6: There is no difference in responses of students according to majors.
$H_{7:}$ There is no difference in responses of students according to chronological age.

Related Literature

The value of an MBA degree has been lauded as well as questioned. Perceptions of the value of the degree will tend to influence students' decisions as to whether to pursue the degree or not.

A study conducted by Wellman, Gowan, and White (2006) seemed to refute earlier claims by Pfeffer & Fong (2002) that there is little evidence that an MBA degree positively impacts salary and/or career advancement. Wellman, et.al. found that possessing an MBA degree serves to enhance an individual's human capital as well as affecting salary, managerial responsibility, and promotion opportunities. Similarly, a 2008 study by Arcidiacono, Cooley, and Hussey found that completing an MBA degree brings a fairly large monetary benefit, especially if the degree is obtained from a top-notch program.

Criticisms concerning the value of an MBA degree have been startling and harsh at times. Pfeffer and Fong (2002) stated that "There is little evidence that mastery of the knowledge acquired in business schools enhances people's careers, or that even attaining the MBA credential itself has much effect on graduates' salaries or career enhancement." This sentiment is supported by Mintzberg's (2004) criticism that "MBA programs are specialized training in the functions of business, not general education in the practice of management," and Bennis and O'Toole's (2005) claim that typical MBA programs fail "to impart useful skills--failing to prepare leaders, failing to instill norms of ethical behavior, and even failing to lead graduates to good corporate jobs."

In a study involving MBA students, Simmering and Wilcox (1995) identified five factors that largely influence the decision to pursue the MBA graduate degree. These factors center around the personal prestige associated with the MBA, career exploration opportunities, goals for developing and improving interpersonal skills, entrepreneurial aspirations, and increasing career mobility.

Career planning and management on the part of students can range from the very haphazard to the very methodical. People (students) have varying expectations/aspirations concerning career opportunities and make decisions accordingly. The choice to pursue an advanced degree is an integral part of this process.

Findings

Majority support was found for all seven hypotheses, with a few reasonable delineations. Overall, it seems that the value of an MBA degree along with the perceptions regarding the pursuit and significance of said degree is fairly uniform across several demographic differences.

Research Limitations

This study is only interested in capturing opinions of students currently enrolled in undergraduate studies relative to an MBA degree. It did not include individuals not attending college, those actively engaged in careers, and individuals seeking employment or a career change.

Originality/Value

Assessing students' perceptions of the value of an MBA degree can be useful in the design and promotion of MBA programs, which can lead to more effective, tailor-made curriculum and recruitment of students.

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INCREASING NUMBERS AMONGST FACULTY IN THE BUSINESS SCHOOL

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ABSTRACT

As the population in the United States (US) continues to grow, so does the need for further education at the collegiate levels. Organizations such as The Doctor of Philosophy (PhD) Project seek to increase the number of PhDs at The Association to Advance Collegiate Schools of Business (AACSB) accredited institutions. AACSB itself has created an AACSB postdoc bridge program to increase business school faculty due the global shortage of faculty. Each AACSB endorsed program qualifies individuals to teach in various disciplines such as accounting, finance, management, supply chain management, international business, entrepreneurship, and marketing. Since the majority of black PhDs, Doctoral of Business Administration (DBA), Doctor of Computer Science (DCS), Doctor of Management (DM) and other PhD equivalent degrees are coming from non AACSB accredited institutions such as Nova Southeastern University and Walden University it is essential that these institutions are explored for faculty recruitment. The argument to be made is that the profile of the student has changed to more of a working adult should not the faculty make up reflect a more diverse candidate such as one who has completed their program in a nontraditional method. Another strong argument is taking other disciplines such as computer science is having them teach in Management Information Systems (MIS) degree programs. They goal is for universities to be more adaptive, and responsive to the growing need for faculty by looking at new means of recruitment.

Key Words: African American, PhD project, AACSB Postdoc Bridge, nontraditional education, minority faculty

GUIDELINES FOR MEETINGS AND PRESENTATIONS IN SECOND LIFE®

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ABSTRACT

While the 2D world of Course/Learning Management Systems (C/LMS) like Blackboard/WebCT, Sakai, Desire2Learn (D2L), Moodle, etc. provide rich resources for online interaction/learning/educating, these resources are limited for establishing real time interaction among participants. Among several 3D virtual worlds, the Second Life (SL) has emerged as an important platform for presentations, meetings, and conferences. Many universities have established 3D virtual campuses in SL and many businesses operate in SL as well. IBM, for example, has been a leader in SL where it operates over 50 islands and holds conferences and meetings with employees, and sales meetings with prospective/current customers. While C/LMS support distance education, these systems are limited by interaction among participants in a 2D world. However, SL offers a much richer interactive environment that can be combined with a traditional C/LMS. In fact, SLoodle, integrates the strengths of Moodle with SL and is in the free domain. This manuscript discusses the many benefits of SL for online meetings and conferences and presents guidelines for new users of SL in an educational setting.

Keywords: Second Life®, 3D Virtual World, Guidelines, Checklists, On-Line Presentations, Online Meetings

UTILIZING SECOND LIFE® 3D VIRTUAL WORLD TO ENHANCE STUDENTS' LEARNING

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ABSTRACT

The Second Life (SL) offers numerous possibilities for interaction among people through their agents or avatars in a 3D virtual world, much of it created by the users of SL, that exists entirely within computer servers of Linden Research Inc., and is accessed through a SL viewer. This somewhat new platform has been utilized by numerous organizations including for-profit businesses, educational institutions, non-profit organizations, and governments. There are over 17 million users of SL and at any given time there are often over 70,000 users "in-world" in SL. This paper presents some uses of SL, selected literature on SL, how SL is being utilized, and how SL could be utilized in academia. This paper describes how SL was utilized to enhance two online marketing courses taught by one of the co-authors during the summer of 2010. These online courses were taught through Blackboard CMS and were enhanced through assignments and meetings in SL.

During the summer of 2010, one of the co-authors of this paper built a virtual 3D campus in SL for Fayetteville State University (FSU), Fayetteville, NC. This virtual campus occupied an island in SL and included an orientation area, six three-storied buildings with multi-media equipment, a coliseum, and an amphitheater. Numerous trees of various types, marble floors, asphalt roads, and nine water fountains were also built on the island. This campus was built at this landmark or address in Second Life: FSU Cyber Campus (128, 128, 62). The instructor of these courses utilized multimedia equipment on the FSU Cyber Campus to teach two online summer courses in 2010. Meetings were held in SL at various locations and also on the FSU Cyber Campus in SL. The instructor worked with the University librarian to help her prepare and present the library resources to students in SL. A guest speaker was also invited to make a presentation to students in SL about proper attire and conduct in SL. Overall, students in both online courses were very pleased with their interaction with their instructor and other students in a virtual 3D environment. The instructor has now integrated SL meetings and office hours in all of his online courses.

Keywords: Second Life®, 3D Virtual World, Student Engagement, On-Line Education

This study was partially funded by a grant from the Graduate School of Fayetteville State University, Fayetteville, NC 28301.

MEETING CONSTITUENT NEEDS BY CHANGING MISSION AND STRUCTURE IN HIGHER EDUCATION INSTITUTIONS

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ABSTRACT

This study focuses on the efforts of two institutions to meet the needs of their constituents during time of fiscal crisis. Leaders of higher education institutions are caught by two pressures. First to provide access for increasing numbers of potential students, many of who are from underserved populations. Second, institutions are in constant demand to provide skilled workers who can meet the shifting needs of the market economy. In times of resource plenty, these goals are difficult but attainable. However, during times of fiscal crisis, the demands persist but the resources to achieve these goals are limited. Two institutions changed their mission and structure to meet these demands and at the same time were able to achieve their goals during times of financial challenges.

INTRODUCTION

Leading higher education institutions is tough in good times and now during these economic challenging times, it is even tougher. One of the reasons for this difficulty for leaders is that over the past 30 years, the vision of American higher education has gotten muddied. On the one hand, higher education is considered to be a social good with its primary goals of developing a citizenry who will be well suited for a democratic society (Gumport, 2000). On the other hand, over the past three decades, various constituencies (government, taxpayers, families of students, and businesses) have demanded that higher education take on more responsibility to support economic development in the community. This second vision has become the more dominant voice, focusing on access and government support for workforce and career focused programs for students. However, during times of financial crisis for the entire economy, while demands continue from various constituencies, the resources to support these demands are limited. The leaders of institutions, especially those considered to be state supported four-year institutions and community colleges, are caught in this quandary with these increasing demands. This paper will focus on two examples of institutions that made strategic and structural changes in order to address this very important role. In taking this shift, these institutions were able to provide more educational opportunities during times of financial challenge. This paper will discuss briefly the two visions of higher education, and explaining the reason for the growing dominance of the second one, i.e. supporting economic development. Next, two examples of institutions will be described that evidence two ways that institutions are strengthening their commitment to access for economic development, especially in time of budget shortfall.

HIGHER EDUCATION SECTOR: A SOCIAL INSTITUTION AND INDUSTRY

The higher education sector has historically been considered earlier in American history mostly a social institution (providing a social good) and much later more as an industry or business that supports the economic needs of the community (Gumport, 2000). Prior to World War II, higher education was mostly considered for the elites in America. For example, in 1940, only 10% of the college-age population had some education beyond high school (Bowen, Chingo & McPherson, 2009: 243). College education was considered an endeavor for the elites of society. The role of the postsecondary institution at that time was to develop individual learning, expand the socialization and cultivation of select citizens and preserve and create knowledge (Gumport, 2000:74).

After World War II, higher education's goal shifted to expand opportunities for more of the general population to a college degree. These goals were articulated in the Truman Commission's report. In other words, there was a desire to expand higher education access to produce acculturated citizens to American middle class values, and to be creators and disseminators of knowledge. One of the results from the Commission was the establishment of land-grant universities and community colleges (Bowen, Chingo & McPherson, 2009; Walker, 2005). Even today, the goal of access is still prevalent and is meeting challenges as more of the population desires higher education, including those from underserved populations, such as minority, first-generation college students and adult learners (Bowen, Chingo & McPherson, 2009). For example, enrollment growth is forecasted to increase during 2007-2018. There is expected to be a 9 percent increase in students under the age of 25 and about a 20 percent increase in students over the age of 25 (Snyder & Dillow, 2010:269).

Beginning in the mid-1970s, the major constituents of this sector-state and federal government, students, students' families, taxpayers and businesses--began to view higher education as more akin to a business. One of the catalysts in this changed expectation was the escalation of tuition and fees. The constituents found it difficult to understand the reasons for rising costs and wanted to make know the "value" of this education. Arguments reflecting the vision of higher education as a social good was no longer sufficient (Gumport, 2000). (In other words, the tuition paying parents, did not see their children getting "good paying" jobs.) Their concerns had some validity, as over a thirty-year period tuition and fees increased on average 6.3% (Christensen, 2011:40). Even health care, where there were a lot of complaints about rising costs was increasing only by 4.9%, which was less than higher education (Christensen, 2011: 40). Given these rising costs, expectations increased and a demand for results became more pronounced. In addition, the business community became frustrated with college graduates lacking basic skills in needed fields. In some situations, this prompted the business community to seek skilled labor from elsewhere or develop corporate universities (Lohr, 2007; Meister, 1998). For example, at one time the US government allowed for a number of software/computer engineers to enter the country under H-1B visas (Lohr, 2007). It seemed that the rising costs of higher education were not producing the rise in graduate skills that could have been expected.

Currently, as a social institution, higher education is focused on providing more access to the population, especially to the underserved and minority population. At the same time, higher education as an industry, it needs to be structured in a manner that it can support the workforce and professional development of the population.

MEETING ACCESS AND ECONOMIC NEEDS

This paper provides several examples of higher education's efforts to meet these two expectations or visions: 1) to improve access, and 2) to become more responsive to their communities' economic development requirements. These institutions changed their mission and realigned their structures to accommodate these two visions. The first example is the University of Baltimore, an institution whose mission was changed in 2006, which resulted in expanded access and workforce development. The University of Baltimore was an upper division institution, whose primary mission was to provide access to community college transfer students to earn bachelor's degrees. (This University also had graduate programs that were mostly applied in their orientation or career focused, e.g. business programs and law.) During this period, it was projected that the state of Maryland did not have sufficient space in state four-year institutions for an expected surge in demand by high school graduates wanting to attend a higher education institution. At the same time, the state had limited resources to expand the facilities at the other four-year institutions. A fiscally prudent approach was to transform the University of Baltimore (UB) from an upper division institution to a four-year one. During the daytime, the UB facilities were not used at full capacity as most classes were offered mostly during the evening hours for the university's primarily working adult learners. By transforming to a four-year institution, the classroom facilities could be utilized without much added expense. The University of Baltimore's mission and structural change resulted in expanded access for all types of students. The University offers undergraduate degrees in Applied Information Technology, Corporate Communication and Simulation and Digital Entertainment along with business and pre-law majors. By expanding from an upper division to a four-year institution, access to these applied programs was facilitated for younger students.

The leadership at community colleges also has to make mission and structural changes in order to continue to meet their mission of access and workforce demands. One of the challenges for community colleges is to be a pathway for students who want to continue with their education beyond the associate's degree. In most instances, the community college and a four-year institution will agree to create a smooth transfer for the community college student to a specific academic program in the four-year institution. This articulation agreement works in many instances when the associate's degree complements an existing four-year degree and credits from the community college can be used to meet certain requirements at the four-year. Another option is to have the four-year institution establish a satellite campus at the community college (Lorenzo, 2005). These situations do not require a change in the mission of either institution. However, there are instances when community college students desire to continue their education beyond the associate's degree but are not able to pursue the bachelor's degree, either because they are place-bound and the institution is too far, or the degree that they desire is not offered at the four-institution (Floyd, Skolnik & Walker, 2005).

One innovative response to such a dilemma, combining the need to meet the social good of access and with the economic demand for workforce support, is to shift the mission of the community college to offer specific applied bachelor's degrees (Floyd, 2005). In this way, the community college fulfills its mission of providing access to students who have stopped their education, at the same time needing the economic needs of the community. Several states have authorized community colleges to expand their curriculum, which in essence changed their mission, as well as, necessitating structural changes. According to Lewin, in 2009, seventeen states had made such an authorization for their community colleges to become four-year institutions. These authorizations are indeed a signal to four-year institutions that are operating from one vision, or only half-heartedly responding to their constituents who are expecting a more value for their degrees, i.e. jobs after graduation. The state of Florida now has 14 community colleges offering bachelor's degrees (Lewin, 2009).

In 2010, University of Hawaii- Maui Community College was granted permission to offer its third baccalaureate degree and to change its name to Maui College. The three degrees offered are bachelors of applied science (BAS) in engineering technology, applied business and information technology, and sustainability science management. (The BAS in sustainability science management was the third one.) Maui's situation was similar to other community colleges, in that many of its students were place-bound and yet desired to continue their education past the associate's degree. Second, these degrees addressed very specific needs for the Maui community. For example, the BAS in engineering technology focused on training students in optical-electro hardware and software. Maui, as well as the island of Hawaii (the Big Island), has a number of observatories, which need technicians to maintain the remote sensing equipment (Nicolas, 2010).

An added benefit to having community colleges, including Maui College, offering bachelor's degrees is that tuition and fees are typically much less than at four-year institutions. The lower cost of earning a bachelor's degree addresses one sore spot with higher education, the rising cost of education, and also helps with access, especially for underserved populations.

CONCLUSION

Leadership in higher education faces increased demands from stakeholders to respond more quickly to market demands for a skilled population as needed. This places more of a strain on these institutions, especially during times of financial downturn, as the demand for more access increases and yet during these times, budgets get reduced, resulting in fewer resources to handle the need to increase enrollments. The leaders of the two institutions described in this paper took bold steps to address the needs of their communities and found ways to do so even during times of fiscal constraint. One institution opened access to traditional age recent high school graduates and the other institution provided a pathway for students who completed their associates and who were place bound to earn a four-year degree. Each of these examples evidences the need for higher education institutions to be able to respond to the needs of communities to strengthen their relevance and value to their constituents.

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MILLENIALS PERSPECTIVES OF WEB 2.0 IN BUSINESS EDUCATION

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ABSTRACT

The increasing incorporation of Web 2.0 in business education has been, in part, based on the notion that it is expected by a new generation of millennial learners who possess innate technology knowledge and abilities far superior to their predecessors. While there is evidence that the millennial student possesses characteristics somewhat different than those of previous generations of students, there is yet no compelling empirically based evidence that they, as a cohort, use technology in a universally common way, or that their exposure and experience with various technologies can or should translate to an academic environment.

This research examined business students' knowledge and usage of the myriad of Web 2.0 applications, as well as the perceived effectiveness of these tools in improving their learning experience in courses.

An online questionnaire was developed to assess business students' use of Web 2.0 applications both personally and in an academic setting, as well as their perceptions as to the effectiveness of these and more traditional approaches to course-based learning. Three hundred eighteen students majoring in business at a mid-sized university in the southeastern U.S. responded to the survey.

Although the students who participated in the study were well-versed in the most widely known Web 2.0 applications such as social networking and video sharing, their lack of familiarity and usage of many of the current crop of Web 2.0 tools was surprising. Additionally students have had little exposure to Web 2.0 in their college courses and generally perceived traditional educational approaches as more effective mechanisms for improving course learning. For Web 2.0 or any technological innovation to achieve success in enhancing learning, it is imperative that faculty emphasize the pedagogical benefits enjoyed by engaging students with the application rather than focusing on the tool itself.

ORGANIZATIONAL CULTURE, TENURE AND WILLINGNESS TO PARTICIPATE IN CONTINUOUS IMPROVEMENT PROJECTS IN HEALTHCARE

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ABSTRACT

Total Quality Management (TQM) and continuous improvement have been widely adopted in healthcare organizations to improve patient care, lower cost service, and improve patient satisfaction. Understanding why an organization might experience resistance to continuous improvement projects is important, especially in a TQM environment.

In this paper we investigate the factors that impact employees' willingness to participate in continuous improvement (CI) projects. Based on Theory of Reasoned Action (TRA) and continuity theory we hypothesize that tenure, rather than age, and organizational culture affect employees willingness.

We surveyed 226 healthcare professionals employed by a large healthcare organization in the northeastern United States. We then used regression analysis test our hypotheses. Results indicate that tenure, prior experiences, and perceived organizational culture are the main drivers in predicting willingness to participate in continuous improvement projects.

Consistent with continuity theory, we do not find any differences based on age. While controlling for employees' propensity for change, we find that employees are more willing to participate in an organization that supports change, of less importance is whether employees perceive that approach to be systematic.

This study shows that it is more important for management to get employees involved in continuous improvement projects and support change than to develop a systematic approach to continuous improvement. Employees that have experience with continuous improvement projects have a more positive perception of continuous improvement, and employees with a positive perception of continuous improvement are more likely to participate in future projects.

