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WHAT DISTINGUISHES AUDIT COMMITTEE FINANCIAL EXPERTS FROM OTHER AUDIT COMMITTEE MEMBERS?

Tom Wilson, University of Louisiana at Lafayette

ABSTRACT

Since 2003, public companies have been required to disclose whether any “financial experts” serve on their audit committees. Almost immediately after the implementation of this requirement, researchers have investigated the characteristics of those designated as financial expert. A limitation of much of this research has been its focus on financial experts only, to the exclusion of other audit committee members. Although the characteristics of audit committee financial experts may be better known, the extent to which they differ from non-experts has been largely unaddressed.

This study extends prior research by investigating which factors distinguish financial experts from others on the audit committee. The backgrounds of 766 audit committee members of 200 public companies are examined. A logistic regression model reveals that experience as a CEO or CFO, professional certification such as a CPA, and service on the audit committees of other boards all significantly increase the probability of being designated a financial expert. Although small and large sample firms appear to value different attributes in selecting audit committee members, the only difference observed in their naming of financial experts was experience as CEO, which was not significant for small firms.
RATEMYPROFESSORS.COM EVALUATIONS AND EXTERNAL BENCHMARKS OF ACCOUNTING PROGRAM QUALITY

Tom Wilson, University of Louisiana at Lafayette

ABSTRACT

With over 14 million ratings of instructors, RateMyProfessors.com (RMP) is the most widely used web-based tool for student evaluation of teaching. Because RMP is used to evaluate the teaching quality of individual instructors, it is not surprising that most prior research has focused on the validity of RMP scores and whether they correspond to more traditional methods of student evaluations.

This study is the first to aggregate the RMP scores of individual instructors within an accounting program to derive a measure of quality for the accounting program as a whole. This quality measure is then compared to numerous other external benchmarks of accounting program quality. Results show significant and positive correlations across a variety of quality metrics. AACSB accounting accredited programs have higher RMP scores than do programs lacking such accreditation. Programs ranked in Public Accounting Report’s Annual Professors Survey have higher RMP scores than do unranked programs. The results extend to areas not obviously related to classroom performance, as accounting programs considered among the top research institutions have higher RMP scores than do less research oriented programs. Finally, higher RMP scores are associated with higher CPA Exam pass rates.
REGIONAL DIFFERENCES IN THE EVOLUTION OF U.S. FREEZER INDUSTRY

Emma Bojinova, Canisius College

ABSTRACT

The regional dimension of industry dynamics has emerged as an important research topic in the recent years. Regions within a country differ in terms of availability of natural resources, infrastructure, institutions, population, and labor force with a specific set of skills. Consequently, there can be substantial disparities in prosperity and industrial development across regions.

This paper analyzes the patterns of regional development in the U.S. freezer industry for the period 1946-1981. The analysis is based on the U.S. Census Division of the United States into 9 distinct regions. Along with many other U.S. manufacturing industries, the freezer industry experienced a severe shakeout or a substantial drop in the number of producers over a relatively short period of time. The industry was also highly geographically concentrated in a few regions during the entire study period.

The evolution of freezers is divided into three stages – growth, shakeout, and stabilization. Various statistics are computed to determine whether the different regions exhibited dissimilar dynamics. Hypothesis tests of differences between proportion of large establishments, average age of establishments, average net entry, and percentage drop across the different regions are conducted for each stage. A survival analysis is used to make further comparisons of the selected regions. Overall, the paper presents some evidence for the dissimilar development of the regions and provides a short discussion about the possible reasons for these differences.
APPLICATION OF PIECEWISE REGRESSION TO DETREND CROP YIELD PATTERN

Askar Choudhury, Illinois State University
James Jones, Illinois State University
Raquiba (Lena) Choudhury, Illinois State University
Aslihan Spaulding, Illinois State University
Akwasi Sarpong, Illinois State University

ABSTRACT

Agricultural farming usually tops the list among the agricultural practices that generate income for a large percentage of the population throughout the world. Weather severity especially in developing countries can negatively impact the agricultural production and thus their economy. One of the major weather conditions that have an impact on crop yield is the amount of rainfall it receives during the growing season. In this scenario, weather based index insurance may prove to be fruitful for managing the financial risks associated with farming. To develop weather based crop insurance there is a need for associative models that correlate weather factor(s), such as, rainfall with crop yield. Weather based index insurance may be more appropriate for regions where there is no noticeable irrigation system and the crop production mainly depends on the rainfall. Crop yield can be very dispersed from year to year with a non-linear pattern that may create complex yield behavior. Therefore, the purpose of this study is to apply piecewise regression to detrend the yield data before analyzing for associative factor(s) that influence the crop production. In addition, during the model building process we took into account the diminishing effects of water need (rainfall) and the monotonically increasing nature of the yield response. Accordingly, we formulated the response function as linear/quadratic of rainfall on the detrended yield. For a successful operation of weather based index insurance the crop grown in different locations need to be properly detrended before appropriate association is identified. Therefore this paper, attempts to identify the relationship between detrended crop “yield” and weather variable “rainfall” for the purpose of creating weather-based index insurance.
PROBLEM-BASED LEARNING IN MANAGERIAL ECONOMICS WITH AN INTEGRATED CASE STUDY

Dmitriy Chulkov, Indiana University Kokomo
Dmitri Nizovtsev, Washburn University

ABSTRACT

Engaging students in managerial economics courses at the upper undergraduate and M.B.A. levels is challenging as these courses are often a theoretical standout compared with more applied business disciplines. This study describes the efforts to increase student learning with an interactive case integrated into a managerial economics course at multiple points over the semester. The underlying pedagogy utilizes principles of problem-based learning, a student-centered approach that structures learning around team-based problem solving. An analysis of assessment results suggests a positive and significant impact on student learning.