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MEASURING INFORMATION TECHNOLOGY INTERNAL SERVICE QUALITY IN A MANUFACTURING ENVIRONMENT

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ABSTRACT

This paper examines SERVQUL as a tool for measuring service quality for internal Information Technology support services in a manufacturing environment. Improving internal services and adding voice of the customer measures is an important element in effective Total Quality Management initiatives. SERVQUAL was originally developed for external service quality measurement and therefore requires evaluation for use in the context of internal services. We test two conceptual models of internal service quality with data gathered from a North American manufacturing firm. The first model is based on the gap between expected and perceived service levels. The second model is based on perceptions only. 73 valid responses were received from internal users of IT services. Models were evaluated using structural equation modeling techniques. Our findings suggest that SERVQUAL is a valid instrument for measuring internal service quality in this context, and that there are advantages to adopting a perceptions-only modification to the model.

Keywords: Internal Service Quality, Total Quality Management, SERVQUAL, Structural Equation Modeling, Information Technology Services

INTRODUCTION

An important element of total quality management initiatives is to include the voice of the customer, including internal customers, in quality improvement activities (Deming, 2000). Internal customers are those organizational units or individuals that are serviced by other organizational units. To develop coherent quality control improvement initiatives, those internal suppliers require valid measurement instruments to evaluate the quality of services provided. This paper discusses the evaluation of one such measurement system for information technology (IT) services within a manufacturing organization.

Traditionally the IT/IS function has been a developer and operator of information systems. However, with the advent of the personal computer, the IT function has taken on the additional function of being a service provider. With this additional duty, it is important to be able to measure the quality of the service provided by the IS department. IS departments have expanded their roles from product developers and operations managers to become service providers (Pitt et al., 1995). The overall quality of the IS department's service, as perceived by its users, is a key indicator of IS success (Moad, 1989). In response to the need to be able to measure the service quality of the IS function, SERVQUAL was adapted by Pitt, Watson & Kavan (1995) to measure the service quality of the IT and IS function.

In organizations that are in the midst of making this transition, the SERVQUAL instrument can provide valuable guidance to the managers and directors of IT. The SERVQUAL instrument will enable these managers to focus on the largest gaps in the services that they provide. Research reports that practitioners find SERVQUAL a useful tool for assessing service quality and determining actions for raising service quality. (Watson, Pitt and Kavan 1998). Kettinger and Lee (1997) state that the SERVQUAL instrument is designed to provide managers with deeper insights concerning the dimensions of IS service quality. The SERVQUAL model is based on the gap between customer perceptions and expectations on five dimensions. Knowledge of these dimensions can provide practitioners with potentially useful diagnostics.

The perceptions expectations gap approach for evaluating quality has received confirmation in the literature (Badri, 2005, Rezazadeh et al., 2011) yet there are several potential problems with this measurement paradigm for evaluating ISQ. First, the use of this measurement tool can imply that one way to improve service quality is to reduce customer expectations. Actions to do so may fit the context of improving measured ISQ, yet these same actions are unlikely to improve overall organization performance. Second, the relationship between the perceptions expectations gap described above and customer satisfaction has been questioned in external service quality research (Cronin Jr. and Taylor, 1992). One recent study of ISQ compared gap-based ISQ measurement to perceptions-based measurement for e-procurement activities (Brandon-Jones and Silvestro, 2010), finding validity in both approaches. It is not clear from that study whether the nature of the service provided influences the appropriate measurement approach. We therefore propose the following research questions.

RQ1. Is SERVQUAL a valid and reliable measurement instrument of ISQ for IT services in manufacturing?
RQ2. Is a perception model preferable to a gap service model for evaluating internal IT service quality?

METHODS

Measurement items were adapted from the SERVQUAL survey instrument (Buttle, 1996). SERVQUAL is a 45-item instrument that measures customers' perceptions and expectations of service quality. It is divided into three parts. The first section (items E01 to E22) measures the customer's expectations with respect to an excellent provider of the service being studied. The second section (items P01 to P22) measures the customer's perceptions with respect the current service provider. The last part is a single question regarding the customer's assessment of the overall service quality provided. There are five (5) dimensions underlying each of the items. They are tangibles (physical facilities, equipment, appearance of personnel), reliability (ability to perform the promised service dependably and accurately), responsiveness (willingness to help customers and provide prompt service), assurance (knowledge and courtesy of employees and their ability to inspire trust and confidence) and empathy (caring, individualized attention the service provider gives its customers). Service quality gap measures (items G01 to G22) were scored by subtracting responses of perceived items from expected items (ie. item G01 = P01 – E01) (Watson et al., 1998).

The structural modeling technique Partial Least Squares (Ringle et al., 2005) was employed to evaluate the research questions. We employed a two step analytical process (Anderson and Gerbing, 1992), establishing first that measures were reliable and valid, followed by analyzing structural parameters for both gap and perceptions-only models.

DISCUSSION

Our first research question involved analyzing the validity of SERVQUAL in its original conception as a gap model for measuring ISQ for internal IT services. The measurement items demonstrated acceptable reliability and statistical validity in measuring ISQ when adjusted as described above. Item 19 was removed in measuring the Empathy construct for reasons of poor convergent validity. It's likely that this measurement items are interpreted differently in an ISQ context than they are for the external service quality measurement which is the original design intent of SERVQUAL. Item 19 refers to convenient operating hours. The organization that we studied operates domestically with traditional office hours for both internal customers and service providers. Thus operating hours are likely to be irrelevant for interpreting ISQ in this context. This item may be relevant in an ISQ context where there are multiple time zones and service availability unavailability during expected working hours. The gap model explains a medium amount of variation (Cohen, 1992) in the overall satisfaction measure, thus SERVQUAL exhibits acceptable measurement properties in an ISQ context thus can be an acceptable instrument for these purposes. The gap-based model of ISQ explained 36% of the variation in overall satisfaction.

Evaluation of internal customer response patterns suggests several opportunities for improvement for the example company. First we note that expected service levels exceed perceived service levels on average. Internal customer expectations are not being met at this organization. The largest gaps between perceptions and expectations are with Responsiveness and Reliability. Managerial actions that address these gaps will improve ISQ and therefore user satisfaction. These actions can include design activities such as worker training and increased capacity to reduce service wait times. The perceptions/expectations gap can also be improved by reducing internal customer expectations. Reducing expectations may involve a more realistic communications of IT Services capabilities so that internal customer expected service levels are better aligned with current capabilities. In fact, underselling capabilities will improve satisfaction based on this model. Actions that reduce this gap through lowered expectations may not increase service performance in an absolute sense, but are consistent with improving performance under the gap model.

In comparing the perceptions only model to the gap model, we find that the perceptions only model explains 71% of the variation in the customer satisfaction dependent variable versus 36% in the gap model. The pattern of relationships between the dimensions of service quality and the second-order construct ISQ are fairly consistent between both models. Thus regardless of the model employed, direction that can be provided to the IT Director is consistent in terms of which dimensions of ISQ need organizational improvement. Both models suggest that improving the tangible features will have the least impact on ISQ, while improving reliability will have the greatest impact. While the SERVQUAL model has been validated in past literature (Buttle, 1996) it has also been noted that there is a high degree of co-linearity among the various constructs that comprise the SERVQUAL model. While somewhat problematic from a statistical point of view, from a managerial viewpoint of view this can have important implications. To illustrate this point, consider the fact that empathy and assurance are highly correlated at 0.81. Thus activities that improve perceived empathy are also likely to improve assurance, thus improving customer satisfaction.

The perceived model has several advantages for practical measurement of ISQ in this manufacturing context. First, measurement properties are valid and reliable as established above, explaining more variation in the satisfaction measure than did the gap model. Second, the perceived model is simpler to administer in practice due to fewer overall measurement items. Smaller surveys can improve participation rates and increase the attentiveness of the respondent (Dillman, 2000). Third, the perceived model interpretation is more transparent than is the gap model, since the gap construct represents a difference score between two separate constructs and may be difficult to interpret for managers. Fourth, managerial actions to improve performance are more consistent with quality improvement philosophy as described above. Thus we argue for this context that using SERVQUAL measurement items with the perceived model is preferred in this manufacturing context.

CONCLUSIONS, IMPLICATIONS AND LIMITATIONS

The objective of this research project was to evaluate the use of the SERVQUAL instrument to assess service quality for internal IT services in a manufacturing context. The SERVQUAL instrument was originally developed for evaluating services in an external environment (Buttle, 1996), and there are important differences between internal and external services that must be considered prior to adopting this measurement system. Our second objective was to determine whether a perceptions based model is preferred to the gap-based model of the original SERVQUAL design.

We found that in the case of a North American manufacturing firm, SERVQUAL can serve as an effective measurement instrument for internal service quality, and identify important areas of improvement for the internal service provider. We also identify several advantages of using the perceptions-based model in this context. First, the perceptions-only model of ISQ is better aligned with overall reported satisfaction, explaining 71% of variation versus 36% of variation for the gap model. In addition, the perceptions-only model may be better aligned philosophically with improvement activities associated with effective TQM initiatives.

There are several limitations in this research that should be considered when evaluating these results. First, our sampling plan was limited to single firm. This decision helped to improve internal validity to our findings by eliminating confounding effects that may occur when evaluating multiple firms, and kept our research budget to a reasonable level. A multiple-firm sampling plan is proposed for future research to better establish external validity of our finding. A second limitation is that we limited our pool of items to those in the SERVQUAL inventory. There are a broader range of items available in the literature (see Brandon-Jones and Silvestro (2010) for example) that could be evaluated in the internal IT context to potentially improve ISQ measurement precision.

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DYNAMIC E-COMMERCE SECURITY MODELING

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ABSTACT

A critical factor in the success of an e-commerce undertaking is security. This is an aspect of e-commerce that is often overlooked in the research literature, getting lost behind the functionality of Web applications and the promised cost savings and customer service benefits that e-commerce can deliver. E-security is far too often an afterthought, and online services that are not supported by strategic planning and a rugged security infrastructure can do great harm to many aspects of a firm. Poor security can damage a firm's brand and erode the trust of customers.

The intents of this paper are threefold: (1) Provide a thorough and clear assessment of the current status of ecommerce security threats and risks, (2) Propose a realistic and robust theory that recognizes the dynamic character of building and sustaining an ecommerce security program, and (3) Provide a platform for longitudinal empirical study of the proposed constructs.

INTRODUCTION

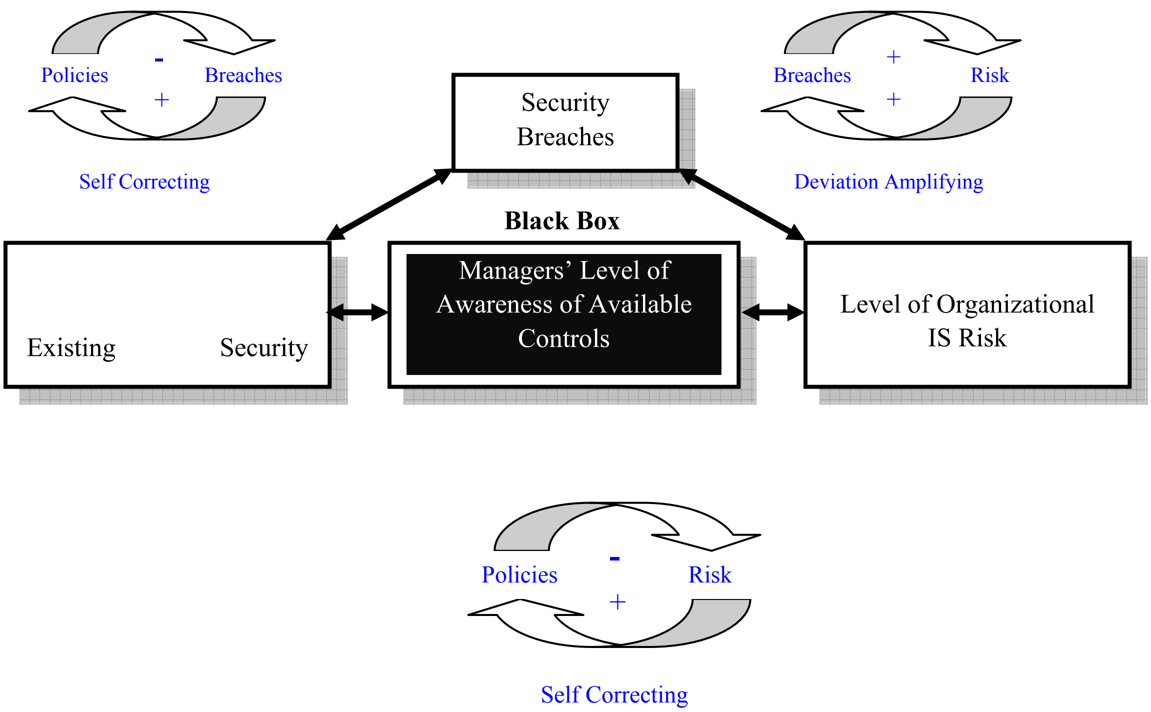
In an article "Coping With Systems Risk: Security Planning Models for Management Decision Making" (December, 1998), Straub & Welke offered a theoretical model and a partial empirical test of the model. They argued that managerial concern about the organization's security is a function of (1) risk inherent in the industry, (2) the extent of the effort already taken to control these risks, and (3) individual factors such as awareness of previous systems violations and background in systems work. Their focus was on item three.

Two limitations of the Straub & Welke model are that it is posed in terms that are not readily operationalized, and the theory is posed in static terms. By assuming one-way effects and a movement toward equilibrium, the firm often selects strategies where the intended goals are not realized and adverse consequences emerge. Often, the strategy elicits positive results in the short-term, but undermines the long-term survival of the firm (Hall, 1976). Within this context, the "unanticipated consequences" might well be a security breach, denial of service attack, or profound and catastrophic system failure which could easily undermine the long-term survival of the organization. The intent of this paper is to propose a more realistic and robust theory that recognizes the dynamic character of building and sustaining a security program.

Considerations in the dynamic model must be given to the curvilinear two-way positive or negative feedback relationships. Questions regarding whether these relationships are negative or positive and the amplitude of the changes due to fundamental and/or technical factors must be answered. This revised model is designed to lead to an upward spiral of increased security awareness and policy adoption, featuring risk reduction in the process. The upward spiral is representative of an increase in the amount of control that will be obtained over time in the relationship between the level of risk and existing security policies.

DYNAMIC MODELING

Figure 1



In the new dynamic model, relationships are considered as *interdependent*, and those of concern are between: (1) Formal Existing Policies and the Level of Organizational IS Risk, (2) Existing Security Policies and Security Breaches, and (3) Security Breaches and the Level of Organizational Risk, *all over time*. Continuous feedback loops are in place and the probabilistic relationships are adjusted over time.

In the case of the relationship between Existing Policies and the Level of Risk, equilibrium may exist, however it is likely to be fleeting as additional security breaches occur and countermeasures are taken. Equilibrium will be achieved when countermeasures limit risk to a minimum, however the intrinsic nature and rapidity of the security/risk relationship dictates that as new risks arise, disequilibrium will be the short term state. This is reflected by the nature of the self correcting action loop that exists between these two variables. Additional policies will reduce risk, and risk will create the need for additional policies.

The relationship between Existing Security Policies and Security Breaches will reach equilibrium over time, and stay that way until either a security breach occurs, or policies are added in a preemptive manner. We anticipate that this will be a self correcting action loop, with policies leading to fewer breaches, and breaches demanding additional policies. The relationship between security breaches and risk is quite different from the other two interrelationships. The action loop in this instance is deviation amplifying as breaches in security lead to added risk, and additional risk may result in additional breaches, at least until the moment the intrusion vulnerability has been eliminated.

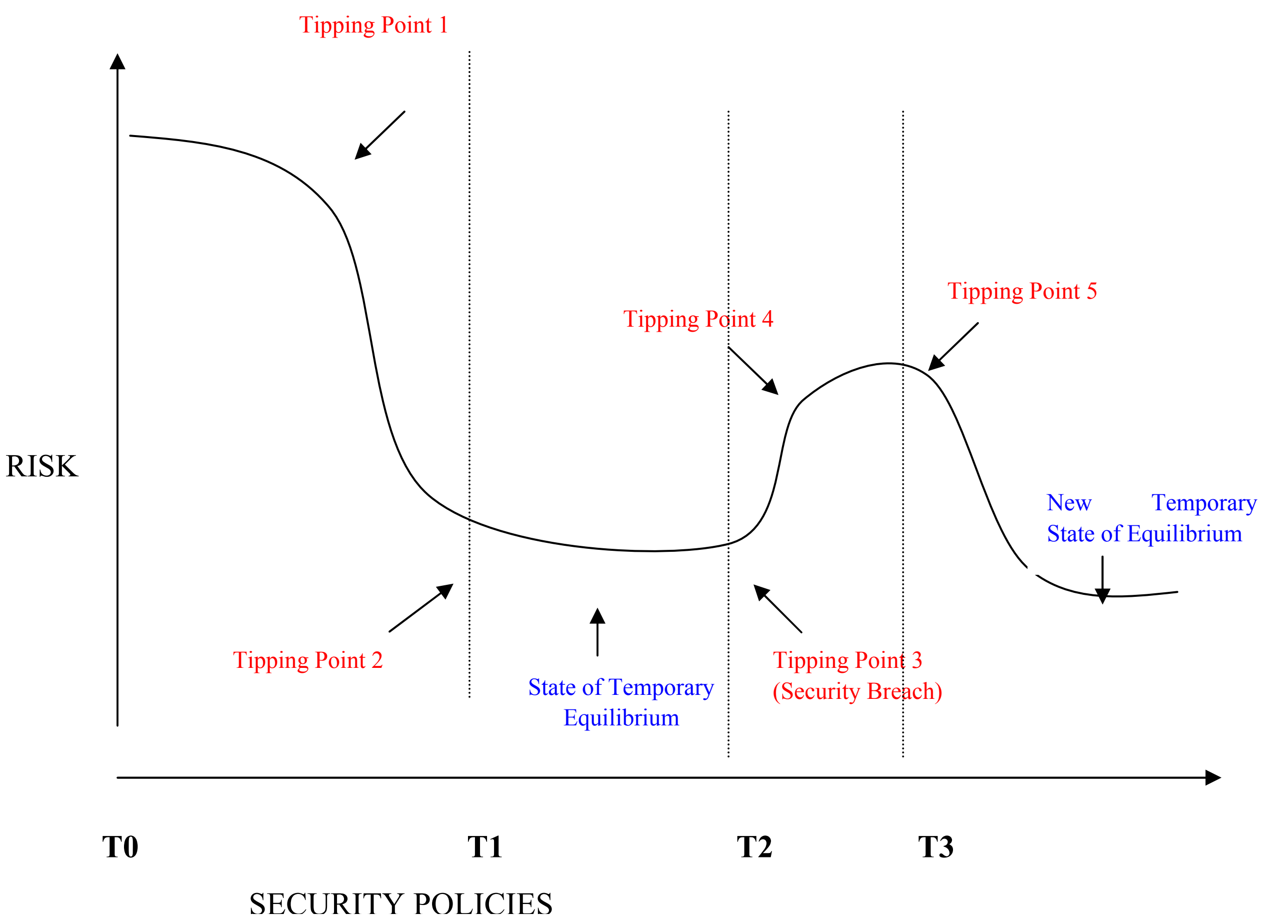
FUNDAMENTAL AND TECHNICAL FACTORS

The fundamental factors are the underlying properties of the organization and its environment that exert pressure for equilibrium or disequilibrium. The technical factors are the reinforcing properties of the change process created by the direction of the change (Melcher & Melcher, 1980). Technical factors mirror and even exacerbate the process of a vicious cycle in much the same way as self-fulfilling prophecies.

Fundamental factors in this context are general management, information systems management, accessibility to resources, security and knowledge bases, network infrastructures, distributed nature of networks, firewall and VPN capabilities, training, corporate culture, and employment of an MSP (Managed Security Provider.) Alterations, competencies or inadequacies in these areas may lead to explosion or implosion. The internal or external environment is a critical fundamental factor that generates risk.

Technical factors tend to create large amplitudes of oscillation by exaggerating confidence on the up side and judgment of risk on the down side (Melcher & Melcher 1980). This is what I have termed on the up side as a “malaise of irrational comfort” once security measures have been taken. On the down side, whether emanating from within or without the organization, a breach of security can lead to irrational panic. This in turn can lead to an over extension through reactionary responses.

Figure 2 - Curvilinear Relationships

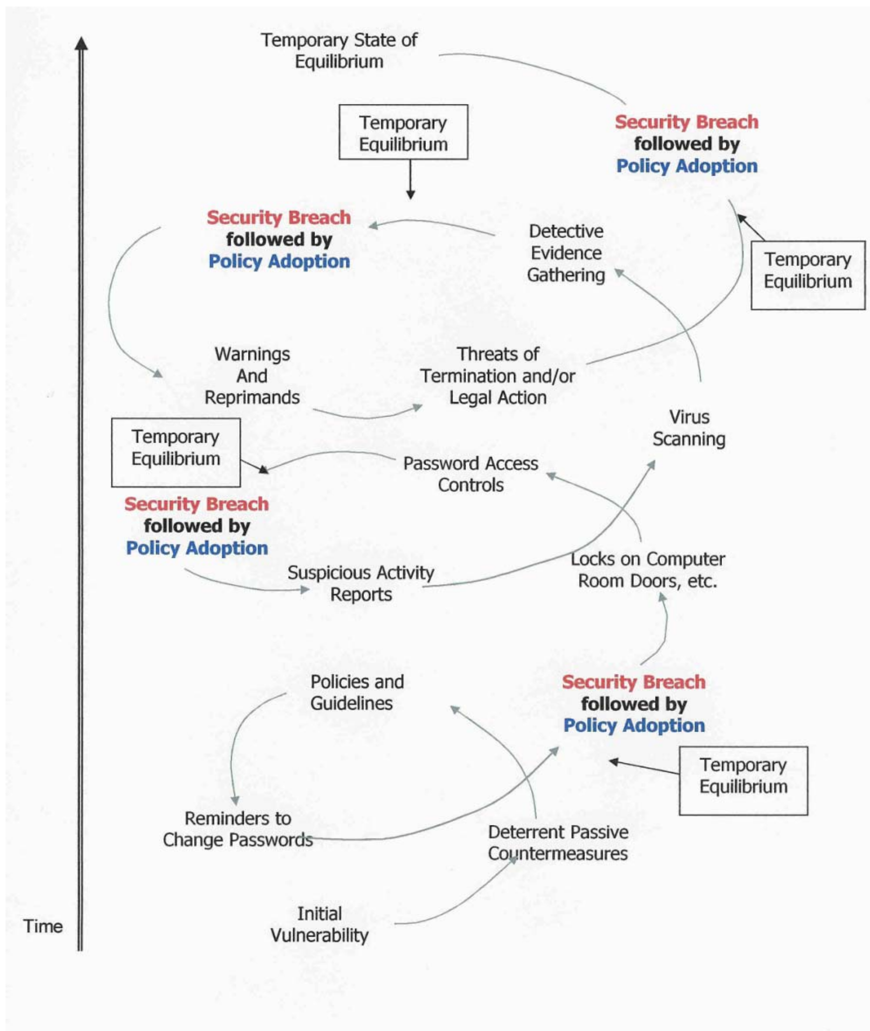


An expected curvilinear relationship over time can be projected: **T0** represents the beginning of the study, with an unknown number of policies in place. The organization starts with a certain amount of risk that cannot be completely eliminated. However, as new policies are added the level of risk should be reduced. Risk is reduced slowly at first, and then decreases at an imploding rate as illustrated by Tipping Point 1.

Between **T1** and **T2**, a temporary state of equilibrium exists as the policy is completely adopted, and the level of risk stabilizes. Theoretically, all of the immediate benefits to be gained through deterrence have been gathered. At that time a general sense of security may lull managers into a malaise of comfort, until Tipping Point 3. This will cause temporary disequilibrium as the Level of Risk increases in the short term. At **T2** a security breach occurs, and risk increases at an explosive rate beginning at Tipping Point 3. At Tipping Point 4, the rate of change increases at a decreasing rate. At **T3**, a new policy is adopted which has the impact of imploding risk at an increasing rate until a new temporary state of equilibrium is reached. This level of equilibrium will reflect a lower level of risk than the prior level, because another vulnerability has been addressed. Realistically, risk will never be entirely eliminated.

As additional policies are added a "downstream" effect of deterring future system abuse occurs. From the perspective of General Deterrence Theory, these defenses can contribute dynamically to a subsequent deterrence effect. That is, potential abusers become convinced of the certainty and severity of punishment of committing certain acts when the effectiveness of the system security is communicated to them. Communication strengthens deterrence by ensuring that potential abusers become aware of consequences.

Figure 3 - Upward spiral of risk reduction



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When potential abusers choose to ignore existing policies and a breach occurs, the organization will immediately add new policies such as locks on computer room doors or password access controls. This is followed by a new state of temporary equilibrium. If an abuser successfully penetrates the existing policies, the organization will add additional policies such as suspicious activity reports and system audits, followed by another state of temporary equilibrium. When another breach occurs, the organization will remedy the harmful effects of the abusive act and punish the offender(s). Internal actions of this policy include responses to offenders in the form of warnings, reprimands, and termination of employment. External actions include criminal and civil suits. Once these steps have been taken an additional state of temporary equilibrium will exist that will last only as long as no further breaches occur.

A dynamic model research question is posed as follows: "What are the interdependent influences that Existing Policies, Security Breaches and Level of Risk exert over each other over time?" The following hypotheses articulate key features of the theory:

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H3: *Breaches in security will create short term disequilibrium between risk and existing policies with reactive responses due to technical factors. Temporary equilibrium will be restored over time.*

H4: *Breaches in security will result in re-assessment and redeployment of fundamental factors in proportion to the perceived Level of Risk.*

CONCLUSION

Organizations often take a static approach to security policies without regard to unforeseen threats, assuming that taking action to overcome existing vulnerabilities will be sufficient. Better understanding of the dynamics of security, breaches and risk over time would be of great value to researchers and practitioners. This understanding could be based upon the theory resultant from results of empirical testing of the above listed hypotheses.

DYNAMIC E-COMMERCE SECURITY MODELING IN THE AGE OF ELECTRONIC TERRORISM

Edward D. Conrad, Henderson State University

ABSTACT

A critical factor in the success of an e-commerce undertaking is security. This is an aspect of e-commerce that is often overlooked in the research literature, getting lost behind the functionality of Web applications and the promised cost savings and customer service benefits that e-commerce can deliver. E-security is far too often an afterthought, and online services that are not supported by strategic planning and a rugged security infrastructure can do great harm to many aspects of a firm. Poor security can damage a firm's brand and erode the trust of customers.

The intents of this paper are threefold: (1) Provide a thorough and clear assessment of the current status of ecommerce security threats and risks, (2) Propose a realistic and robust theory that recognizes the dynamic character of building and sustaining an ecommerce security program, and (3) Provide a platform for longitudinal empirical study of the proposed constructs.

INTRODUCTION

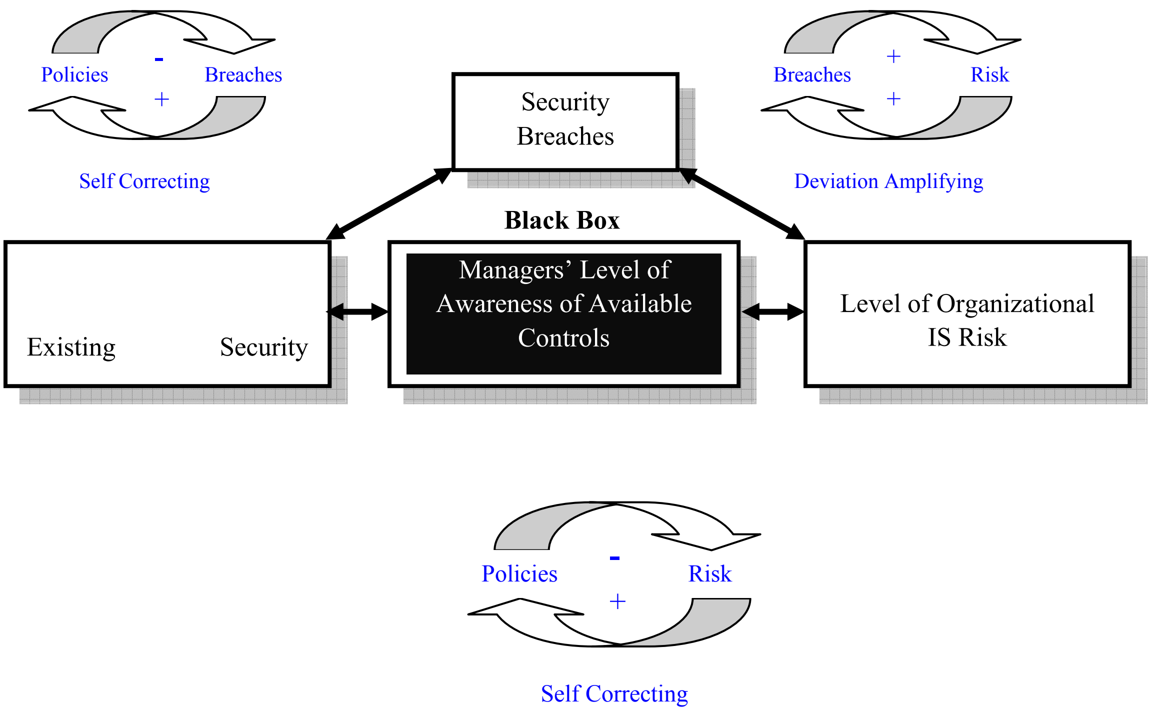
In an article "Coping With Systems Risk: Security Planning Models for Management Decision Making" (December, 1998), Straub & Welke offered a theoretical model and a partial empirical test of the model. They argued that managerial concern about the organization's security is a function of (1) risk inherent in the industry, (2) the extent of the effort already taken to control these risks, and (3) individual factors such as awareness of previous systems violations and background in systems work. Their focus was on item three.

Two limitations of the Straub & Welke model are that it is posed in terms that are not readily operationalized, and the theory is posed in static terms. By assuming one-way effects and a movement toward equilibrium, the firm often selects strategies where the intended goals are not realized and adverse consequences emerge. Often, the strategy elicits positive results in the short-term, but undermines the long-term survival of the firm (Hall, 1976). Within this context, the "unanticipated consequences" might well be a security breach, denial of service attack, or profound and catastrophic system failure which could easily undermine the long-term survival of the organization. The intent of this paper is to propose a more realistic and robust theory that recognizes the dynamic character of building and sustaining a security program.

Considerations in the dynamic model must be given to the curvilinear two-way positive or negative feedback relationships. Questions regarding whether these relationships are negative or positive and the amplitude of the changes due to fundamental and/or technical factors must be answered. This revised model is designed to lead to an upward spiral of increased security awareness and policy adoption, featuring risk reduction in the process. The upward spiral is representative of an increase in the amount of control that will be obtained over time in the relationship between the level of risk and existing security policies.

DYNAMIC MODELING

Figure 1



In the new dynamic model, relationships are considered as *interdependent*, and those of concern are between: (1) Formal Existing Policies and the Level of Organizational IS Risk, (2) Existing Security Policies and Security Breaches, and (3) Security Breaches and the Level of Organizational Risk, *all over time*. Continuous feedback loops are in place and the probabilistic relationships are adjusted over time.

In the case of the relationship between Existing Policies and the Level of Risk, equilibrium may exist, however it is likely to be fleeting as additional security breaches occur and countermeasures are taken. Equilibrium will be achieved when countermeasures limit risk to a minimum, however the intrinsic nature and rapidity of the security/risk relationship dictates that as new risks arise, disequilibrium will be the short term state. This is reflected by the nature of the self correcting action loop that exists between these two variables. Additional policies will reduce risk, and risk will create the need for additional policies.

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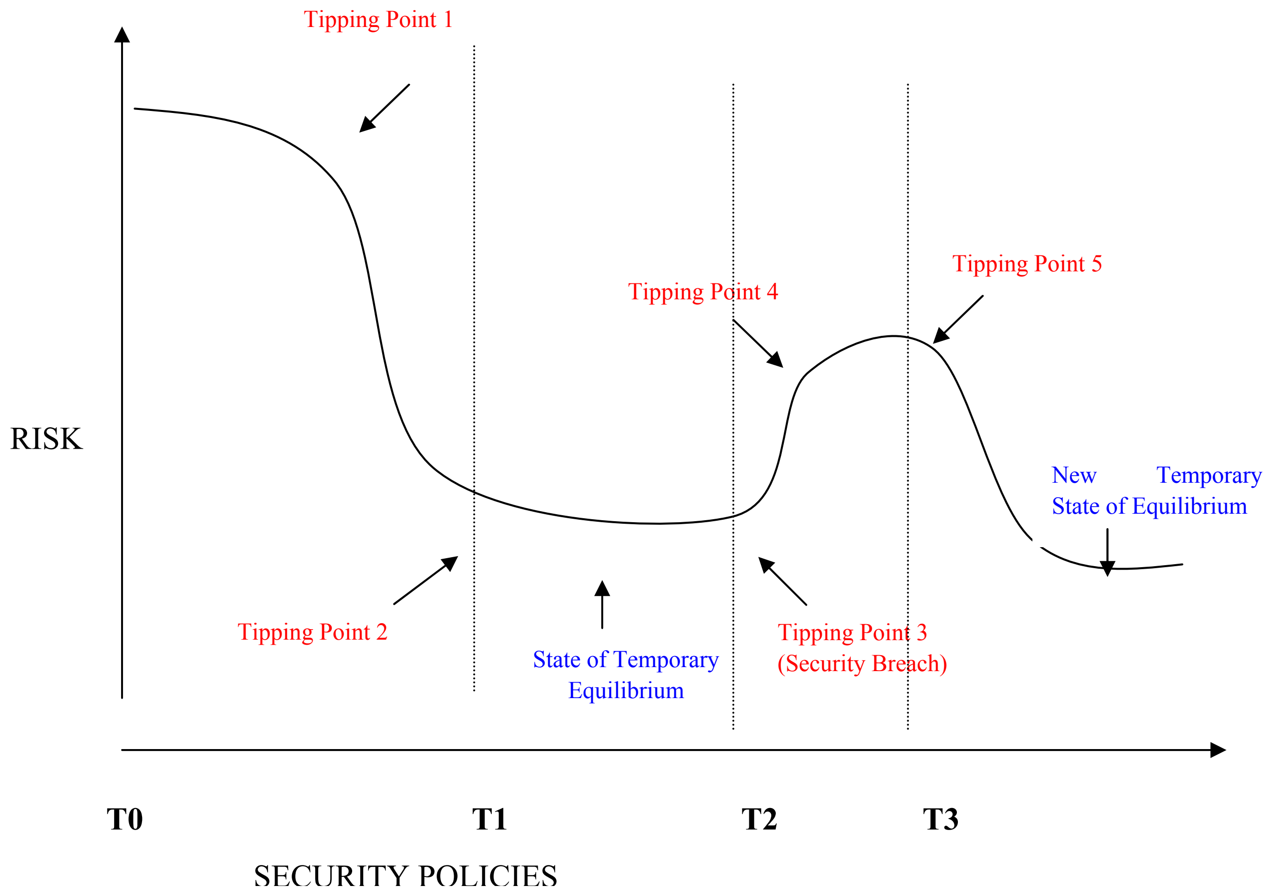

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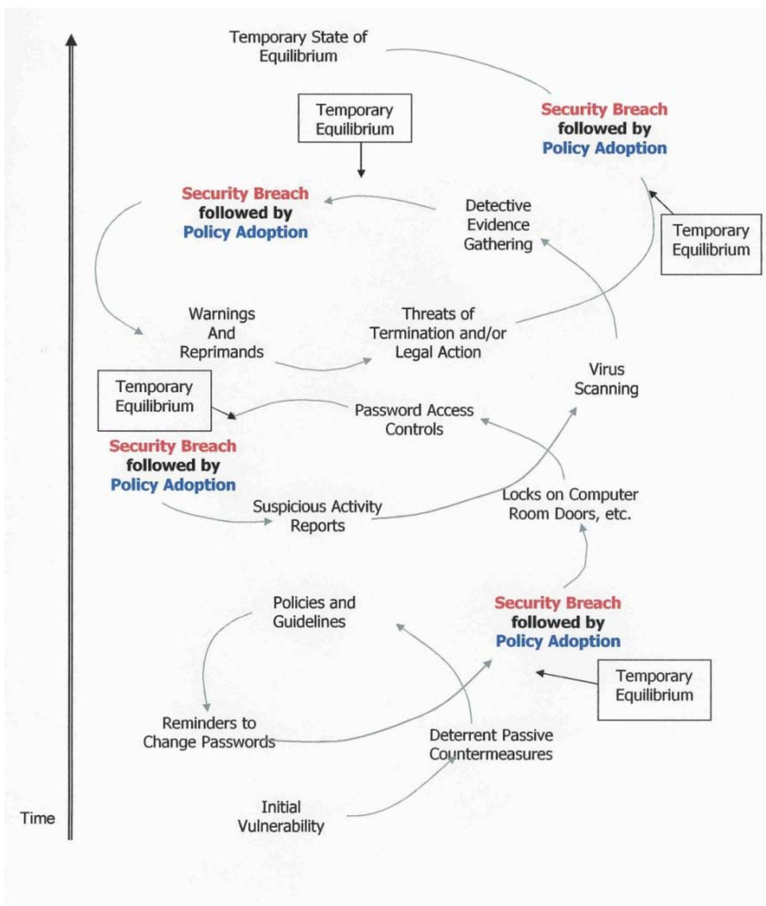

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Organizations often take a static approach to security policies without regard to unforeseen threats, assuming that taking action to overcome existing vulnerabilities will be sufficient. A more realistic understanding could be based upon the theory resultant from results of empirical testing of the above listed hypotheses. Better understanding of the dynamics of security, breaches and risk over time would be of great value to researchers and practitioners alike as we all try to respond to an ever increasing level of domestic and international threats.