INTRODUCTION

A number of pedagogical challenges arise in teaching managerial economics courses at the upper undergraduate and M.B.A. levels. One of them is the fact that the economics component in business curriculum may be seen as a theoretical standout in comparison to the more applied business disciplines. Students may fail to see real-life application of course concepts and lose their motivation.

A popular pedagogical strategy that is aimed at enhancing real-life application of theoretical concepts is problem-based learning (PBL). PBL was originally designed in medical education to address the lack of problem-solving skills in medical students (Savery 2006). In contrast to the traditional lecture-based model, PBL uses realistic problems and case studies to structure student learning around problem solving. Utilizing the PBL approach encourages students to learn not only from the instructor but also from their peers. The role of the instructor is transformed to that of a mediator. Existing empirical evidence on the impact of PBL (e.g. Dochy et al., 2003) demonstrates a positive effect on learning and problem-solving skills.

While the implementation of the case method (Becker and Watts, 1995) and team-based learning (TBL) has been studied extensively in the business and economics education literature, studies on the implementation of PBL in those fields are sparse, particularly for M.B.A. courses. In this study, we present a teaching approach that integrates PBL into an M.B.A. managerial economics course at multiple points over the semester. To our knowledge, this is the first attempt to document and assess the use of the PBL approach to such a cohort.
The primary contribution of this study is in detailing how the PBL-based pedagogical approach is applied in the M.B.A. economics course. Furthermore, our implementation of PBL used an integrated case study to frame the students’ learning experience. Our pedagogical approach thus integrated elements of the case study method with PBL. We tested this pedagogical method at two business schools over several semesters. A secondary contribution of this study is in using assessment of student learning performed in eight sections of managerial economics courses to evaluate the impact of PBL. Our analysis of assessment results suggests a robust positive impact of this integration of PBL.

PROBLEM-BASED LEARNING: A REVIEW

Problem-based learning (PBL) originated and achieved its greatest popularity in the realm of medical education. It was developed in the latter half of the 20th century based on ideas advocated by various education and psychology researchers (e.g. Bruner, 1959, 1961). PBL served as a response to criticisms of traditional lecture-based education in the medical field (Barrows, 1996). In recent years, PBL has seen applications in a variety of secondary and higher education settings (Hung et al., 2008). The essence of the PBL approach is to let students learn by solving realistic problems that may not have a uniquely correct answer. This provides the students an opportunity to solidify their knowledge of theoretical concepts by trying out various solutions without being punished for mistakes (Gijselaers et al., 1995).

A basic description of the PBL approach presented by Barrows (1996) as well as Hung et al. (2008) involves the following elements. First, unstructured questions or problems are assigned to groups of five or more students. They work to define and bound the problem based on what they already know, and develop hypotheses or conjectures that lead them to identify what they need to find a solution. Next is the self-directed study stage in which individual students or the entire group complete their learning assignments. Individual results are reported back to the group. The instructor or tutor serves as a facilitator who supports reasoning and helps organize group and interpersonal dynamics, rather than provides direct answers to student questions. Finally, at the end of the learning period students summarize and integrate their findings and solutions.

Overall, PBL is a structured pedagogical approach that is distinct from simple problem-solving embedded in a traditional course. When the solution mechanism is well-defined as in traditional textbook problems, there is little to no pressure on the learner to formulate their own approach to finding a solution. Note that in PBL this role of the student is enhanced as problems are not clearly defined at the outset. The student-centered approach in PBL requires that the students find the information and techniques necessary for the solution on their own. As a result, problem-solving in PBL often replaces traditional lectures and serves as the main mechanism of learning (Savery, 2006).

While PBL is an established pedagogy in medical education, in the business and economics education, the implementation of PBL has not been as common. While
Gijselaers et al. (1995) propose PBL as a way to enhance problem-solving skills in business students, fewer empirical studies on the impact of PBL in business education exist. Maxwell et al. (2001) report that PBL may be an effective way to engage students in high-school microeconomics classes. Meanwhile the studies of Mergendoller et al. (2000), and Smith and Ravitz (2008) report mixed evidence on PBL effectiveness in comparison to traditional lecture- and discussion-based economics classes.

INTEGRATION OF PROBLEM-BASED LEARNING IN MANAGERIAL ECONOMICS COURSE

The characteristics of the M.B.A. student population along with the theoretical focus of the managerial economics course relative to other business disciplines made us consider utilizing PBL principles in the M.B.A. economics classroom. In order to improve student experience with PBL, we decided to structure the PBL component of the course around an integrated case study that focuses around a common theme and presents a series of ten PBL assignments. We used the modular case assignments published in Chulkov and Nizovtsev (2012) and organized PBL coursework around these. Each assignment in this case looks at a problem faced by the management of a car rental agency serving a small regional airport in a US Midwestern college town. The assignments are unstructured problems presented in the form of ‘memos’ simulating communication with the upper management.