INCREASING INVOLVEMENT IN THE SYSTEMS DEVELOPMENT GROUP

Maurice E. Dawson Jr., Alabama A&M University
Larry McDaniel, Alabama A&M University

ABSTRACT

When we think of developing and fielding complex systems we generally forget about the people factor. This is important as we need to ensure that our employees are motivated. It has been proven that a motivated team increases productivity and ultimately creates a better product. As we continuously need to compete in a global market with fewer resources it is essential we properly manage those who are actually performing the day to day work. As we navigate through the Systems Development Life Cycle it we need to know where the most participation is needed in order to maximize the human resources available.

Key Words: developer involvement, information systems development, systems engineering, group participation, motivation

INTRODUCTION

This paper discusses formal participation and performance of the system development group. The idea is that the group as a whole participates to attain the goals such as proper assessment of the requirements, commitment with the project champion, commitment with subcontractors, and user commitment. Through the group working as a whole more can be accomplished rather than an individual working toward the goal one. The problem is that there are behavioral characteristics that come into play when having a team function together especially if there is no set common goal. This is a difficult task bring the team together and having them be efficient as a team maximizing the positives of all the team members.

Researchers would like to consider participation and involvement to synonymous; yet that are not (Barki & Hartwick, 1989, 1994a). The reasoning behind group based rewards is if you reward the individual as a single unit that individual may strive only as a single unit. However when the group is treated as a group they may behave as such. This will allow for deeper bonding amongst the group and exciting participating. The end result is system development group performance which is the end goal in the research model developed from Adel Aladwani, Arun Rai, and Arkalgud Ramaprasad.

INJECTING MOTIVATION INTO THE SYSTEMS DEVELOPMENT LIFE CYCLE

The reason many systems normally fail is because they fail to properly execute a system or proven industry standard process for building systems such as the System Development Life Cycle (SDLC) process. The SDLC process model is a large scale system design process in which the steps in the process converge to system production and then diverge through operation and maintenance of a system. It is appropriate to large scale- high investment systems with multiple companies or interests contributing to the system. It supports definition of coordination requirements among those stakeholders. During this period is more than likely when the most communication takes place. This communication creates the foundation for work with the customer to definition of requirements, to detailed design, unit test, verification, and is complete when it reaches product completion.

When discussing motivation and how it affects this process it is easier to say that is the job of the project manager to fix. The project manager should be the individual tasked with creating team cohesion and motivating members. However all members cannot be motivated the same. Some are motivated by money while others by interesting work. This is a task for the project manager to fully understand the team that they have at their disposal.

MOTIVATIONAL METHODS DESCRIBED IN DETAIL

Motivational methods refer to items that should motivate an individual to reach their peak, feel wanted by the company, and obtain some reward for a job well done. But one thing not mentioned in any presentation was that a project manager has little reward in itself. The unanswered question was motivating the motivator. Below is a diagram taken from a peer reviewed research paper which displays how rewards play into participation in motivating the team members to ensure a higher level of system development group performance. The idea is that rewards are the key motivator in obtaining participation to ensure a good end product.

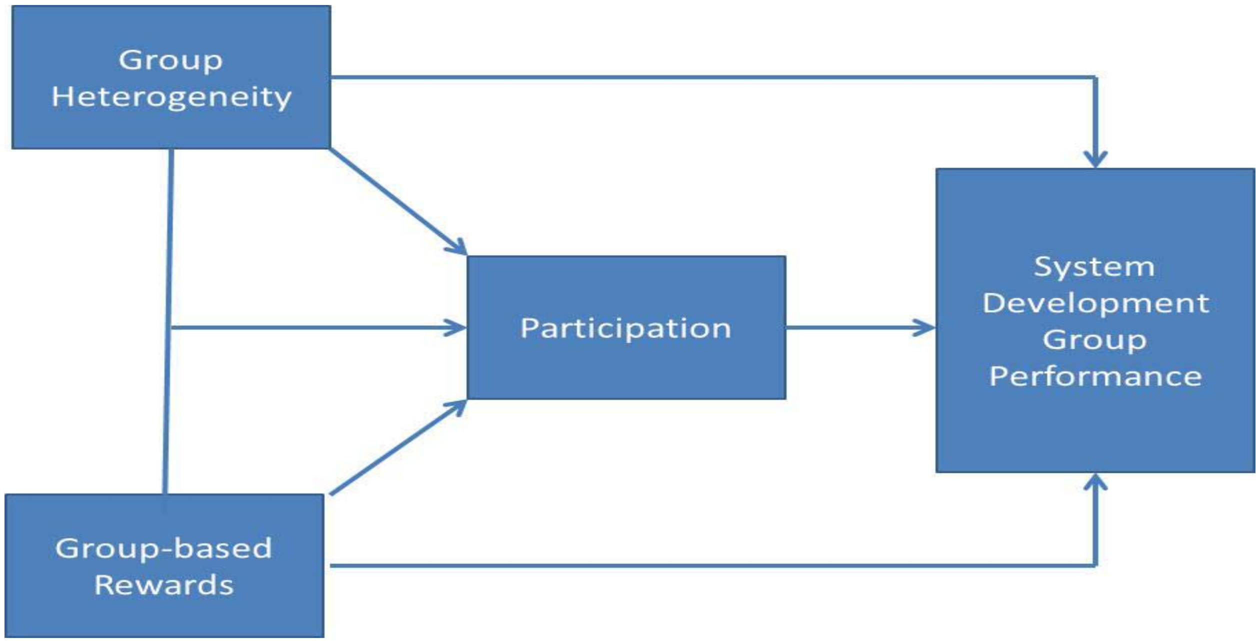

Figure 1: Group Participation Chart Note: This item was retrieved August 10, 2008 from Adel M Aladwani; Arun Rai; Arkalgud; Ramaprasad *Database for Advances in Information Systems;* Fall 2000; 31, 4; ABI/INFORM Global pg. 25

There are other discerning factors certain positions from my perspective. One of the team member positions such as lead systems engineer or program manager have a high divorce rate due to the significant time away spent at work doing the daily tasks of their job which require long hours. This in term makes the job more stressful to the nature of the time it requires. Many individuals cannot balance a heavy work load, family, and other things such as recreation.

After extensive review it has been determined that job security as a motivational method can be very difficult to implement depending on the location. If you take a cities with a high concentration of defense and aerospace work such as Huntsville, Alabama, Washington D.C., or Colorado Springs, Colorado where their livelihood depends on the military bases surrounding the city people view things different. Depending on the president and whether they support missile defense and ground mid-course defense could result in a base being shut down. In result, contracts from the government are cut and jobs are lost. Job security for a government contractor is very difficult to also include that they are usually hired for the specific position stated on the contract with their customer, Department of Defense, with no room for growth if it is primarily a service based contract. That individual simply leaves their current company and move to the next for that raise or better position.

CASE STUDY: DEFENSE CONTRACTOR EMPLOYEE RETENTION

After conducting a case study of a large defense contractor headquartered in Massachusetts additional attention was given to its smaller division located in the Greater Baltimore-Washington D.C. Metro. This organization had a high energy team that was highly regarded by the United States Army's office for aviation. However the first team had a 100% turnover while the second team currently has at least 70% turnover. The following themes were gathered through qualitative analysis.

1. Senior leadership did not appreciate the team's activities and hard work on multiple programs.
2. There was lack of appreciation for working around hectic schedules to ensure product certification.
3. The salary was not commensurate with market.
4. Inadequate training was provided to maintain government professional certification mandates.
5. No recognition of specialized skillset of importance.

The themes were identified prior to the second turnover however the push to address the needs were not done early enough to retain the employees. Of all the engineering and technology related degreed employees that departed from this organization with the exception of one received a salary increase less than $20,000.00 per year. However that individual felt that all five themes were addressed adequately in the new organization. As this team was treated poorly and many of the themes unaddressed even the direct manager of the team departed as well. This case study further provided justification why group motivation is connected to participation in the systems development process.

IDENTIFYING PARTICIPATION NEEDS IN SDLC

After reviewing literature concerning group participation and the SDLC it becomes essential to identify key points in the development life cycle where participation must occur. In Figure 2: Group Participation Displayed in SDLC, participation is displayed as being needed in the first four of the phases to ensure development success. However if the contract or program was maintenance or disposal oriented then more emphasis on participation would occur at those particular phases.

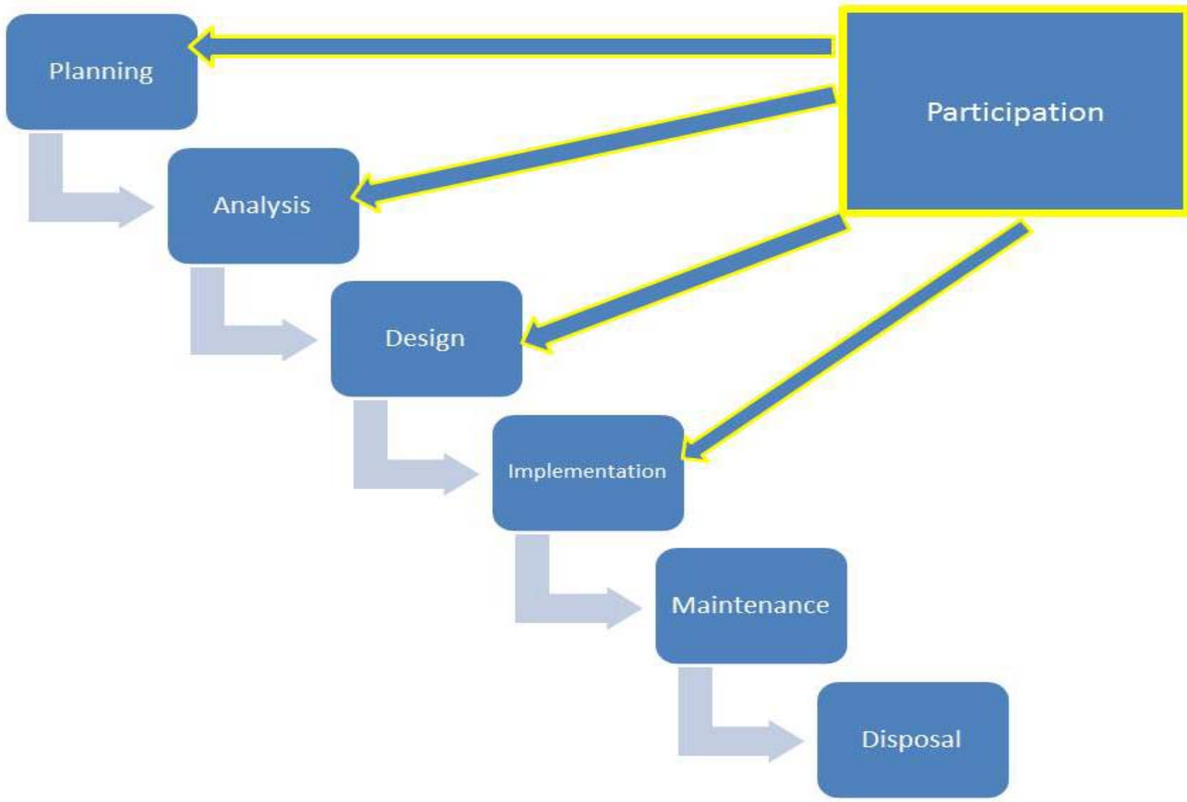

Figure 2: Group Participation Displayed in SDLC

LIMITATION: FREQUENCY OF REWARDS

An item that has not been identified is the proper frequency of the group based rewards. It has been determined that too many rewards to an individual or group can diminish the value of the rewards. The amount or frequency of awards needs to be commensurate with the task or work. It is also important to identify the type of award to be given as it may need to be different for various employees without creating jealously or discourse with the development team. Further research needs to be conducted to fully understand the impact in relation to the frequency of awards to provide guidance that allows a manager to maximize the effect of an award to an employee or group.

CONCLUSION

In conclusion, in order to ensure the product is released successfully it is essential that the development team is motivated to fully participate during the first four phases of the SDLC. It is important to understand which group based rewards motivate the team to have them engaged. In order to retain the team the common motivational themes must be identified and managed on a continual basis. Once these particular items have been addressed then the leadership team can expect the developers to engage fully in the SDLC.

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A FAST FACET MINING ALGORITHM USING DIFFERENT KINDS OF TEXT

Jose Perez-Carballo, California State University

ABSTRACT

A fast clustering algorithm designed to mine facets from text was tested using several corpora containing different types of text including technical textbooks, a cookbook, web blogs, Wikipedia articles, and electronic mails. A "facet" is an aspect of a topic. 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. This paper is a preliminary version of a more detailed study that will be published as a journal paper. The algorithm studied here is based on the hypothesis that multi-word terms that appear in a similar grammatical context are likely to belong to the same facet. The results show a difference in performance of the algorithm depending on the kind of text. Text that tends to be more structured, such as a Java textbook, or Wikipedia articles, results in a larger number of the facets generated by the algorithm being judged useful by experts. Text that tends to be less structured and informal, such as blogs and email, results in less facets judged useful by experts.

The Fast Facet Identifier (FFID) described in this paper uses a fast simplified clustering algorithm that allows the identification of hundreds of facet clusters from a corpus of hundreds of thousands of sentences in a very short time

The central hypothesis used by FFID is that multi-word terms (MWTs) that appear in a similar grammatical context are likely to belong to the same facet. For example, "violin" and "flute" (musical instrument) are likely to appear in similar grammatical contexts which are likely to be different from the contexts in which "funnel" and "grater" (cooking utensils) appear.

The following examples show sentences where MWTs (shown in bold face) appear in similar contexts:

1- dip in ***beer batter*** *and shake gently*
2- dip in ***seasoned flour*** *and shake gently to remove excess*
3- garnish with ***parsley****, if desired*
4- garnish with ***pecan halves****, if desired*
5- Free scores by ***Anton Bruckner*** *in the Werner Icking Music Archive*
6- Free scores by ***Luca Marenzio*** *in the Choral Public Domain Library - ChoralWiki –*

A crucial aspect of FFID is the way in which it clusters the grammatical contexts. If each pair of contexts were to be compared using some similarity measure, the complexity of the algorithm will be O(n2). This means that if clustering a few thousand sentences takes on the order of minutes, clustering tens of thousands may take days. This is the reason why clustering algorithms are seldom practical. The algorithm used by FFID to cluster contexts can cluster hundreds of thousands of terms in seconds. In order to avoid O(n2) complexity, in FFID the contexts are processed first in order to transfom them into strings that, when sorted, will result in similar contexts being next to each other in the sorted list. The sorted list of contexts is then examined from beginning to end picking up the clusters of similar contexts. The resulting complexity is, thus, the complexity of sorting (O(nlog(n))).

The full algorithm used by FFID was described precisely in (Perez-Carballo, 2009).

TEST DESIGN

What was measured: in order to test the effectiveness of the system with respect to different corpora (see next section), we measured the proportion of facet sets that were judged "useful" by a three expert panel. This is a measure of precision. It was decided, because of its difficulty, not to measure recall, i.e., of all possible facet sets mentioned in each corpus what percentage was identified, or for each set, what percentage of the possible facet values was correctly included in the appropriate set. (Perez-Carballo, 2009) describes experiments involving a single corpus about music taken from Wikipedia that was used to measure the proportion of facet sets judged useful by expert judges. The experiments described in that paper showed that the algorithm was fast and effective in order to help human experts identify good facets. The experiments in this paper test the performance of the algorithm with different kinds of text.

How it was measured: for each corpus tested, a file was created that contained at most 20 clusters for each type of cluster generated by the system. The set of 20 clusters per label was selected at random from all the clusters generated by the system. This file was shown to a group of 3 experts that included 2 knowledge engineers and a professional indexer. They were asked to look at the sets and judge them "not useful at all" (score 0), "somewhat useful" (score 1), "very useful" (score 2). They were asked to interpret "useful" as meaning "this cluster would have helped them shorten the time and effort required to create facet taxonomies by hand". The experts worked together to score the clusters and reach a judgment by consensus. This process is similar to the team work of knowledge engineers in the real world.

When the algorithm was described above, the patterns that are used to conflate several different contexts were listed in Table 1. Some of these patterns may generate useful clusters more often than others. In the experiments described in this paper we measured the difference in quality of these different patterns. The purpose of the tests is to find out whether our methods to extract facets works better for some kinds of text than with others.

After all clusters were generated from each one of the corpora used in the experiments, a label was given to each cluster depending on its normalization pattern.

Description of the corpora used

In order to compare the performance of the system with respect to several different kinds of text eight different collections, or corpora, were used. Some were very formal and structured texts such as a Java language textbook, and our own book (Anderson & Perez-Carballo, 2005) on information retrieval (JAVABOOK, JDA), or collections of cooking recipes (CASTANET, COOK). Such formal text may contain patterns that can be discovered by FFID. Other corpora used in the tests was much less formal or even grammatical such as blogs (HUFF, DISH) and emails (CSMAIL).

TEST ANALYSIS

The table shows the data collected during the tests. Since the corpora are of different sizes we used the sum of all scores divided by the number of clusters as a measure of how good the clusters extracted from that corpus are. That number can be used to compare across corpora even if the number of clusters extracted is different. The maximum value for that parameter would be 2 if all clusters were judged "very useful". The minimum value would be 0 if all clusters were judged "not useful at all". This is because the judges were asked to give each cluster a score from 0 to 2 where: 0 means "not useful at all," 1 means "somewhat useful," and 2 means "very useful."

Table: Test results

Corpus name	size (MB)	total nr clusters	clusters per MB of input	nr of clusters in sample	best cluster type (score)	score for clusters in sample
CASTANET	2.9	360	124.14	60	p8 (1.85)	1.6
JAVABOOK	1.6	174	108.75	60	p5 (1.83)	1.52
JDA	1.4	259	185.00	49	p6 (1.8)	1.45
COOK	5.7	782	137.19	82	p8 (1.75)	1.37
MUSIC	15.5	1555	100.32	120	p6 (1.9)	1.32
CSMAIL	2.88	541	187.85	54	p8 (1.8)	1.2
HUFF	1.7	122	71.76	51	p6 (1.3)	1.08
DISH	2.7	60	22.22	44	p6 (1.33)	0.8

The table presents the results of the judgments on all the corpora tried in the experiments.

CONCLUSIONS

Corpora with a lot of structure (i.e. patterns that appear often in the text) and about the same topic will produce more clusters that will be more likely to be useful. A recommendation for the use of the FFID algorithm in production situations is to segment the documents that will be fed to it into collections that are topically consistent. For example do not mix articles about world politics with articles about the Java language. The resulting facets will be more likely to be useful sets if the documents are more consistent. The kind of language used in the documents will also affect the number of useful facets produced. Topics that are more likely to use structured text, such as examples of programming language code, or a collection of documents that all follow the same format, such as recipes, will be more likely to generate useful facets. Finally, text that does not have any topical unity, written by a diverse group of writers, and not following any kind of format (such as emails or blog comments), will result in the less amount of useful facets. But even for that kind of text, FFID was shown to produce enough useful facets by our group of indexers and knowledge engineers to make it a useful enough tool in the process of creating classification taxonomies.

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ANALYSIS OF MUNICIPAL WIRELESS NETWORK DEVELOPMENT STRATEGY FOR SMALL-SIZED CITY

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ABSTRACT

Wireless Philadelphia was a pioneer project to build a city-wide public municipal wireless network to give a low-cost wireless Internet access to its citizens and visitors. But the project was stopped in 2008 and the main contractor went bankrupt. In 2010, the city of Meridian, MS announced that it would build a municipal wireless network. This paper analyzes U.S. cities' wireless network projects in cost, market, pricing, technology competition and it suggests a good approach for a successful municipal wireless network in a small town like Meridian, MS.

PENALTIES FOR FEDERAL TAX CRIMES: THE IRS ARSENAL

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ABSTRACT

When a Civil Investigation Division agent knocks on your door, engage counsel right away — there are severe criminal penalties for tax crimes. This article discusses how criminal tax investigations are triggered, the criminal statutes employed by the IRS, and the associated penalties for these tax crimes. It then demonstrates how the IRS proves its cases, taxpayers' rights and defenses, and management accountants' responsibilities with respect to federal tax crimes. Relevant court rulings provide examples of the IRS' effectiveness in prosecuting offenders.

CORPORATE SOCIAL RESPONSIBILITY REPORTING (CSR): MORE THAN JUST PUFFERY?

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ABSTRACT

This paper explores links between Corporate Social Responsibility (CSR) reporting and actual performance by a multinational corporation engaged in energy exploration and development at a time of crisis. CSR reporting springs from a desire to generate greater transparency on the social and environmental impacts of corporate operations, much as financial reporting provides greater transparency on the financial impacts. Unlike financial reporting, CSR reporting remains voluntary and unregulated. Prior research suggests CSR reporting benefits organizations in a number of ways including increasing social legitimacy, influencing the broad environmental agenda and other public policy debates, and showing that voluntary means of reporting provide sufficient transparency to eliminate any need for mandatory reporting regimes (see, for example: Gray, et al, 1995; Deegan et al, 2002; and Brown and Fraser, 2006). Indeed, almost all large corporations now engage in elaborate CSR reporting activity further suggesting that benefits accrue from this.

Increasing legitimacy from an activity like CSR reporting depends on a loose coupling between what is represented publicly and what actually transpires behaviorally (Suchman, 1995). Currently, voluntary CSR reporting leads to opportunities of 'greenwash' as organizations are able to present their best CSR profiles while withholding less favorable performances. In all cases events of a public nature, like an environmental crisis, dissolve loose coupling and invite close scrutiny of actual performance against CSR reporting representations.

The purpose of this study is to make such a scrutiny of the CSR report published by BP PLC on April 15, 2010, just five days before the Macondo well blowout crisis resulted in leaking an estimated 4.9 million barrels of crude oil into the Gulf of Mexico. In addition, news coverage during the first eight days of the crisis is examined to evaluate if the CSR themes of economic, environmental and social performance appear relevant in early coverage of the crisis. Lastly the final report of the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling is examined.

INTRODUCTION AND LITERATURE REVIEW

CSR reports serve the information needs and desires of a broad array of stakeholder audiences. Investors are an assumed target audience and sending signals indicating risk management strategies, goals, and actions are considered a positive motivation for firms to engage in this voluntary reporting activity (Spence and Gray, 2007; Bebbington et al, 2005; Miles et al, 2002; Neu et al, 1998). There are concerns about the credibility of CSR reports as something other than public relations and image management tools. Greenwashing, or "disinformation disseminated by an organization so as to present an environmentally responsible public image" is understood as deception by overly emphasizing the positives (Vos 2009, 674). In the absence of verifiable measures of performance CSR improves public perceptions about a corporation. While short of fraud, greenwashing results from an effort to mislead. For example, as BP was actively lobbying Congress to authorize drilling in the Arctic National Wildlife Refuge it simultaneously sold stuffed animals of endangered species through its retail gas stations (ibid., 677). In the absence of meaningful regulation CSR reporting can become nothing more than "puffery". Puffery is a legal defense against charges of false advertising or charges of investment fraud. Commercial speech that misleads consumers or investors is illegal, and firms must be careful of public representations. But puffery protects against such charges if a court is convinced that the statements were nothing more than "vague statements of corporate optimism" that a reasonable consumer or investor could not take literally (Hoffman 2006, 1406).

Some firms undertake credible CSR reporting, but these important efforts are undermined by greenwashing. "Without some form of verification, the "free riders" who take advantage of CSR will result in a public weary of hearing about CSR and skeptical of or even cynical about its benefits" (Cherry and Sneirson 2011, 1037). The Securities and Exchange Commission, in first specifying regulations requiring greater transparency, was concerned not only with providing investors with information for investment decisions, but also with providing "social investors" information to judge the public responsibility of corporate managers (Williams 1999, 1199). Financial disclosure regulations use disclosure requirements as a means of controlling corporate behavior in the public interest. This study explores whether voluntary CSR is sufficient to deliver on the promise of similar social and environmental transparency.

FINDINGS

The Commission Report (CR) on the root causes of the Macondo well blowout provides information on operating conditions and the decision-making context at the time of the crisis that is unavailable in the CSR report. It provides an opportunity for comparing two views.

On April 20, 2010 the Deepwater Horizon rig was completing temporary abandonment chores. A production rig would follow later, reconnect to the wellhead (on the sea floor), and begin extracting crude oil for actual production. The exploration job was six weeks behind schedule and $58 million over budget (CR 2011, 2).

Well control requires balancing the upward pressure of the oil reservoir with equal downward pressure created by filling the drill pipe with drilling 'mud'. The drill pipe is inside the well borehole, separated from the sides of the well by annular space. The annular space is lined with casings – tubes of steel cemented to the well walls. Uneven cement around casings can leave channels of weak or missing cement through which uncontrolled hydrocarbons can flow up the well – a blowout. By April 14, the Macondo crew was preparing to lower and cement the final casing. Final cementing serves two purposes: bonding the bottom casing to the well wall; and creating a barricade at the bottom of the well between the hydrocarbon reservoir and the well borehole, sealing the well. Final cementing is complex and was one of the "most significant factors" causing well blowouts during a 1992 – 2006 study (ibid, 99).

Final cementing was complete by 12:40 am, April 20, and Halliburton informed BP the cement job was a success. Tests may be done on the integrity of the cement and another contractor was on the rig to do them. Believing the cement pour was good, BP sent these people home without conducting the tests, moving on to the tasks of temporary abandonment of the well. During temporary abandonment three physical barriers sit between the oil reservoir and the open sea: the primary cement seal at the bottom of the well (presumed already successfully placed); a second cement plug located in the well – a 'surface cement plug' - placed during temporary abandonment preparations; and a lockdown sleeve under the blowout preventer. The plan to get the well in this final state involved removing drilling mud in the well and replacing it with lighter seawater, testing the well integrity with a 'negative pressure test'; removing drilling mud from the riser, replacing it with seawater; and finally placing the surface cement plug. Below the blowout preventer system on the sea floor lays the well itself, lined with the casings cemented to the well walls; above this system a riser pipe connected the drilling rig to the well. Additional pipes ('kill' lines) from the blowout preventer to the rig allow fluids to circulate from the rig to the well outside the main drill pipe.

BP's plan called for displacing the drilling mud in the riser pipe and replacing it with seawater *before* setting the surface cement plug. With the blowout preventer valve open while mud was pumping out of the riser, the *only* physical barrier to the hydrocarbon reservoir during this process was the primary cement job. Between removing the mud in the well and removing the mud in the riser, a negative pressure test was done on the integrity of the unbalanced well. The test was not understood properly or interpreted while being undertaken.

Negative pressure tests remove pressure from inside the well to see if fluids leak in. Strong casing bonds and cement plugs prevent the intrusion of hydrocarbons from below. The rig crew simulates, within the well, pressure that will be exerted by the hydrocarbons. This is then bled off until well pressure reaches 0 psi. The test succeeds if: 1) no fluids leak into the well 'for a substantial period of time' while in a zero pressure state, and 2) if no pressure builds up inside the well when it is closed off as part of the test. Observing both of these conditions infers that the casing and bottom cement plug have sealed off the well.

The rig crew began the test at 5:00 pm on April 20. Three tries of bleeding off pressure failed the zero-pressure-buildup with the well closed. BP personnel called for a second negative pressure test to be done on the kill line. Pressure on this line should be the same as that on the drill pipe because both run to the blowout preventer system. Pressure was successfully bled from the kill line down to zero psi, there was no buildup of pressure when it was closed off, and no flow of fluids was observed for a 30-minute period. At 8 pm the crew concluded that the negative pressure test on the drill pipe was successful, confirming the integrity of the well, *even though* pressure on the drill pipe remained at 1,400 psi during the entire test on the kill line. There is no evidence of attempts to reconcile the discrepancy between the states of the two pipes.

Removing riser mud began at 8:02 pm by pumping seawater in the well. Crew watching for 'kicks' (gas escaping into the well) were on duty. One kick indicator is drill pipe pressure - at constant pumping rates, decreasing pressure *can* indicate lighter hydrocarbons have entered the well and are moving up the casing space outside of the drill pipe, exerting less downward pressure than mud and requiring less work from rig pumps. Increasing pressure *can* indicate heavier mud being pushed upward by rising oil in the drill pipe, requiring pumps to work harder.

Until 9:00 pm, events went fine. At 9:01 pm, drill pipe pressure began *increasing*. This should be a puzzle with constant pumping rates, but no evidence exists that anyone noticed the change pressure direction. From 9:08 to 9:14 the pumps were off for scheduled tests, yet drill pipe pressure increased. It isn't clear that anyone noticed this, and at 9:14 pumps were turned back on. At 9:18 a pressure relief valve on one of the pumps blew. Shortly before 9:30 someone noticed unexpected pressure differences between the kill line and the drill pipe and shut the pumps off. First drill pipe pressure decreased with pumps off, but it increased by 555 psi. At 9:36 pressure was bled off, initially dropping but then climbing. At 9:39 pressure began *decreasing* – sure sign of a kick. Between 9:40 and 9:43 drilling mud began spewing onto the rig floor; at 9:45 the crew knew the well was blowing and tried to shut the blowout preventer, but gas was past that point in the riser pipe. At 9:49 pm, the first explosion rocked the rig. The crew tried to activate the rig's 'emergency disconnect system' sealing the well and separating the rig from the blowout preventer. The system did not activate, nor did the automatic 'deadman' system respond. Post-incident tests showed low battery charges and defective solenoid valves.

Forty five articles were examined from April 21-28 for coverage of the focal points of CSR reporting - environmental and social impacts (including safety of employees and communities), and economic impacts. There was significant coverage every day. Safety issues dominated during the first two days and remained an important focus, while early coverage of environmental impacts was relatively sanguine. Examples include: "As the intense fire burned the spewing oil off on Wednesday [April 21], early indications were that the rig fire didn't present significant danger to the coastal ecosystem" (Jonsson 2010). As the drama unfolded it was clear oil was leaking from the well and environmental impacts became a significant focus. Examples include: "A slow-motion environmental disaster may be in the making with the discovery Saturday [April 24] that 42,000 gallons a day of crude oil is spewing from a well on the bottom of the Gulf of Mexico" (Clanton 2010). Only during the latter period of time, as the oil slick approached the Gulf shores, did economic issues become persistent.

Sustainability is carefully construed throughout BP's CSR report as 'continuous process improvement', making no connection to environmental or ecological sustainability. Describing BP's operating management system (OMS) exemplifies this careful contextualization of 'sustainability' as follows: "The (OMS) system elements … create a platform for sustainable improvement, allowing BP to capture additional value through efficiency. Ultimately, this delivers sustainable excellence in operating" (BP 2010). And, '[o]ur performance improvement cycle is at the heart of OMS, driving and sustaining change and improvement in local business processes (ibid)". What is sustainable is 'change and improvement' of business operations. Continuous improvement also centers of BP's approach to safety: "the group chief executive [Tony Hayward] and his executive team were instrumental in establishing the concept of continuous improvement to help drive systematic safety and reliability in our operations. Continuous improvement is a means of empowering our operations managers and supervisors, who are closest to our operational problems, to develop the necessary solutions" (ibid). In environmental disclosures, continuous improvement emphasizes compliance with regulatory frameworks, while not revealing lobbying efforts regulatory developments. Taken as a whole BP's CSR report addresses important issues, but the current voluntary nature of CSR reporting allows too much leeway for self-promotion rather than effective self-reflection.

The CR cites BP's CSR vow to continuous improvement but concludes "incidents and subsequent analyses indicate that the company does not have consistent and reliable risk-management processes – and thus has been unable to meet its professed [CSR report] commitment to safety. BP's safety lapses have been chronic" (CR 2011, 218).

CONCLUSIONS AND IMPLICATIONS

Voluntary CSR reporting lets language of 'continuous improvement' stand for environmentally and socially responsible operating approaches (Ihlen, 2009), while bypassing real reforms, and obscures industry and/or advocacy organizations' dominant role in developing safety standards and formal regulatory standards. CSR reports address issues and concerns that society harbors with respect to corporate behavior, as repeatedly reflected in media coverage of this catastrophic environmental event. Crisis events are regrettable instances wherein the legitimacy of an organization is challenged and/or damaged as the loose coupling between 'what you say and what you do' is eliminated. In this crisis event, voluminous 'sustainable continuous improvement' language did little to increase transparency and allow anticipating or understanding the significant operating risks in place at the Macondo well.

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A SEGMENTATION OF BEACH RENTAL-BY-OWNER ONLINE INQUIRING CUSTOMERS

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ABSTRACT

A growing segment that has emerged over the past decade is the vacation-rental-by-owner destination market. Indeed, many of today's beach house owners are using website promotion to rent their vacation properties versus the use of outside rental agencies. To better understand typical interested customers in this market, the rental inquiries for one beach house owner are examined. Using the beach house owner's website inquiry database collected over a six-year period from 2004 to 2010, unique characteristics about these vacationers relative to the property, the area, and the surrounding Gulf Coast region are identified. Key factors used to understand these interested vacationers include region, distance, inquiry lead time, length of stay, group size, adult group size, child group size, inquiring season, and vacation season.

FIX IT: HOW CONSUMER SERVICE RECOVERY EXPECTATIONS AFFECT REPURCHASE INTENTIONS AND SATISFACTION

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ABSTRACT

This paper examines how customer recovery experiences/expectations are influenced by whether the recovery efforts are satisfying or dissatisfying to the customer after service failure and recovery encounters. Service recovery experiences will affect consumer satisfaction and also repurchase intentions. Service recovery encounters provide opportunities for service providers to fix the problem(s) that caused the service failure, and thus, provide remedies to satisfy the customer. It's incumbent on the service providers to understand and gauge customer recovery expectations so that the service providers can determine the appropriate recovery mechanisms. This paper builds upon the extant literature on customer recovery expectations, customer satisfaction, and intention to repurchase.

Many customers are using the Internet to purchase products and services, pay bills online, and make hotel and airline reservations to name a few. This increase in Internet service encounters is very important to both the consumers and the service providers despite some innate difficulties associated with Internet service failures and recoveries. The Internet service recovery mechanisms relative to customer's attribution for failure, expected service recovery, satisfaction, and intent to remain need to be explored. This study seek to explore how these mechanisms can be employed by the service providers to improve customer satisfaction, increase repurchase intentions, minimize negative word-of-mouth, and improve the firm's profitability. Numerous studies in marketing have examined customer satisfaction/dissatisfaction in traditional retailing, and the experiences of the unsatisfactory behavior. However, the same cannot be said of the Internet service encounters despite e-commerce revolution and its impacts on retailing and service encounters.

Building on the satisfaction/disconfirmation paradigm and satisfaction/dissatisfaction literature, some hypotheses are presented to test the relationships between satisfaction and intention to remain with the service provider.

This study employed a scenario-based experimental design to measure the constructs. Web-based survey questionnaires were used to collect data; a total of 254 subjects completed the web-based survey questionnaires in the study. The results suggest that there is a positive relationship between satisfaction and disconfirmation; also, the results suggest that satisfaction is positively related to the intention to remain. The managerial implications of this study are significant. This paper contributes to the extant literature on consumer behavior by exploring some issues that might be unique to the online shopping experience and add more to the body of literature on online service failure and recovery management.

THE TWEEN MARKET NICHE: AN OVERVIEW OF PAST RESEARCH, CURRENT PRACTICES, AND A COMPREHENSIVE RESEARCH MODEL

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ABSTRACT

This paper explores the past decade of literature on tweens as an exploding market niche and presents future hypotheses to be examined based upon a review of the current academic research and current advertising practices. The researchers also summarize the most important research on the topic of tween marketing, its methodology, definition of tween and significant variables. Lastly, a comprehensive model for research is presented to give the state of the art of determinant factors regarding tweens and their consumer behavior characteristics and trends.

INTRODUCTION

Generational differences have been commonly used in market segmentation and niche marketing for very successful marketing campaigns. A generation is defined by certain determinations such as dramatic events or shifts which form a common set of values within the generation. This paper is focused on the "Tween" segment, a subset of the X generation (Lindstrom & Seybold, 2003) or a subset of the Z generation (Williams, Page, Petrosky & Hernandez, 2009). The "tween" marketing segment has been gaining in popularity as a topic of study due to its phenomenal growth and buying power. The "tween" is a user of social media (some even call them the V or virtual generation since they are so involved in technology (Fraser & Dutta, 2008) and consider them to be a "global phenomenon" (Lindstrom & Seybold, 2003). Globalization of tween buying trends may be related to their watching TV, which many see as the creator of the global trend referred to as the "McDonaldization" effect (Chang, 2007, Lemish, 2007; Ritzer, 2009; Hawkins et al., 2010, Hamm, 2007). Tweens are a more powerful generation then past generations since they are a triple opportunity to marketers – "a primary market, an influencing market and a future market" (Norgaard, Bruns, Christensen & Mikkelsen 2007, 197). It is important to study the characteristics, values and attitudes of the "tween" segment to understand how these values influence purchasing decisions. When retailers and marketers capture the values of tweens and wed those to the buying of their products or the retail experience (such as the American Girl Place), it can be explosive (Borghini et al., 2009).

REVIEW OF THE LITERATURE

The literature review can be divided into the following areas: 1) definitions and characteristics of tweens; 2) global or localized trends for tweens; 3) negative impacts or ethics of advertising to tweens 4) branding of tweens and 5) tweens as influencers.