In order to integrate PBL into this managerial economics course, we reviewed the list of the eight learning outcomes for the course and identified ones to be used for our implementation of PBL. While it is possible to create PBL assignments for all the learning outcomes in a managerial economics course, this implementation covered only five of the eight learning outcomes in this course.

The three learning outcomes not included in the PBL component of the course were covered exclusively with traditional lectures and discussion. Meanwhile the other five learning outcomes were the focus of the PBL. Following brief traditional lectures on these topics, the students were presented with the case assignments. As required by the PBL process, student groups needed to structure and bound the problems presented to them, determine the information needed to work out a solution, select analytical methods such as optimization or regression analysis, and then organize the process of solving the problem. Each group worked out a final solution to the case assignments and presented these to the other groups in the course, which provided the instructor and the students with the opportunity to focus on the analytical processes used and highlight the role of various assumptions and analytical techniques.

The impact of PBL on student learning was evaluated as part of assessment of student learning, in which the attainment of course learning outcomes was tested on a comprehensive final exam given at the end of the semester. The advantage of this approach was that the course learning outcomes, and the mapping of these outcomes to specific assessment instruments could not be influenced by the researchers. Both were created for the general assessment process within the assurance of learning system that
was present in the two accredited business schools that were part of this study. We use these existing assessment data to evaluate whether cohorts that were subject to PBL exhibit any systematic differences in the attainment of course learning outcomes.

Each course learning outcome was assessed using a mix of quantitative, short-answer, and multiple-choice questions appropriate for that outcome. Student performance was measured as the percentage of the maximum possible score for each learning outcome. Assessment data were collected from a total sample of 160 students representing eight different sections of M.B.A.-level managerial economics courses taught between 2008 and 2012. Four of these sections with a total of 65 students relied on the traditional lecture-based approach, while the other four sections with a total of 95 students utilized PBL throughout the semester. Both institutions were equally represented in the sample. Throughout the period covered by the study, both the completely lecture-based sections and the PBL-based sections of the courses were taught by the same two instructors in the same proportion. The mix of assessment questions and the grading rubrics did not vary across institutions or course sections. Test papers from different sections were mixed, and each test was graded twice independently by two different graders.

In order to determine whether the introduction of PBL affected the attainment of learning outcomes by students, the two-tailed heteroscedastic t-test for equality of sample means (Welch’s t-test) was performed on samples of individual student assessment scores recorded in the sections with and without PBL implementation. The descriptive statistics and results of this analysis are shown in Table 1.

<table>
<thead>
<tr>
<th>Table 1 IMPACT OF PBL ON STUDENT PERFORMANCE</th>
<th>Performance scores for five learning outcomes covered by PBL</th>
<th>Performance scores for three learning outcomes not covered by PBL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section with no PBL</td>
<td>Section with PBL</td>
<td>Section with no PBL</td>
</tr>
<tr>
<td>Mean score</td>
<td>0.836</td>
<td>0.879</td>
</tr>
<tr>
<td>Variance</td>
<td>0.023</td>
<td>0.023</td>
</tr>
<tr>
<td>Observations</td>
<td>325</td>
<td>475</td>
</tr>
<tr>
<td>Degrees of freedom</td>
<td>687</td>
<td></td>
</tr>
<tr>
<td>t-statistic</td>
<td>-3.856**</td>
<td></td>
</tr>
<tr>
<td>p-value</td>
<td>0.0001</td>
<td></td>
</tr>
</tbody>
</table>

*p<.05; **p<.01 Two-tailed heteroscedastic t-test was used.

Our findings indicate a significant variation in the way PBL affected student learning. The mean performance for the three learning outcomes not addressed by the PBL approach in either of the course sections did not change significantly between sections. The results for the five learning outcomes addressed by the PBL component of the course are, however, strikingly different. Average student performance metrics are significantly higher for sections in which PBL was used. Overall, these findings suggest that improvement in the attainment of student learning outcomes correlates with the utilization of the PBL-based pedagogical method. Student subjective satisfaction with
the course as reported by end-of-semester evaluations has also been higher in the sections that utilized PBL.

CONCLUSION

Problem-based learning (PBL) uses realistic problems and case studies to embed student learning into problem solving. PBL pedagogy encourages students to learn not only from the instructor but from their peers as well. Learning occurs as students bound and define an unstructured problem, select proper problem-solving techniques, and present solutions. These characteristics make PBL a potentially powerful tool for improving student engagement and content retention in managerial economics courses, especially at the M.B.A. level.

Our implementation of PBL was centered around an integrated case study that presented ten PBL assignments at various points of the semester. Chulkov and Nizovtsev (2012) present the full text of the case study assignments used in this integration of PBL. Analysis of assessment of student learning data demonstrates a robust positive impact of this integration of PBL in the managerial economics curriculum. Overall, we find the results encouraging. They suggest it is possible to replace some of the traditional assignments and delivery methods with cases optimized for PBL and by doing so improve the student knowledge and skills achieved in the course.

REFERENCES


ADVERSE SELECTION AND MORAL HAZARD PROBLEMS WITH RESPECT TO OCCUPATIONAL CHOICE

Jose Plehn-Dujowich, University of California-Berkeley
Richard S. Brown, Pennsylvania State University-Harrisburg

INTRODUCTION

A pivotal issue in the disciplines of Economics, Strategy, and Entrepreneurship is the relation between firm size and the propensity to innovate (Cohen and Klepper 1996a). Scherer (1984) first asked why small firms should be more innovative considering that much of the fixed costs of innovation could be more easily borne by large firms (Holmstrom 1989). This notion was epitomized in Schumpeter’s 1950 work where he argued that large firms were the drivers of innovation, viewing patent counts as a proxy for innovativeness. However, and in light of Schumpeter’s thesis, the exact opposite has been found empirically. Studies concerning firm size and market entry (Agarwal and Audretsch 2001) suggest that market niches are filled by small firms especially in relation to the stage of the product life cycles of these markets.

Within industries, the number of innovations per dollar of Research and Development (R&D) decreases with firm size with smaller firms accounting for a disproportionately large percentage of innovative measures (Cohen and Klepper 1996a, Bound et al. 1984, Acs and Audretsch 1988, 1991a, Pavitt et al. 1987). A follow up question with respect to innovativeness is what constitutes an innovation? This question has primarily been dealt with by using patent data (Kerr and Fu 2008), which measures direct evidence of a firm’s ability to innovate. However, patent data measures only quantity, and not quality, which has led others to measure patent citations (Trajtenberg (1990), Hall, Jaffe and Trajtenberg 2000). Citations may be more indicative of a patent’s relative importance in the marketplace for products and ideas.

This work will present a model with three agent-level variations based on occupational choice. The choices that will be borne out are that of (i) a salaried production worker, (ii) an entrepreneur who starts a small firm by teaming up with a venture capitalist in a pure equity contract and (iii) a scientist who runs a corporate-sponsored research venture at a large firm for a fixed wage. By introducing heterogeneity in the research sector, and diversity in the types of employers, we create a framework in which both efficient and relatively inefficient research organizations may be simultaneously active in equilibrium. The desired outcome is attained because large firms, by their nature, pool research efforts while entrepreneurial firms attract individuality.

As a prelude to the model developed here, consider a distribution of risk-averse agents indexed by a skill factor that determines one’s average productivity at performing research. Agents have three occupational choices. They may become salaried production workers, entrepreneurs that start-up an independent research venture (i.e. a “small” firm) by entering into an equity contract with a venture capitalist, or scientists running a corporate-sponsored research venture at a large firm for a fixed wage. Individuals that choose a research-based occupation incur a disutility that is decreasing in their skill factor. In the process of innovating,
agents are subject to an uninsurable idiosyncratic shock. Employers observe the aggregate output of their operations, but not the individual ability of a researcher. As such, scientists are paid on the basis of their average product at the large firm, which pools the risk of all corporate-sponsored ventures while providing full insurance to its employees. Despite the fact that venture capitalists are unable to observe ability, the income of an entrepreneur is increasing in skill under reasonable assumptions. That is, large firms pay based on average productivity, whereas small firms pay based on individual productivity. In equilibrium, low-skilled agents become production workers; those of intermediate ability become scientists since the disutility of performing research is decreasing in skill; and high-skilled agents launch independent ventures because they obtain a sufficiently high expected income as entrepreneurs that warrant foregoing full insurance at the large firm.

In the presence of both uninsurable idiosyncratic risk and unobservable skill, scientists and entrepreneurs coexist in equilibrium. In the full information case, agents are paid their marginal product at the large research firm. If an agent starts up a firm, he also earns an amount commensurate with his productivity. Yet, an entrepreneur must bear a fraction of the risk associated with running a venture by virtue of the equity contract established with a venture capitalist. Consequently, due to risk aversion, no agents become entrepreneurs since they prefer to be fully insured by the large firm. If the innovation technology is deterministic and skills are unobservable, no agents become scientists because of Akerlof’s “lemons” problem. Any scientist with a skill level above the average at the large firm would prefer starting up his own venture since, without idiosyncratic risk, insurance is not needed.

Suppose employers observe a noisy signal of ability, such as education, termed a test score [section 3]. In equilibrium, high-skilled agents sort as follows: those with fairly accurate test scores become scientists; those that are underrated by the test launch independent ventures; and those that performed poorly overall in the test become production workers. In a sense, entrepreneurs are “disgruntled”: they are highly capable, but undervalued by traditionally large employers. Scientists have strong, verifiable qualifications that are handsomely rewarded by large firms. Production workers have little or no education, though they may in fact be very skilled. If the signal is not sufficiently noisy, no agent becomes an entrepreneur since in that case the wage offer from a large firm is close enough to his true marginal product. The higher is the test score of an agent, the more likely he is to become a scientist; the higher is the ability of an agent, the more likely he is to become an entrepreneur. Finally, a decrease in risk aversion leads to a rise in the mass of entrepreneurs, and a fall in the mass of scientists, causing a fall in average firm employment.