Definitions and Characteristics of Tweens

Tweens are defined as 9-12 year olds by marketing practitioners. Estimated at $1.5 billion in disposable income, tweens are a sizeable direct market and they are a market which companies hope to start early with brand loyalty. They are described as hyper brand conscious (in areas of cosmetics, music, apparel, consumer electronics, and film), spend a lot of time with peers and are peer influenced. They grow up faster, are more connected, more direct, more informed, have more personal power, more money, more influence and attention than previous generations (Lindstrom & Seybold, 2003, 1). Tweens do influence family buying patterns, for example, in grocery purchasing they influence parents to buy food products that the tweens can prepare for themselves since they are easy and quick. Tweens want to be catered to and they want a coupon or free gift or to be amused or entertained. Since tweens are on the computer and hit (click through rates high) banner ads more often than adults, marketers are beginning to capitalize on their behavior through social media advertising. As suggested by Sims (2000), to be effective companies need to get on net, offer free things and customize to tweens.

In the academic world, most researchers have defined "tweens" as 8-12 year olds (Andersen, Tufte, Rasmussen, & Chan, 2007), some describe them more widely as 8-14 year olds (Lindstrom, 2004; Maughan, 2002) and others narrowly as 11-12 year olds (Dibley & Baker, 2001). The "tween" term refers to the concept of being "in-between" a child and a teen, which is not necessarily tied to a particular age, but rather connected to a state of mind or behaviors. This schizophrenic existence causes a "split personality" between acting as a kid and taking on the actions and values of a teenager (Siegel et al., 2004). To complicate definitions further, some researchers note the "kids grow old younger" or KGOY phenomenon, which states that kids are maturing faster than in previous decades or generations (Cook & Kaiser, 2004). Some believe this is the result of different dietary patterns and could be influenced by greater use of hormones in food as well as more protein in the diet. Others blame the world of TV and media advertisement for giving more mature images to children at a younger age.

H1 *Tweens have a stronger brand awareness than adults in the industry areas of their interest (such as music, apparel, electronics, film and cosmetics).*
H2 *Tweens will increase their purchasing with increases in giveaways.*
H3 *Tweens will purchase more often through banner ads than adults.*

H4 Younger tweens (8-10 year olds) are more similar to older tweens (10-12 year olds) than to younger children (7-9 year olds) in their characteristics such as use of the internet, influence role and product category purchases due to their growing maturity.

Global or Local Trends for Tweens

In the arena of globalization versus localization of "tween" buying behavior and values, some researchers believe the "tween" segment to be extremely global in nature (Giges, 1991; Lindstrom, 2004; Lindstrom & Seybold, 2003; Siegel et al. (2004); yet others have found differences by countries in the attitudes, usage of products and purchasing decisions that "tweens" make. In the Giges (1991) study, the consumption pattern of 14-34 year olds around the world were found to be extremely similar for products in the soft drinks, beer and footwear segments. However, Andersen et al. (2007) found that Danish "tweens" used the internet and social media for entertainment and communication with their peers (significantly more text messaging), whereas Hong Kong "tweens" had more limited media choices and used the media they had for more academic activities (such as homework and finding information) even though they may own similar devices. Mobile phones were owned by 75% of Danes and 47% of Hong Kong tweens, whereas the internet access for Danish tweens as compared to Hong Kong youth was 95% to 89%.

H5 Buying patterns and characteristics of tweens in individualist countries will be more homogenous (and therefore more global) to one another than when comparing to community oriented countries (local differences greater).

Negative Impacts or Ethical Considerations for Tweens

Consumerism is certainly at its zenith in America and brands are becoming globally known, but there are possible negative impacts of this materialistic emphasis in society that could be detrimental for our tweens. Goldberg et al., (2003) have found a disturbing link between tweens (9-14 year olds) who are preoccupied with materialism and low grades (interests and performance in school decreased). Singaporean youth (ages 13-18) were found to be influenced by peers and media celebrities as well as by the amount of advertising viewing and responses to marketing promotions (actually buying something seen in ad) in their overall materialism (La Ferla & Chan, 2006). The impact of celebrity adoration was also found in Taiwanese adolescents when it came to increasing their purchasing intent (Chiou, Huang & Chung, 2005), thus making them more susceptible to the negative effects of materialism.

Possible early tendencies towards excessive or compulsive buying patterns were also shown in 46% of EU adolescents by Garces Prieto (2002). In addition, advertisers have been criticized by their over-sexualization of adolescents in their marketing campaigns (Brown, L'Engle, Pardun, Guo, Kenneavy & Jackson, 2006, Durham, 2008; Goodinm Van Denburg, Murnen, & Smolak, 2011). Some marketers have attempted to put ad breaks in their online content in order to let youth know that they are indeed advertising to them This practice does decrease the brand recall of the product for young people (An & Stern, 2011).

From the industry perspective, it is getting more difficult for marketers to find the sweet spot for tweens with the phenomenon of “KAGOY - Kids Are Getting Older Younger”. In selling books, marketers have a tough time deciding what will be considered “age-appropriate” by young readers, their parents and their teachers. Tweens may have the “reading ability” to read teen or even adult novels but may not be emotionally prepared to handle the material (Maughan, 2002, 36). Tweens want to be teenagers, be sophisticated and treated as older. Ten years ago, tweens would have been 10-12 years old, but now the market segment of tweens has gone down to 8-12 year olds in the book publishing industry.

There is a well known effect called the “nag factor” or “purchase influence attempts” that shows hard sell media techniques do influence adolescent buying behavior, but the content of this research does not specifically deal with the sexualized appeal and its negative impact on children (Williams & Burns, 2000). Estimates in the research show that between 12 to 44% of young people in the US and UK today are experiencing compulsive buying as a dysfunctional behavior (Magee, 1994, Hassay & Smith, 1996, Dittmar, 2005). Young people seem to be more susceptible to the psychologically motivated buying spree as a way (often mistakenly) to achieve their goals of happiness, success and life satisfaction (Dittmar, 2005). Those who use consumer goods to mediate mood and seek identity creation are sadly disappointed at the outcome and adolescents are among the highest segment in this group (Gardarsdotir, Dittmar & Aspinall, 2005; Kasser & Kanner, 2004).

H6 *Tweens, with a higher materialistic rating, will have increased negative life impacts such as poor school performance, dysfunctional compulsive buying, and over-sexualization.*

H7 *Ad breaks in online advergames lower brand recall.*

NOTE: The hypotheses on branding and influence, the overall research summary and comprehensive model along with references are available upon request.

AN EMPIRICAL EXAMINATION OF FACTORS AFFECTING THE INCOMES OF GAY MEN

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ABSTRACT

Numerous studies have demonstrated that gay men earn less than their heterosexual counterparts. This study explores some the factors associated with the incomes of gay men in the United States and tests some of the previously suggested explanations for the income disparity. This study found that age and education were strong predictors of the incomes of gay men. Controlling for age and education, gay men's incomes were inversely related to the proportion of gay men and lesbians coworkers. Although gay men's incomes were positively correlated with legislative protection and organizations policies and practices supportive of gay and lesbian employees and negatively correlated with perceived discrimination, their effects were not significant after controlling for age and education.

INTRODUCTION

Numerous studies have demonstrated that gay men earn less than their heterosexual counterparts (e.g. Allegretto & Arthur, 2001; Badgett 1995; Berg & Lien, 2002; Carpenter, 2004, 2005, 2008a, 2008b; Heller Clain & Leppel, 2001). These studies report gay men earn 2.4 to 22 percent less than similarly qualified heterosexual men and lesbians earn 3 to 30 percent more than similarly qualified heterosexual women. The mixed findings, in particular the results for lesbians, would suggest that there are a number of factors affecting income in addition to, or in conjunction with, discrimination on the basis of sexual orientation. These studies typically control for age, ethnicity, educational attainment, experience, organizational size, and job and organizational tenure. Researchers have offered a number of possible contributing factors to these income disparity findings. These factors include sexual orientation discrimination (Badgett, 1995), the greater likelihood that gay men work in traditionally female occupations (Blandford, 2003), or other as-yet unobserved labor-market traits (Zavodny, 2008). These studies compare gay men to their heterosexual counterparts rather than exploring factors affecting the range of incomes of gay men. Although determining the factors that affect lesbian's incomes is important, this study focuses on the factors that affect gay men's incomes.

Blandford (2003) suggests that some gay men may choose to work in traditionally female dominated occupations, or in organizations with a greater proportion of women. The incomes of both men and women has been shown to be inversely related to the proportion of women in that job (Elvira & Graham, 2002; England, Farkas, Kilbourne & Dou, 1988; Sorensen, 1990). Gay men may choose these occupations or organizations because women, compared to men, tend to hold more positive attitudes toward gay men (Herek, 1988; Herek & Capitano, 1996). Gay men may also choose to work in occupations or organizations that employ greater numbers of other gay men and lesbians. Organizations with larger numbers of women and gay men and lesbians have been described as "safe havens" for gay men (Ragins, 2004). Within these "safe havens", gay men report do less discrimination. There is some evidence that gay men constrain their career choices in an attempt to avoid discrimination and other manifestations of heterosexism (Chung, 2001; Morrow, Gore & Campbell, 1996). This study assesses whether working in organizations with larger proportions of women and other gay men and lesbians is associated with lower incomes for gay men. This study will also assess whether gay men's incomes are associated with other manifestations of heterosexism.

Heterosexism

Heterosexism has been defined as valuing heterosexuality as superior to and/or more natural or normal than gay and lesbian sexual orientations (Morin, 1977). Heterosexism includes a much broader range of discrimination than homophobia The distinction is critical because it focuses on heterosexual privilege and draws attention to the constancy of the experience and not just episodic harassment or violence (Herek & Berrill, 1992). An analogy exists with racist behaviors. Racist behaviors may be a result of fear or aversion or may be based on self-interests, beliefs, group norms or social institutions (Allport, 1954). As with racism or sexism, heterosexism may refer to the behaviors of individual or to institutions. Examples of institutionalized organizational heterosexism include the lack of policies that prohibit discrimination on the basis of sexual orientation and failure to provide gay and lesbian employees benefits equal to those provided to heterosexual employees. Examples of institutionalized societal heterosexism include lack of legislative protection against discrimination in the workplace. Organizations are embedded within society and individuals' heterosexist behaviors occur within and are affected by both the organization and the society. For the purposes of this research, institutional heterosexism will be referred to as heterosexism and individual heterosexist behaviors in the workplace will be referred to as perceived workplace discrimination. Perceived discrimination on the basis of sexual orientation within the workplace has been shown to be positively associated with the level of organizational heterosexism which, in turn, is negatively related to protective legislation (Ragins & Cornwell, 2001). Causal directions are ambiguous, and possibly reciprocal, but one can conclude that workplace discrimination is less likely to be perceived in less heterosexist organizations in less heterosexist societies.

Highly heterosexist organizations have been characterized by an absence of protective legislation, the absence of supportive organizational policies and practices, and workgroup composition of majority heterosexuals, and each of these organizational heterosexism variables was significantly related to perceived workplace discrimination (Ragins & Cornwell, 2001). Organizational heterosexism has been shown to be significantly related to lower disclosure of sexual orientation in the workplace, lower job satisfaction, lower organizational commitment, and higher turnover intentions (Button, 2001; Ragins & Cornwell, 2001, Waldo, 1999) for gay employees.

The presence of legislative protection against discrimination on the basis of sexual orientation has been shown to associated with lower levels of observed discrimination on the basis of sexual orientation in workplaces (Ragins & Cornwell, 2001) and with greater likelihood of the adoption of same-sex partner health benefits (Chuang, Church & Ophir, 2011). The presence of such a state law may indicate more positive attitudes towards gay men (Wald, Button & Rienzo, 1996), a greater degree of acceptance of equal treatment (Button, Rienzo & Wald, 2000), and a stronger commitment to equitable compensation (Chuang et al., 2011). The incomes of gay men should be less negatively affected in environments with less observed discrimination in the workplace, greater general positive attitudes towards gay men, and a greater degree of acceptance of equal treatment.

Based on this research, I hypothesize:

H1 *Income reported by gay men will be inversely related to the proportion of women in their organizations.*

H2 *Income reported by gay men will be inversely related to the proportion of gay men and lesbians in their organizations.*

H3 *Income reported by gay men will be positively related to the presence of state laws forbidding discrimination on the basis of sexual orientation.*

H4 *Income reported by gay men will be positively related to the number of supportive organizational policies and practices.*

H5 *Income reported by gay men will be will be inversely related to reported discrimination based on sexual orientation.*

METHODOLOGY

Studying gay men and lesbians, as a population, presents numerous challenges. Other demographic information is widely shared and tracked by organizations. Many gay men and lesbians have considerable interest in not being found or at the least, not having their sexual orientations known by their organizations. Probability sampling requires that all cases in the population are randomly selected and have a known probability of being included in the sample (Singleton & Straits, 1999). This is not possible with this population. Nonprobability sampling was therefore used. Nonprobability sampling introduces several problems: it does not control for investigator bias in the selection of units and the pattern of variability cannot be predicted from probability sampling theory which makes calculation of sampling error or estimation of sample precision impossible.

Data Collection

A survey conducted on-line using a form of convenience sampling to develop the sampling frame. Consistent with Ragins & Cornwell (2001) and Day & Schoenrade (1997), the sampling procedure involved the members of gay and lesbian rights organizations and on-line communities. Using only the members of gay rights organizations introduces several important limitations and may limit the generalizability of the results. Members of “mainstream” gay rights organizations are disproportionately white and well educated (Croteau, 1996), may be more likely than nonmembers to be out at work, may be more likely to be sensitive to gay and lesbian issues in the workplace and may be more likely to seek employment in organizations that are supportive of gay and lesbian employees (Day & Schoenrade, 1997).

The sampling frame was also increased by snowball sampling. Snowball sampling involves identifying members of the target population and requesting that they assist in the identification of other members of the target population. Survey respondents were encouraged to send the survey’s link to other gay men and lesbians. Snowball sampling rests on the assumption that members of the target population know each other. The sample included all those who self-identified as gay or lesbian regardless of the degree of disclosure of their sexual orientations in the workplace or within their personal lives, actual sexual behaviours, or current relationship status.

Measures

The survey instrument developed was pre-tested on a group of 15 persons including gay men, a number of persons for whom English is not a first language, and persons whose computer skills could be described as limited. These pre-tests helped ensure clarity of the instrument and the instructions. The first web page explained the purpose of the research, sought informed consent, provided instructions for completion, and provided assurances of anonymity. All analysis was conducted using SPSS 18.0 statistical package.

Demographic/Individual Characteristics were measured using single item measures. The characteristics included sex, age, ethnicity, sexual orientation, educational levels, employment status, income, state in which they worked, organization size, organization tenure, and job tenure. Income categories provided were as follows: 1= under $10,000, 2=$10,000-$19,999, 3=$20,000-$29,999, 4=$30,000-$39,999, 5=$40,000-$49,999, 6=$50,000-$59,999, 7=$60,000-$69,999, 8=$70,000-$79,999, 9=$80,000-$89,999, 10=$90,000-$99,999, and 11= Over $100,000. Organization size was measured using a 5-point scale with 1= "less than 10" and 5="over 10,000". Respondents were asked to indicate their organizational and job tenure for their current job in years and months. These were converted to months for analysis. Respondents were asked the degree of disclosure of their sexual orientation in the workplace by asking "at work, have you disclosed your sexual orientation to: 1) no one, 2) some people, 3) most people and 4) Everyone.

To measure the sexual orientation composition of the work group, respondents were asked about the sexual orientations of their co-workers. They were given a 4-point scale with *0-25% gay or lesbian* and *75 - 100% gay and lesbian* as anchors and a *Don't Know* option which was coded as missing data. To measure the gender composition of the work group respondents were given a 4-point scale with *0-25% women* and *75 - 100% women* as anchors and a *Don't Know* option which was coded as missing data.

The presence of protective legislation was determined by the state of residence reported by the respondents and the statewide anti-discrimination laws and policies reported by the civil rights organization, Human Rights Campaign. At the time of the data collection, 14 states provided protective legislations against discrimination on the basis of sexual orientation.

A 6-item scale developed by Ragins & Cornwell (2001) was used to assess the supportiveness of organizational policies and practices for gay and lesbian employees. The scale includes the following items: Does your organization: 1) have a non-discrimination policy that includes sexual orientation? 2) include sexual orientation in the definition of diversity? 3) include awareness of gay/lesbian/bisexual issues in diversity training? 4) offer same-sex domestic partners benefits? 5) offer gay/lesbian/bisexual resource/support groups? and 6) welcome same-sex partners at company social events? Responses indicating the presence of the supportive policy were coded as 1; the absence of the policy as 0, and *Don't Know* was coded as missing. The items were then summed to create an overall scale of organizational policies and practices with values ranging from 0 to 6 with 0 representing the absence of all listed policies and practices and 6 the presence of all. For this study, principal component analysis yielded a single factor for organizational policies and practices with an eigenvalue of 2.90 accounting for 48.3% of the variance (coefficient alpha of .78).

Perceived workplace discrimination was measured using another scale developed and tested by Ragins & Cornwell (2001) which was based upon the 15-item Workplace Prejudice/Discrimination Inventory (James, Lovato, & Cropanzano, 1994). The original inventory measured racial discrimination in the workplace and was found to be single factor, reliable and valid (James et al., 1994). Ragins & Cornwell (2001) substituted references to race with references to sexual orientation. The Workplace Prejudice/Discrimination Inventory modified for sexual orientation includes items such as: "Prejudice against gays and lesbians exists where I work" and "At work I am treated poorly because of my sexual orientation". A 5-point Likert scale with *Completely Disagree* and *Completely Agree* as anchors was used. For this study, principal component analysis yielded a single factor with an eigenvalue of 6.88 accounting for 57.3% of the variance (coefficient alpha of .93).

RESULTS

Means, standard deviations, correlation coefficients, and reliability coefficients are displayed in Table 1.

Table 1: Means, Standard Deviations, Correlation Coefficients, and Reliability Coefficients

		M	SD	1	2	3	4	5	6	7	8	9	10	11	12
1	Age	38.7	10.23	-											
2	Majority	.79	.41	.11	-										
3	Edu	5.95	1.68	.19**	.00	-									
4	Org Size	3.34	1.19	.02	-.07	.02	-								
5	O Tenure	79.6	87.8	.53**	.04	.08	.15**	-							
6	J Tenure	60.7	69.7	.50**	.07	.00	.00	.61**	-						
7	Protect	.44	.50	.13*	-.09	.05	.05	.04	.02	-					
8	Out	2.66	1.10	-.03	.11	-.08	-.08	-.02	.05	.03	-				
9	Women	3.55	.95	-.03	.00	.01	.04	-.07	-.03	.03	.13*	-			
10	LGB	2.21	.64	-.10	-.12	-.10	-.22**	-.16*	-.10	.01	.24**	-.05	-		
11	Policies	2.99	1.94	-.03	-.07	.17**	.19**	-.06	-.07	.21**	.30**	.12*	.21**	(.78)	
12	Discrim	2.45	.83	.10	-.01	.08	.26**	.18*	.13*	-.14**	-.35**	-.06	-.24**	-.32**	(.93)
13	Income	6.03	2.57	.32**	.01	.39**	.13*	.26**	.21**	.14**	.05	-.06	-.22**	.20**	-.08
**	Correlation is significant at the 0.01 level (2-tailed).														
*	Correlation is significant at the 0.05 level (2-tailed).														