If both the large firm and venture capitalists offer a risk-sharing and salary-based contract, the sorting outcome remains unchanged, with one caveat. In this situation, the full insurance contract of a large firm is indistinguishable from that of a venture capitalist offering the same, so agents would be indifferent between running a corporate-sponsored venture or initiating an independent venture in exchange for a fixed wage. However, no agent would choose employment at the large firm offering an equity contract because of the “lemons” problem. A scientist at a large firm with a skill level above the average is clearly better off on his own by accepting the equity contract of a venture capitalist, since equity contracts in large firms are based on average productivity, whereas it is based on own productivity in a small firm. This intuition is formalized in the model by introducing unobservable effort in the innovation technology [section 4]. As above, in equilibrium, the venture capitalist offers an incentive-based contract, while the large firm offers a fixed-wage contract, implementing high effort in small
firms, and low effort in large firms. High-skilled agents become entrepreneurs paired with a venture capitalist implementing high effort. Low-skilled agents become production workers because the disutility of performing research is decreasing in skill. Agents of intermediate ability are fully insured by the large firm or venture capitalists offering a salary-based contract, and thus exert low effort. In other words, combining moral hazard with adverse selection serves to amplify the difference in research productivity between small and large firms.

Our predictions regarding the sorting of individuals across occupations sharply contrast those in the literature. Typically, if agents are heterogeneous in their ability at either manufacturing a good or coordinating production, then high (low) ability agents become managers (employees, respectively). In Murphy, Shleifer, and Vishny (1991), the output of a firm depends on the skill of its manager and the combined ability of its employees (a measurement of firm size). Due to the assumed supermodularity between firm size and managerial ability, firm size is increasing in the manager’s ability. Murphy, Braguinsky, and Ohyama (2004), Oi (1983), Rosen (1981), and Lucas (1978) obtained similar results. Another approach is based on the assignment of tasks. In Kremer (1993), firms with a greater number of tasks (another measure of size) employ agents of higher quality. When skilled workers are used in the production process, these models imply the most skilled are hired by large firms, contradicting the observation that small firms are more innovative.

The construct presented here tells a different story by separating R&D and production activities, and transferring the role of skill to the research sector. Having individuals differ in management and/or production skills cannot explain the observation of interest since the issue at hand is effectiveness at performing R&D. Moreover, if one re-interprets these models as relating to R&D, the wrong conclusion is reached. By introducing heterogeneity in the research sector, and diversity in the types of employers, we created a framework in which both efficient and relatively inefficient research organizations may be simultaneously active in equilibrium. The desired outcome is attained because large firms by their very nature pool their research efforts, while individuality can only be achieved by being entrepreneurial.

Blanchflower and Meyer (1991) pointed out that research concerning entry into an entrepreneurial (or managerial) occupation has focused on the following assumptions [Kanbur (1982), Kihlstrom and Laffont (1979), Grossman (1984)]. First, profitable business opportunities are feasible for all individuals, yet most simply choose not to exploit them. Second, entrepreneurs receive the same expected utility as they would as workers. Third, the entrepreneur is likely to be someone with unusually low risk-aversion (as in Kihlstrom and Laffont). On the other hand, we follow along the lines of classical writings by Kirzner (1973), Knight (1921), and Schumpeter (1939), who argue heuristically the opposite. First, attitude to risk is not the central characteristic that determines who becomes an entrepreneur. In that vein, we propose innate ability is the primary source of heterogeneity. Second, most individuals are not sufficiently skilled to pursue innovative opportunities. We obtain this outcome if the distribution of skill in the population is somewhat skewed. Finally, an entrepreneur chooses that occupation since he receives a higher expected utility than he would as a regular salaried worker. Indeed, that is the premise of our model, yielding the result that high-skilled individuals become entrepreneurs.
REFERENCES


CULTURAL CONTROL, CREATIVITY, SOCIAL CAPITAL AND ORGANIZATIONAL PERFORMANCE: EMPIRICAL STUDY ON SMALL TO MEDIUM Sized ENTERPRISES (SME) IN INDONESIA

Tubagus Ismail, Sultan Ageng Tirtayasa University

ABSTRACT

In control system literature, the conceptualization and operationalization of cultural control are still ambiguous. Prior studies on cultural control were still overlapped with another form of control form. In this paper, cultural control follows the recent literature and decided that cultural control as a part of written and unwritten value and organizational rule which shape organizational control and employee behavior. This definition does not only cover the informal control but it also adds formal control.

The purpose of this study is to test the relationship between cultural control, capability and performance. Capability in this study is represented by organizational creativity and social capital. Studies about cultural control and performance still leave some problems. Almost, all studies on cultural control and capability are performed in developed countries, and they are still rarely performed in developing countries. This paper investigates the relationship between cultural control and performance in batik industry which is based in Indonesian culture as a developing countries. Cultural factors, adoption and the usage of control in developing countries will be different from the ones used in developed countries. Batik industry covers the art and technology aspects that started from the palace and then spreaded into the outside environment of the palace. And it slowly became the cultural based industry in Indonesia. Although Indonesia experienced the economic crises in 1997, these kind of industries were still survived and toughly faced the crises. The study on the usage of control in developing countries potentially emerges a new vision. Besides, the purpose of this study is to fill the research gap in previous literature by testing the direct relationship and indirect relationship between cultural control and performance with creativity and social capital as intervening variables.

Respondents in this study are the manager and the owner of batik industry in Indonesia with 2 years minimum experience. This study uses primary data in respondent's perception form that is collected by using direct interview with pre trained collector. Total used questionnaires in data analyses are 287 questionnaires. Structural equation modeling (SEM) is used as multivariate analyses tool. In this study, SEM enables the author to test the relationship among the complex variables and to get a clear full description on the entire model. SEM has been considered as a useful statistical tool to most researchers in social discipline. This study uses AMOS software as an aid tool to solve covariance based SEM problems.

This study finds that there is a significant relationship between cultural control and capability which is represented by organizational creativity and social capital. Another result from this study states that there is a positive and significant relationship between capability and
organizational performance. Nevertheless, this study can not prove the direct relationship between cultural control and organizational performance. In other words capability becomes the mediating variable in the relationship between cultural control and organizational performance.

Keywords: cultural control, organizational creativity, social capital and performance
A FRAMEWORK FOR IDENTIFYING FACTORS TO CONSIDER WHEN IMPLEMENTING AN ACADEMIC PROGRAM AT A SATELLITE CAMPUS

Kathryn K. Epps, Kennesaw State University
Adrian L. Epps, Kennesaw State University
Jane E. Campbell, Kennesaw State University

ABSTRACT

Identifying strategic needs to launch an academic degree program at a satellite site offers unique challenges. This paper establishes a framework and decision model for satellite campus program utilizing an undergraduate accounting degree program as a case analysis. Various factors should be carefully considered in creating degree offerings, supporting student needs, allocating faculty resources, satisfying accreditation concerns, and meeting student demand in a satellite degree program. The purpose of this article is to propose a roadmap while highlighting the resources required and information to be considered in order to launch a 2+2 BBA-Accounting degree at a satellite campus. The Kennesaw State University (KSU) BBA-Accounting program designed for graduates of Georgia Highland College’s (GHC) Associate of Science in Business Administration degree, located at the KSU/GHC Paulding County Instructional Site.

INTRODUCTION

Institutions of higher education strive to meet market demand for access to a quality education in various formats while attempting to meet the demands of the varying demographics of students. The variation in demographics can range from the traditional 18-year-old student who just graduated from high school to the 50-year non-traditional working student who always desired to complete a college education. Also included is the 25-year old who started college but had to stop-out due to financial demands, military service, family commitment or poor performance. Some of these needs are met with the utilization of technology. Today’s technological instructional delivery methods include offering online courses in various formats including fully online or hybrid/blended, which can be delivered in a synchronous real-time format or asynchronous format for self-pacing purposes. Additionally, the recent popularity in the advent of MOOC’s (Massive Online Open Courses) has expanded the interest in online delivery.
However, many universities and students still see the value of the traditional college campus. The most important aspect of the traditional campus incorporates what many students want most, that is, to interact face to face with their college professor and fellow classmates. Among the reasons cited for creating satellite campuses are to accommodate increased student enrollment and due to a community's desire for campuses closer to home (Bassett, 2011). Many areas of the United State are vastly rural with ever changing landscapes that rely on proximity to metropolitan areas or having institutions of higher education nearby. Many universities have created satellite campuses in areas to meet the demand. Allison and Eversole (2008), argued that for university campuses to take on this catalyst role, they must move beyond the limitations of their current “engagement” approaches. The remaining sections of the paper are as follows: the next section will explain the context of the case analysis followed by explanation of the framework.

**CONTEXT**

In the fall of 2009, Kennesaw State University embarked on responding to higher educational demands of the fastest growing, yet underserved county in the state of Georgia. At the time of the creation of this partnership, Kennesaw State University enrolled more than 22,000 students and is categorized as comprehensive university. Georgia Highlands College was a two-year college with more than 4,000 students. Both institutions are part of the University System of Georgia. The site, the former Paulding County, Georgia courthouse and an adjacent county-owned building, was donated to Kennesaw State University and Georgia Highlands College in 2007 after a University System of Georgia Board of Regents' survey concluded that cooperative efforts between two- and four-year USG institutions would best address the state's needs for new academic programs in growing, underserved areas like Paulding County (McGahee, 2012). At that time, the Atlanta Regional Commission identified Paulding as one of the fastest-growing counties in Georgia, with 170 percent growth over the last 15-plus years. After a nearly $1 million renovation, the 31,000 square-foot facility featuring state-of-the-art classrooms, computer and science labs, a media library, administrative offices and meeting rooms, opened for classes in January 2010 (McGahee, 2012). Each institution provided a site coordinator to manage the day-to-day operations of the campus.

“The “2+2” initiative is a giant step toward the Vision we all had for the Paulding site,” said KSU President Daniel S. Papp. “Our goal was to expand higher education and ultimately to make a four-year college education accessible to students in the rapidly growing but underserved Paulding community.” (McGriff, 2010).