The sample consisted of 264 individuals who self-identified as gay men, who live in the United States, and who reported being employed fulltime. Respondents reporting that they were unemployed, retired, or self-employed were eliminated from this analysis. The ethnicity of the respondents was 81.8% Caucasian (n=216), 6.1% African-American (n=16), 3.8% Asian (n=10), 3.0% Aboriginal (n=8), 8.0% Latino or Hispanic (n=21), and 1.1% Middle Eastern or North African (n=3) (percentages exceed 100 as some respondents reported multiple ethnicities). Because the proportions of most ethnicities were too low for analysis, the categories were combined creating the variable called Majority. Respondents indicating their ethincity to be Caucasian only were coded 1 (n=209), all others (n=55) were coded 0.

When asked about the percent of gay or lesbians coworkers, 71.2% indicated 0-25%, 4.2% indicated 26-50%, 1.5% indicated 51-75%, 2.3% indicated 76-100% and 20.8% indicated they didn't know or didn't respond to that question. When asked about the percent of women coworkers, 14.7% indicated 0-25%, 13.6% indicated 25-50%, 30.3% indicated 50-75% and 15.5% indicated 75-100%.

The majority of respondents had completed some form of post secondary education. 0.8% of respondents had completed some high school, 11.7% had completed high school, 6.8% had completed technical or vocational training, 10.6% an Associate's degree, 41.3% a Bachelor’s degree, 4.5% a professional degree, 19.3% a Master’s degree and 4.9% a doctoral degree. Regarding disclosure of sexual orientation, 18.3% reported having disclosed their sexual orientation to no one at work, 28.5% to some people, 22.4% to most people and 30.8% to everyone.

Quick inspection of the correlation tables shows that incomes is significantly correlated with age, education, organizational size, organizational tenure, job tenure, protective legislation, the proportion of gay and lesbian coworkers, and perceived discrimination. Ragins and Cornwell (2001) found that perceived discrimination was negatively correlated with protective legislation and supportive organizational policies and practices. This finding was confirmed with these data.

Multiple regression was used to test the hypotheses. The results are presented in Table 2.

Table 2 : Regression Predicting Income

	β		
	Step 1	Step 2	Step 3
Step 1: Demographic Variables			
Age	.31***	.20*	.19*
Majority	-.04	-.05	-.06
Education	.30***	.29***	.26***
Step 2: Employment Variables			
Organization Size		.13	.08
Organization Tenure		.15	.17
Job Tenure		.01	-.08
Step 3: Heterosexism Variables			
Legal Protection			.03
Disclosure of Sexual Orientation at Work			-.02
Women Co-workers			-.09
Gay & Lesbian Co-workers			-.18**
Supportive Policies and Practices			.15
Perceived Discrimination			-.11
R^2	.22***	.26*	.32*
ΔR^2	.22***	.04*	.06*
Adjusted R^2	.21***	.23*	.26*
F	15.982	9.575	6.150
*$p < .05$, **$p < .01$, ***$p < .001$			

On the first step, the demographic characteristics (age, ethnicity, and education,) were entered to isolate the effects that they may have on income. On the second step, the general employment-related variables (organizational size, organizational tenure, and job tenure) were entered to isolate their effects on income. On the third step, the heterosexism variables (the presence of legislative protection against discrimination on the basis of sexual orientation at state-level, disclosure of sexual orientation at work, percentage of women co-workers, percent gay or lesbian co-workers, supportive policies & procedures, and perceived workplace discrimination) to determine their effects on income. Multicollinearity is not a problem as the highest correlation was .53 and the largest variance inflation factor was only 1.91.

Two of the control variables, age and education, were strong predictors of income for both gay men. For gay men, income was significantly related to age ($\beta = .19$, $p<.05$) and education ($\beta = .26$, $p<.001$). None of the other demographic or employment variables were significantly related to income. Of the heterosexism variables only the proportion of gay and lesbian coworkers was significant, therefore only hypothesis 2 was supported. There was a negative, statistically significant relationship between gay men's income and the proportion of gay and lesbian coworkers ($\beta = -.18$, $p<.01$).

DISCUSSION

Past studies have clearly shown that gay men's incomes are lower than their heterosexual counterparts. This study tested the effects of several heterosexism-related variables on the incomes of gay men. The effects of all but one of these heterosexism-related variables on income disappeared when controlling for the demographic and employment variables. This study does show that gay men's incomes are negatively related to the proportion of gay men and lesbian coworkers.

Past studies have suggested that gay men may choose to work in "safe haven" organizations with a high proportion of women or gay men and lesbians and that leads to lower incomes. This study did not confirm that gay men's incomes are related to the proportion of women coworkers but were related to the proportion of gay and lesbian coworkers providing some support to the "safe haven' hypotheses suggested by previous research. Whether or not gay men consciously choose organizations that are "safe havens" and accept lower incomes as part of the tradeoff or whether there are barriers to the hiring of gay men in organizations with lower proportions of other gay men and lesbians is beyond the scope of this study. Further research is required to determine the degree to which this is a conscious choice and the degree to which this choice is driven by the desire to avoid heterosexism.

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SURNAME DISCRIMINATION: IMPLICATIONS FOR KOREAN UNIVERSITY PROFESSORS

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ABSTRACT

Surname discrimination is typically linked to racial discrimination, cultural preferences and issues belonging to surname order or the alphabetical-ordering effects associated with academic paper authorship. Based on data collected from four top Korean universities, this study statistically investigates potential surname discrimination as well as the effects of the alphabetical order of professor surnames on their employment statuses. No unexplained surname population differences were found, supporting the assumptions that Korean governmental and business policy modernization has improved HR standards and practices. Additionally, the authorship effects of professor surname initials, based on both the English and Korean Hangul alphabets, proved insignificant.

Key Words: *Surname discrimination; Korean university professors; Alphabetical discrimination, Confucianism*

POSSIBILITY OF DUMPING IN A MIXED DUOPOLY MODEL

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ABSTRACT

The primary objective of antidumping regulations was to identify and to prevent predatory pricing. However, use of an antidumping duty to prevent alleged dumping has historically given producers relief from foreign products that could, in fact, be competitively and fairly priced. One potential case of dumping involves public enterprise and private firm-the so-called mixed duopoly. This paper examines likelihood of taking predatory pricing as a long term strategy in mixed duopoly model. Demand and cost functions were assumed in their general functional formats with some common assumptions made for the sake of profit maximizing. The developed model is then solved using backward-induction in a two-stage profit maximization process. The results indicate that, for the private firm, setting price below cost may be optimal, but predatory pricing is not an optimal strategy for a public enterprise. Yet, the public firm's product may be treated as unfairly priced under the current legal definition of dumping.

ANALYZING FACTORS ASSOCIATED WITH CPCU SOCIETY MEMBERSHIP TREND

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ABSTRACT

The Chartered Property and Casualty Underwriters (CPCU) society is primarily consists of CPCU designees a non-profit organization. This paper studies the trend of the CPCU society membership. Therefore, the objective of this research is to understand the relationship between factors and the identification of possible factors that are associated with society membership trend. A notable finding in our research is the direction of the association between insurance industry trend and the trend in the society membership. Understanding these directions of associations has important implications in managerial decision making process for strategic planning.

LEADERSHIP DEVELOPMENT IN CCRCS

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ABSTRACT

Knowledge, skills and abilities (KSAs) are essential to the success of any executive. This study explores the KSAs necessary for successful executive directors of continuing care retirement communities (CCRC). The key dimensions ranked as the most important include in descending rank order: organizational skills, business acumen and interpersonal skills. Based upon these findings, a CCRC leadership development component model is proposed. The model exhibits the six C's of successful CCRC leadership which include communication, customer service, change management, creativity, coaching and controlling.

INTRODUCTION

Peter Drucker is well known for his statement that, "Management is doing things right; leadership is doing the right things." Leadership is defined as "the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organization" (House et al., 1999, p. 188). It goes beyond the ability to just do things right but creates an environment of learning and positive culture towards higher organizational performance. According to a survey by the Health Management Academy of executive leaders in both healthcare and Fortune 500 companies, there is clear consensus that strong leadership is the key to organizational success (W. Wells & Hejna, 2009). Developing leaders is a daunting task for most organizations and has become especially salient in the healthcare industry.

The 21st century brings new and continuing challenges for the healthcare organizations. The industry is changing and having to adapt to new business models on a continuous basis. This is especially true with the new federal healthcare legislation that was recently passed. The complexity of the healthcare arena has multiplied and leaders will need to satisfy all stakeholders including the payers, consumers and regulators. There is a shortage of labor to fill many healthcare jobs and the demand will likely increase as the baby-boomers retire and require additional services. It will take extraordinary leaders to guide healthcare organizations forward, particularly those dealing with the older population.

Continuing care retirement communities (CCRCs) are one piece of this healthcare web. CCRCs are typically non-profit organizations that provide living arrangements for various stages of the aging process. This includes options of living in individual apartments, assisted living arrangements or nursing facility beds (Winklevoss & Powell, 1984). The number of CCRCs has continued to grow since the late 1980s and the Commission on Accreditation of Rehabilitation Facilities has indicated that there are approximately 1,100 in existence today in the US ("CARF Commission on Accreditation of Rehabilitation Facilities," 2010). Little research has focused on this niche of healthcare organizations, yet, with the potential explosion of the baby-boomer population moving into CCRCs, leadership will be vital to appropriately grow the industry. The question will be what type of leader should be at the helm of the CCRC and what kind of leadership development is necessary for future transformation and growth?

DEDUCING TARGET MARKETS FOR COMMUNITY-ECONOMIC-DEVELOPMENT AGENCIES: A NORMATIVE MODEL

Adee Athiyaman, Western Illinois University

ABSTRACT

Economic Development Agencies (EDAs) produce a variety of products and not all products need to generate profits; some of them may be produced for the good of society at large. However, in many cases EDAs do seek return on their investments. This paper highlights how an EDA can benefit from analyzing its past behavior to gain insights into target-markets and revenues. The market-selection method presented in this paper should be considered an investment in future profitability.

THE INFLUENCE OF GENDER AND RACE ON THE SOCIAL SECURITY EARLY RETIREMENT DECISION FOR SINGLE INDIVIDUALS

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Richard Fortin, New Mexico State University
Stuart Michelson, Stetson University

ABSTRACT

There has been an extensive amount of research into the social security early and delayed retirement decision for single individuals. The results have been mixed. This paper extends the analysis of prior research to the early and delayed retirement decision for single men and women. We analyze the decision for single individuals by gender and by race. Our results show two optimal ages for retirement for both men and women: age 64 and age 67. Various factors play into the retirement decision, but if early retirement is desired, one should wait until age 64. If an individual does not retire at age 64, then they should retire no later than age 67.

SOCIAL NETWORKING AS A TOOL TO RECRUIT EMPLOYEES

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ABSTRACT

The battle for highly qualified talent is one that can no longer be fought for in traditional ways. To obtain the talent needed in this age it is essential that the Human Resources (HR) department create a presence in cyberspace. This presence is one that is tied to key words and popular social networking sites to target potential employees who may not know of your organization or mission. Websites such as Linked.com provide the ability to search based on companies listed, and education credentials. Linkedin.com also provides recruiters the ability to view references and their profiles. Facebook is an additional website where organizations can set up a fan page or group so that they can post information about the company; connect with people that attend and network with people who work for the company. Twitter provides an organization the ability to provide updates in less than 140 words to the world or potential recruits about key changing items in relation to the company. Twitter also allows quick exchange of communication to occur back and forth with others creating another method to build professional relationships online. It is essential that organizations utilize social networking as a tool to recruit employees by developing a significant and meaningful presence on the net.

Key Words: social networking, recruiting, diversity, linkedin.com, facebook, twitter, managing relationships, human resources, talent management

INVESTING IN A HEALTHY WORKFORCE: THE IMPACT OF PHYSICAL WELLNESS ON PSYCHOLOGICAL WELL-BEING AND THE CRITICAL IMPLICATIONS FOR WORKER PERFORMANCE

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ABSTRACT

Investing in a healthy workforce is becoming more paramount as empirical evidence continues to illustrate that wellness has a positive impact on worker productivity. At the same time, studies also show that there is an overall decline in the health of the American workforce with the continued rise in overweight and obesity rates. This is a problem that must be addressed by individuals, the government, communities, and employers alike.

This paper empirically examines the relationship between physical wellness and psychological well-being and finds that improved physical wellness has a positive impact on psychological well-being. Prior studies show a direct positive relationship between physical wellness improved worker productivity. Likewise, studies reveal a direct positive relationship between psychological well-being and worker productivity. This study, however, illustrates physical wellness as an important precursor to psychological well-being. In other words, without physical wellness, psychological wellness cannot be fully realized. This adds a critical component to the hypothesis that a "happy worker is a more productive worker".

The bottom-line of an unhealthy workforce is not only detrimental to individuals and businesses, but our entire economy. There is a multitude of physical health problems associated with being overweight and obese; and with 60% of all Americans being classified in one of these two categories, we have a national crisis on our hands. This paper contends that more businesses must begin to support and invest in physical wellness programs for employees, as physical fitness not only has a direct impact on worker productivity, but it is essential for improved psychological well-being and thus added productivity.

FRAUD IN THE LOST DECADE: THE IMPACT OF THE ECONOMIC DOWNTURN ON THE PREVALENCE OF FRAUD

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ABSTRACT

This article focuses on the economic roller coaster of what has become known as "the lost decade", the years between 2000 and 2010. Identifying two recessionary periods, the authors examine information relating to fraud obtained from multiple sources including the Association of Certified Fraud Examiners (ACFE), Committee of Sponsoring Organizations of the Treadway Commission (COSO), Federal Bureau of Investigation, and Deloitte's Forensic Center, in an effort to accept the premise asserted routinely in the popular press (Coecnen, 2010; McCartney, 2011; Smith, 2009) that as the economy shrinks, the prevalence of fraud increases. Topics presented include indicators of economic downturn, fraud, and the likelihood that fraud exists in a number of organizational settings. Also, correlations between fraud and legislative deterrents such as SOX and SAS 99 are discussed.

During the period investigated, a case can be made that there has been a continual slight increase of the prevalence of fraud. However, little to no direct correlation can be specifically linked to the increase in fraud with the downturn in the economy. In fact, to answer the question, these findings clearly show: it depends on who you are asking.

INTRODUCTION

On June 12th, 1999, George W. Bush announced his candidacy for President. Though he had no way of knowing it, the United States was at the tail end of a bull market that began in 1982. This period of prosperity continued long enough that even the most reasonable of people were convinced that we had managed to alter the business cycle and contractions might be a thing of the past. A cornerstone of Bush's campaign was a promise to not only cut taxes, but actually return the federal surplus to the people. "I believe that after we meet priorities, all that remains must be passed back to Americans, so it will not be spent by Washington" he declared in the announcement of his candidacy (Crockett, 2003, p. 467). In his acceptance speech at the Republican National Convention, then-Governor Bush was even more adamant: "The surplus is not the government's money," he shouted to thunderous applause, "The surplus is the people's money" (Johnson, 2011). Once elected, President Bush made good on his promise and the now infamous "Bush Tax Cuts" – really two laws: the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) and the Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA) – were created and passed.

Had he realized what was in store over the next ten years, he might have reconsidered running for office, or, at the very least, he would have hoarded every tax dollar Congress could authorize

In March 2001, the "irrational exuberance" cautioned by Federal Reserve Chairman Alan Greenspan, came to a dramatic conclusion (Reier, 2001). What has since come to be known as the dot.com bubble exploded in spectacular fashion. This crash, considered to have occurred between March, 2000 and October, 2002 heralded the end of the longest bull market in history and the United States plunged into recession.

The next explosion was literal as well as figurative: the September 11th terrorist attack. While at a horrific price, in both blood and treasure, this event did stimulate the economy and pull us out of the dot.com initiated recession.

What followed were the implosions of Enron, Tyco, WorldCom, and Arthur Andersen. On July 30th 2002, President Bush signed the Sarbanes Oxley Act (SOX), a law significantly changing corporate governance and the rules and regulations under which accounting firms and corporations must operate. Also issued in 2002 was Statement on Accounting Standards No. 99: Consideration of Fraud (SAS 99). The intent of the standard is to improve auditor performance in detecting material misstatements due to fraudulent financial reporting. Donald Cressey (Wells, 2007) developed the fraud triangle which includes the tenets of pressure, opportunity and rationalization while SAS 99 defines these concepts as incentives, opportunities and attitudes. SAS 99 discusses the description and characteristics of fraud, the importance of professional skepticism, the risk of material misstatements due to fraudulent behavior, measures to obtain the information to identify the risks of material misstatements, identifying, assessing and responding to risks as well as evaluating, communicating and documenting results (FASB, 2006). Reasonable person theory would suggest that with the implementation of SOX and SAS 99 the potential for, or, the statistical probability of fraud would be minimized. However, events have proven this assumption to be incorrect. Because, at the time, the financial bubble of the housing market was emerging.

The housing market peaked in the summer of 2005 with home prices rising and falling throughout 2006 and 2007. According to the US Census Bureau, the average median home price in March 2007 was $262,600. "Irrational exuberance" exacted its toll once again, and inventories increased as prices declined.

TRENDS IN FINANCIAL LOSSES 2000 – 2010

The number of cases reported by ACFE was 1,134 reported cases between January 2004 and January 2006. In 2008, 959 cases of fraud were reported for the time period between January 2006 and February 2008 and in 2010 the actual number of reported cases was 1,843 almost three and four times the number of cases reported in 2002 and 2004, these were 663 and 508 respectively. The cases here primarily deal with asset misappropriation, corruption and financial statement fraud.

The 2009 FBI Crimes Report details the incidence of fraud more specifically when it states, "While the number of cases involving the falsification of financial information remains relatively stable, the FBI has recently observed a spike in the number of corporate fraud cases involving subprime mortgage lending companies" (p.3). Other areas of increase were noted in securities and commodities fraud which would include Ponzi schemes, foreign exchange frauds, and pyramid schemes.

Both the ACFE surveys and the FBI Crimes reports reveal a continual increase in the amount of reported fraudulent behavior. Although the ACFE surveys suggest that the increase is fraud with dips which may or may not be aligned with overall economic turmoil the overall tendency from 2002 to 2010 is a steady increase in fraud based behavior. The number of fraud cases that the FBI investigated continued to climb from 2005 through 2009 with no evidence of this decreasing as evidenced by the number of cases still pending.

IT'S THE ECONOMY…OR, IS IT?

The downturn in the economy has, in many ways, stimulated fraud by providing strong motives, increasing opportunities, and compelling rationalizations; however, in some areas, fraud detection may also increase during a downturn. Is it possible that the frauds we are seeing now actually occurred during periods of prosperity, but were only discovered because of the downturn? Had it not been for the two recessions during the decade, would Enron and Bernie Madoff still be two of the largest frauds in economic history? Several dynamics support this contention. The first is obvious: Ponzi schemes collapse. Ponzi schemes pay out huge returns to investors based not on profits, but on the payments from subsequent investors who are lured in by the historical and projected returns. The perpetuation of these schemes requires ever increasing inflows. During periods of economic prosperity, this is generally not a problem; however, during an economic downturn, inflows slow, or investors attempt to withdraw their money to meet other financial needs, and the schemes collapse.