Initially, the first undergraduate degree program launched at the Paulding site was in early childhood education. After surveying students at the Georgia Highlands College, the Kennesaw State University School of Accountancy embarked upon assessing the requirements to deliver a high-quality BBA Accounting degree in the 2+2 format at the Paulding Campus. The School of Accountancy holds separate American Association for Colleges of Schools Business (AACSBE) Accounting Accreditation. The School of
Accountancy offers the BBA Accounting degree and minor in Accounting and Business Law at the undergraduate level, the Master of Accounting and a Doctorate of Business Administration Accounting degree. The School of Accountancy has more than 1100 majors, 31 fulltime tenure-track and 10 part-time Accounting and Business Law faculty.

NEEDS ASSESSMENT FRAMEWORK

As institutions specialized in knowledge creation and knowledge transfer, regional university campuses are in a key position to catalyze regional development outcomes by bringing together different forms of knowledge, in new ways (Allison and Eversole, 2008). The roadmap to launch a 2+2 BBA-Accounting degree at a satellite campus should be tracked carefully. The following sections focus on highlighting the implementation components that includes resources required and information to be considered in order proceed with a satellite degree program. The sub-components include analyzing student demand, curriculum information, student resources, student support information, accreditation information, human resources, financial resources and additional considerations. Figure 1, entitled Satellite Campus Degree Program Needs Assessment encompasses the aforementioned components. The subsequent sections of this paper will explain the actions taken in each component and provide relevant data regarding the assessment.

Figure 1: Satellite Campus Degree Program Needs Assessment Framework
Additional Considerations

Listed below are the issues that require further research:

- There are faculty and staff capacity limitations with the existing faculty and staff of KSU’s School of Accountancy. Additional faculty and staff will be needed in order to launch a successful cohort program.

- Most School of Accountancy faculty members teach in a specialized area of accounting (e.g. financial accounting, taxation, auditing, accounting information systems) rather than teach across several areas. Therefore, it is likely that many different accounting faculty members would be required to teach in the proposed 2+2 program at the Paulding Instructional Site. SOA faculty members are aware that a proposed program is being discussed, but they have not been asked to teach in the program at this point.

- The preferred program and individual course delivery formats (all face-to-face vs. some online or hybrid courses) need to be explored.

- It is unclear whether existing main campus KSU students would be allowed to attend selected classes at the Paulding Instructional Site, which does not seem to align with a true cohort format.

- The timing of application to the Coles College needs to be explored further.

- Additional demand information needs to be collected in order to project cohort size.

- While several innovative program ideas can be explored with a small cohort, such as required internship credit, the program would need to allow for enough flexibility to permit students to complete the degree requirements in a reasonable time frame.

- It is unclear whether summer courses should be included in the draft schedule.

CONCLUSION

The exploration of establishing and offering an business degree program at a satellite campus requires several factors to be considered. Many of the factors are relatively direct and specific when considering launching a new program. Human and financial resources are examples of such factors, which are often simpler to predict based on recognized student demand and interest. Consequently, identifying student demand and interest can vary but are the most important factors to take into consideration.
Without an understanding of the potential demand for a particular degree program would be similar to building a field of dreams with the hope that the students will come once the program is built and resources are in place.

In summary, the Framework for identifying factors to consider when implementing a satellite campus cover both resources needed in addition to the critical information to discern whether to implement a pilot program or to cancel or reassess need analysis. The resource needs analysis include exploration of human resources, financial resources and student resources. These components are dependent on each other. Critical information components focus on student demand, accreditation concerns, and curricular information. The resource needs analysis and the critical information analysis is then crossed checked for feasibility based on geographical location, political context and determining a satisfactory cost benefit analysis. If the analyses are primarily within a comfortable range of satisfaction, then every effort should be put forth to launch a pilot. If the analyses are not favorable, then launching the program should be abandoned or revisit within a year or two.

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INCORPORATING BUSINESS INTELLIGENCE INTO MARKETING AND MANAGEMENT-RELATED COURSEWORK

Richard Grenci, John Carroll University

Abstract

Marketing research and decision analysis courses often tend towards the statistical and predictive end of the business intelligence (BI) spectrum. On the other end of the BI spectrum, data querying and reporting – exemplified by online analytical processing (OLAP) tools – are more closely aligned with database management techniques that are not typically taught within marketing or management courses. However, OLAP-focused coursework can be a value-added component of business curricula, especially marketing curricula; and as defined and discussed here, it can be realized via readily available tools – specifically Microsoft Access “Group By” queries and Microsoft Excel “Pivot Tables.” Although readily available, such tools generally receive limited attention in the business school classroom.