Another factor that leads to an increase in fraud detection during a downturn in the economy is whistleblowing. According to the 2010 ACFE *Report to the Nation*, more fraud is initially discovered by tips than any other means. In fact, tips account for more than 40% of all fraud discovered; more than management review, internal audit, and external audit combined.

While tips have consistently been a primary source of detection, there is evidence that whistle blowing increases during periods of economic downturn, as the financial incentive to the whistleblower may overcome a conditioned aversion to “snitching.” According to U.S. Department of Justice statistics, suites filed pursuant to the False Claims Act (31 U.S.C. §§ 3729-3733) have significantly increased during the most recent recession with recent developments suggesting that the trend may accelerate despite the alleged economic recovery. During 2010, the Securities and Exchange Commission finalized the whistleblower provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Under these rules, whistleblowers providing original information resulting in successful enforcement actions of one million dollars or more may receive between 10-30% of the money as a reward. The Dodd-Frank Act also provides significantly greater protection to employee whistleblowers than was previously provided under the Sarbanes-Oxley Act (Finn, n.d.).

Also, a case can be made that in light of so many prosperous years we now tend to be living beyond our means. In a period of economic downturn, conspicuous consumption becomes obvious. This may engender suspicion among both internal and external stakeholders. Increased awareness of financial fraud as a result of the numerous high profile cases of the last decade make this suspicion all the more plausible.

The National Business Ethic Survey results show that in 2003 46% of employees surveyed reported observing misconduct in the workplace that violated company ethical standards (Ethics Resource Center, 2003). In 2005, the percentage rose to 52%, with the 2007 percentage increasing to 56% (Ethics Resource Center, 2005 & 2007). Finally, in 2009, there was a decrease to 49%. With this information in mind only 22% said that the recession negatively impacted the ethical culture within their specific company. Other ERC statistics show 14% of the workforce in 2004 felt pressure to commit misconduct, a number of which decreased to 9% in 2009.

As far as dollar amounts 28.8% of the respondents said that the dollar losses of fraud remained the same, 27.2% said there was a slight increase and 21.7% said there was a significant increase the balance of the respondents, 5.9%, would state that there was a decrease in observed change in dollar losses during the year (ACFE, 2010b).

CONCLUSION

After studying data compiled by the major stakeholders in the fraud arena, the conclusion to be drawn is while the current US economy may be in a state of instability, there is no correlation between it and the increasing losses due to fraud. As Adam Smith wrote, “there’s little doubt we’re in a boom time for scams” (2009, p. 1). Coupled with information retrieved from the ACFE (2010b), it appears fraud cases have grown due to increasing financial pressures being felt by employees. However, employees do not shoulder the burden alone. As organizations feel the pain of a slumping economy it is easy to tighten the budgetary belt by doing away with previously implemented internal controls. This digression lends itself to a reasonable conclusion that when controls are stronger and people are more aware, fraudulent behavior decreases but once controls are removed or the awareness is decreased the behavior begins to rise.

Coenen argues, "The incidence of fraud in bad economic times might not really be higher overall than during times of prosperity" (2011, p. 37). Is it that as the economy turns downward companies lose the ability to manage revenues and therefore begin to focus on cutting expenses? Could this focus on decreasing expenses create a greater need to monitor financial behavior ultimately leading to an increase in fraud detection? Could it be that we merely think that there is a relationship between a downturn in the economy and an increase in fraud because of the focus placed on the sensational, negative stories played out in the popular press? Or, could it be that fraud monitoring tools are more effective at detecting the crimes and the rate of frauds being perpetrated is not on the rise but rather the number being detected is? Or, is it the case that as organizations feel the pain of shrinking profits, the impetus to prosecute fraud is greater?

The authors believe the ultimate question is, "Does it matter?" As fraud cases increase, companies need to remember to be diligent in their monitoring at all times. Strong internal controls and a well educated workforce go a long way toward maintaining the integrity of company resources. Every organization needs fraud prevention policies and procedures but, to date, there has not been tremendous focus on implementation of controls that directly address these risks. The prevalence of fraud in the workplace is real. Whether we are operating in good economic times or bad, we cannot take our eye off the possibility it is going to happen in our organization.

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WHO HOLDS THE PEN? STUDENT RATINGS AND THE IMPACT ON INSTRUCTOR PERFORMANCE AND STUDENT OUTCOMES

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ABSTRACT

In addition to academic research and university service, teaching is one of the foremost factors considered in faculty tenure, promotion and retention. The evaluation of the teaching process typically consists of a review from the chair (or faculty peer), the instructor (self evaluation), and the student evaluation reports. In non-traditional educational environments, students often consist of working professionals who have decided to continue their educational career. Typically, these students are older, have several years of work experience, and are more vocal in their expectations of higher education and learning. From a marketing perspective, educational institutions are increasingly viewing these consumers of education as the customers and rely heavily on student evaluation reports in the course allocation and retention of instructors. Since the student's perception of the instructors are an important variable in employment, instructors who want to remain employed may minimize the demands placed on students, inflate grades, and use ingratiation tactics to gain favorable evaluations. Tenured track faculty may be adversely affected based on popularity among students, course difficulty and workload. Similarly, adjunct instructors may also be adversely affected since their contracts are temporary. Moreover, both tenure track and adjunct instructors may experience more pressure to comply with student expectations for employment consideration. This presentation will examine the best practices instructors use to increase student satisfactory ratings and the effects on student outcomes and academic integrity.

CABLE TV, PUBLIC EDUCATION AND AZT TWO CASE INCIDENTS: GOVERNMENT, BUSINESS AND ETHICS

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CASE DESCRIPTION

This submission includes two short cases of the type that the Society for Case Research calls "Case Incidents" "unlike a long case, the incident does not provide historical detail or how the situation developed, Rather it provides a snapshot that stimulates student use of their knowledge to arrive at a course of action or analysis." (www.sfcr.org). These shorter cases do not require that level of time and effort from the students in mastering factual situations that longer cases might; yet they still raise multiple theoretical and practical issues and present a valuable forum for student analysis. This form is well-respected in the business ethics literature.

Because case incidents are shorter than full-length cases, I have chosen to include two of them in this submission. While detailed cases have their uses, short, clean vignettes allow multiple issues to be discussed and time to be focused on application rather than unnecessary detail. Both have value in appropriate circumstances.

These cases are intended for a Business, Government and Society or Business ethics course and concern the relationships among business, government, and ethics. The first case consists primarily of investigating the respective roles of government and business in Capitalist societies. The second case primarily deals with business and social responsibility, and secondarily of government regulation, ethics and stakeholder analysis.

As is typical of critical incidents, the cases themselves are simple, but their analyses can range from the simple introduction of issues to final exams or the complicated analysis and application of all of the concepts found in these courses. As such the time taken on the cases may vary from ten to fifteen minutes each to a whole hour and fifteen minute-long class period. In general, the cases focus on the undergraduate level, with a difficulty level of three or four, though, as noted above, the potential difficulty level lies in the analysis rather than the cases themselves which can be used at any level.

CASE SYNOPSIS

This submission consists of two short case incidents with a focus on decisions rather than details It is the common perspective of government, business and social responsibility that unites these cases. The first case begins with the cable TV industry and examines the relationship *between government and business in that industry. The primary issue addresses the strengths and the roles of each institution. The second half of the case extends this analysis to education and questions whether and why there is a difference in the role of government when the market good is education rather than television.*

While retaining a concern about the role of government in business, the second case shifts the primary focus to corporate ethics. It concerns Burroughs-Wellcome and its sale of the anti-aids drug AZT. The price of this drug was so high that many people suffering from a life-threatening disease could not afford to take it. Protesters picketed the company, which insisted that it was only doing its job and making a profit.

CASES

1. Cable TV is a big part of many people□s lives. For that reason, some people think that the government ought to be the cable service provider for its citizens and provide cable access to all. Others think that the free market would do a better job of providing cable services and government ought to stay out of it altogether. Still others think that private companies should provide cable, but that the government should regulate these companies to ensure competition. Finally, some think that there should be regulation, but it should be limited to content rather than delivery.

Now think about public education. Elementary and secondary schools have been organized, funded, and run by government agencies from early in the history of the United States. Currently, some people are arguing that like cable T.V., education could be privately funded, organized and/or run. Others contend that education is a unique social good and ought not to be left to private enterprise, but must be controlled by government.

2. Several years ago, four AIDS activists came to Research Triangle Park N.C. and barricaded themselves inside the headquarters of Burroughs-Wellcome, the manufacturer of what at the time was the only effective FDA-approved anti-AIDS drug, AZT. Burroughs-Wellcome held the patent on this drug, giving it exclusive rights to the manufacture and sell of AZT for several years. The activists were protesting the high price of the drug (ca. $10,000 for one year's requirements), which was too expensive for many people dying of the disease to afford. The activists claimed that Burroughs-Wellcome was making an excessive profit at a cost of thousands of lives. Burroughs-Wellcome claimed the price was the lowest possible at which it could gain a reasonable return for its shareholders and recoup the research and development costs it incurred in developing the drug. Today, as the United States reconsiders the issue of health care, and the roles of government and business in health care, the case of Burroughs-Wellcome and its responsibilities has a renewed importance.

INTERNATIONAL STUDIES AT SALZBURG COLLEGE

Nancy E. Kucinski, Hardin-Simmons University

CASE DESCRIPTION

The primary subject matter of this case concerns the strategic decision-making, market characteristics, and philosophical perspectives of understanding world cultures. The case has a difficulty level of three, appropriate for junior level students. The case is designed to be taught in a 50 minute class period and is expected to require two hours of outside class preparation.

CASE SYNPOSIS

Dr. Ina Stegen (pronounced "Schdegen") was the founder and executive director of Salzburg College, an international studies program for college students located in Salzburg, Austria. As Dr. Stegen was retiring, she needed to find a replacement for the position of executive director; someone who could take the reins of the college, increase the enrollment, and keep to the founding principles of Salzburg College alive and well. Salzburg College was founded on the idea that cultural exchange was important for the development of mutual understanding between differing cultures around the world. However, many college students who attended Salzburg College in recent years seemed more interested in developing their own job skills in an international setting than in cultural understanding and world peace. In addition, enrollment in Salzburg College had declined by 43% over an eight year period. As international study programs become more popular, Salzburg College had more competition especially for students from the United States. A new executive director would have to be able to market Salzburg College and develop a strategic plan that would meet the needs and demands of a new generation of students, while also maintaining the original mission to open eyes and hearts to a broad world.

KALLEVIG'S NURSERY

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ABSTRACT

John Kallevig owns and manages a nursery and landscaping business in the southern United States. He has been in the business for most of his adult life and has managed to build a successful business over that time. The past few years, however, have proven to be some of the more difficult years of his career. Business has slowed and John is now trying to determine how to pull out of this slump. John must look at re-energizing his current sales, developing new sources of income, and determining the future direction of the business.

For a moment, John Kallevig stood in silence. He wasn't certain how to respond to the customer that had just asked how long he had been at this location. He assumed she wasn't a new resident, nor with her tanned arms and face and dirt under her fingernails, did she appear to be new to the world of plants and gardening. He softly said "18 years" and noted the surprised look on the woman's face. She paid for her purchase, a flat of Marigolds and a 5-gallon Old Fashioned Rose bush, and said she'd return as she continued her planting. John just didn't understand how someone could not know they had been in business for 24 years – the last 18 years at the same location. John knew his business had hit a wall. Years ago his business was booming but then sales leveled off. John is now faced with the possibility of a stagnant business and he must figure out what must be done to move it back to a growth phase.

CODIFYING ACADEMIC RESEARCH: SEMANTIC WEB DRIVEN INNOVATION

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ABSTRACT

Academic researchers expend an enormous amount of time retrieving, assimilating, and analyzing material for their research projects. The US National Science Foundation (NSF) estimates that researchers spend more than half of their total research and development hours hunting for information. For academic researchers there is a tremendous amount of online digital research databases available at university libraries such as EBSCOhost and ABI/INFORM. These online digital databases offer access to a wide array of full text articles from top-tier, peer-reviewed journals. Each of these journal articles represents the tacit knowledge of their respective authors. The challenge for researchers is to read, comprehend, interpret, and codify these readings based on their individual domain of expertise.

The Semantic Web, its tools and technologies are able to take this tacit knowledge (unstructured), create explicit knowledge (structured) that can then be machine (computer) processed and codified for use by researchers. Ontologies are the key building blocks for the Semantic Web. They provide the structural frameworks for organizing information from digital resources and can be used to capture the body of knowledge from textual content. The tools available in the Semantic Web allow the codified knowledge to be used to analyze or query this structured data for trends, inferences, clusters of information, and knowledge discovery.

In this paper we propose the development of a Semantic Web enabled Content Management System, the Center For Knowledge Discovery (CFKD). The model is designed specifically for the non-technical academic research community. Ease of use by researchers is of paramount importance. The model is based on a Drupal Content Management System that allows access and use of the tools and technologies of the Semantic Web. A digital repository database of top-tier, peer-reviewed journal articles is created. The tacit knowledge in these articles are codified, and then made explicit. This codified knowledge is then available to the academic community for research, collaboration within and across disciplines, and throughout the global community for identifying trends, inferences, clusters of information and knowledge discovery.

11 NEW LAWS OF CONSERVATION: EXPANDING PHYSICS HORIZONS FOR STRATEGIC MANAGEMENT

Andrei G. Aleinikov, International Academy of Genius
David A. Smarsh, International Academy of Genius

ABSTRACT

This report illustrates how 11 new Laws of Conservation (Aleinikov, 2004-2011; Aleinikov & Smarsh, 2006-2011; Aleinikov & McFarland, 2008-2009) expand the Bartini/Kuznetsov LT system of interpretation of laws of physics (Bartini, 1965, 1966, 2005; Kuznetsov, 2000), thus expanding the Physics horizons.

Here is a list of the new laws that includes the name of phenomena, its abbreviation, mathematical formula with the relationship to other phenomena, range of measurements, and the unit name:

1. *Extencia, extension, or linear displacement of power, (Ext) = P * L = L6T -5 (Alger)*
2. *Expancia, expansion, or area spread of power, (Exp) = Ext * L = L7T -5 (Elen)*
3. *VoluPower, three-dimensional volumetric spread of power, (Vlp) = Exp * L = L8 T -5 (Smar)*
4. *Arergation, area spread of energy, (Arg) = Trn * L = L7T -4 (Sergal)*
5. *Volergation, volumetric spread of energy, (Vrg) = Arg * L = L8T -4 (Natal)*
6. *Maneuverability, displacement of mobility (the latter discovered by Bartini) (Mnv) = Mob * L = L7T -6 (Grig)*
7. *Operability, area spread of mobility, (Opr) = Mnv * L = L8T -6 (Nin)*
8. *Intensivity, rate of maneuverability, (Int) = Mnv : t = L7T -7 (Andral)*
9. *Flexivity, rate of operability, (Flx) = Int * L = L8T -7 (Nikkon)*
10. *Flow, rate of mass change, (Flo) = m : t = L3T-3 (Mim)*
11. *AcceFlow, acceleration of flow, (Afl) = Flo : t = m/t2 = L3T-4 (Elim)*

where, P is Power, L is Distance, T(t) is Time, Trn is Tran (a unit offered by Bartini), m is Mass. To make the broadening Physics horizons visualized, here is the resulting Table (see Fig 1). The blue axes are Time and Distance to the power of zero and from zero – to the power of integers. The green cells like Velocity and Acceleration are concepts everyone knows, but one day in the past, there was some scientist who discovered them (the Table offers place and measurements for many of them, but we omit them here for simplicity). The other green cells represent laws of conservation. For example, it was Kepler who discovered the Law of Equal Areas (Kepler, 1609) and Harmonic Law (Kepler, 1619). Lavoisier and Lomonosov discovered the Law of

Conservation of Mass/Matter. Newton formulated the Law of Conservation of Impulse (Newton, 1686). Mayer discovered the Law of Conservation of Energy (Mayer, 1842). Maxwell stated the Law of Conservation of Power. Laplace discovered the Law of Conservation of Moment of Impulse (Laplace, 1800). Bartini developed the laws of Conservation of Mobility, the unit of which we offered to name Bart to honor Bartini – the discoverer. Then Bartini offered a unit (Tran) for what we completed as the Law of Conservation of Transfer. The yellow-marked cells represent new laws of conservation discovered and described by our research group.

Dimensions of length to the power

Dimensions of time to the power

	L0	L+1	L+2	L+3	L+4	L+5	L+6	L+7	L+8	
T-7								Intensivity	Flexivity	T-7
T-6							Mobility	Maneuverability	Operability	T-6
T-5						Power	Extencia	Expancia	Volupower	T-5
T-4				AcceFlow	Force	Energy	Transfer	Arergacia	Volergation	T-4
T-3				Flow	Impluse	Moment of Impluse				T-3
T-2		Acceleration		Mass						T-2
T-1	Frequency	Velocity	Harmonics							T-1
T0	Dimensionless	Length	Area	Volume						T0
	L0	L+1	L+2	L+3	L+4	L+5	L+6	L+7	L+8	

Fig. 1. Matrix of physical laws and measurements.

These new laws are applicable to such complex systems as transportation, communication, construction, management, and military operations. They also apply to many other physical as well as economic systems and become a foundation for numerous calculations in strategic management.

THE UNIVERSAL GENIUS BUSINESS CASE ANALYSIS (GBCA) METHOD

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ABSTRACT

This article introduces a universal genius business case analysis (GBCA) methodology for businesses to maximize efficiency and effectiveness. The GBCA method combines a business case analysis (BCA) approach with the Genius Education Methodology (GEM).

Traditionally, any scientific classification or typological analysis includes several system phenomena that are compared to each other. Thus, the values and achievements of one object (company, corporation) can be compared to the characteristics of the other object (company, corporation). Our approach is different since it is based on GEM where values become ideal (or genius) values, and all the phenomena are compared on the same foundation. This approach provides the ability to see the potential of a particular company and future actions needed to maximize success and to win strategically. It makes it a universal approach.

The use of BCA with GEM provides the user both savings and improved performance. The GBCA methodology consists of three simple steps. The first step "Knowing Your Business" consists of defining the goals and objectives, identifying the processes, defining performance standards for each process, and selecting the processes to analyze. Step two "Analyze Processes" consists of defining ideal goals and objectives of processes to be analyzed, defining assumptions, outlining customer requirements, mapping of the processes, measuring performance and analyzing results upon ideal final results (IFR). Step three "Act on Results" consists of determining courses of action, consider potential risk, deciding on best course of action, and finally implementing. The GEM methods are interwoven into the BCA process in order to maximize creativity and genius thinking. The universal GBCA method is applicable to all forms of business and can become a standard for case analysis.