Experience teaching an OLAP-focused course to hundreds of marketing (as well as logistics and management) majors over several years can offer in-depth insight into its successful implementation, particularly in taking the concepts beyond mere technical tools and into content-relevant techniques and objectives. Perhaps the most telling indication of its importance and success has been the number of students who subsequently have commented on their use of OLAP analysis – primarily Excel Pivot Table analysis – in their jobs. Such comments help to build a case for the use and usefulness of utilizing Microsoft Access and Excel to incorporate more advanced OLAP-related techniques into marketing and management-related courses.
TRAITS POSSESSED BY PRINCIPALS WHO TRANSFORM SCHOOL CULTURE IN NATIONAL BLUE RIBBON SCHOOLS

Carlos L. McKinney, Pascagoula School District
Myron B. Labat, Jr., The University of Southern Mississippi
Cherie A. Labat, Bay-Waveland School District

ABSTRACT

The purpose of this study was to identify common personal and professional strategies present in successful principals who lead National Blue Ribbon Schools in a southern state. This study attempted to reveal concrete strategies and traits that can be implemented and emulated by current and aspiring school administrators offering them insight into what strategies are conducive to effective school leadership. The study also sought to determine whether a correlation existed between the leadership practices of these national blue ribbon school administrators and the overall culture of the school as measured by the level of teacher morale present in these schools. The Leadership Practices Inventory (LPI) was administered in order to identify those leadership traits and qualities as reported by the leaders’ subordinates as compared to how the leader rated him or herself on the these qualities. Approximately 500 teachers/counselors and 20 principals/assistant principals participated in the study. A non-random sampling of seven National Blue Ribbon Schools from the elementary, middle, and high school level in this southern state participated in the study.

Administrators rated their primary leadership traits by using the Leadership Practices Inventory (self). Each administrator rated their primary leadership traits using a Likert scale employed by the Leadership Practices Inventory. Data obtained from the study suggested that principals rated themselves slightly higher than did their staff members according to the five sub-scales (model the way, inspire a shared vision, challenge the process, enable others to act, and encouraging the heart) of the LPI. The Purdue Teacher Opinionaire (PTO) was also administered to rate teacher morale in these National Blue Ribbon Schools. The abbreviated version of the inventory was used consisting of three sub-scales; teacher rapport with the principal, rapport among teachers, and instructional issues. The PTO is based on a four point Likert type scale; 1 = disagree, 2 = probably disagree, 3 = probably agree, and 4 = agree. Respondents who completed the PTO rated teacher rapport with principal 3.36, rapport among teachers 3.46, and instructional issues 3.48. These results on the PTO indicate that teacher morale was reported to be very high on each of the selected indicators. A multiple regression was then run to determine whether a correlation existed between teacher morale and principal leadership traits. The results of this test indicated that there was a correlation between teacher morale and a principal modeling the way, inspiring a shared vision, challenging the process, enabling others to act, and encouraging the heart.
THE EFFECTS OF LEADERSHIP AND HIGH-STAKES TESTING ON TEACHER RETENTION

Amy Krohn Thibodeaux, Biloxi School District
Myron B. Labat, The University of Southern Mississippi
David E. Lee, The University of Southern Mississippi
Cherie A. Labat, Bay-Waveland School District

ABSTRACT

The purpose of this study was to examine whether principal leadership behaviors and the demands of high-stakes testing had an impact on teachers’ intent to remain in the teaching profession. Perceptions of teachers concerning the contributing factors that led to their intent to remain in the teaching profession were also examined. Factors included in this study were examined in an effort to gain insight into factors that lead to teacher job satisfaction.

Both quantitative and qualitative methodologies were employed in an effort to gather data. The survey instrument was distributed to K-12 public school teachers in a southern state. Participants in the study taught at elementary, middle, and high school levels. The analysis of the data for the qualitative component was consistent with data collected through the quantitative portion of the study. Both the quantitative and qualitative data supported the relevance of principal leadership on a teachers’ intent to remain in the profession. However, when teachers responded to open-ended questions relative to principal leadership some responses varied compared to those provided in the quantitative measure with respect to principal support. Additionally, qualitative data indicated three things that most influenced teachers’ decision to remain in the profession: student success, subject matter taught, and the art of teaching. When asked which factors contributed most to teachers leaving the profession, teachers reported: lack of administrative support, teacher workload, and student discipline.

Additional self-reported factors that were identified as being problematic for teachers were excessive paperwork and pressures of state-testing.
ROAD WARRIORS AND INFORMATION SYSTEMS SECURITy

Charlotte A. Allen, Stephen F. Austin State University
Warren W. Fisher, Stephen F. Austin State University

ABSTRACT

Information systems are threatened by “road warriors” and other employees whose computer and other electronic devices are used outside the organization. Devices can be lost, compromised, or misused; communications can be intercepted and organizational systems can be penetrated, especially when the compromised devices are brought back inside the organization. The increasing use of “cloud computing” and “BYOD” (Bring your own device) add to those risks.

INTRODUCTION

It is widely known that information systems are an important part of most organizations and an essential part of many. It is also widely known that systems connected to the Internet are at risk of penetration by hackers, including competitors, criminals, foreign governments, and others—see Fisher, Tinsley, & Strader (2010) for a discussion of the threats and recommended non-technical precautions (technical precautions are beyond the scope of this paper and are best left to information security professionals). Unfortunately, even organizations with state-of-the-art security installed on their information systems are at risk from their own employees, particularly “road warriors” and other employees whose computers and other electronic devices are used outside the protection of the organization’s security systems. The risk is especially great when systems are accessed from outside the organization as well as when employees use devices outside the organization—exposing them to the risk of malware—and subsequently bring them back inside the organization’s system. The situation is made worse if employees violate company information security policies. Doing so is an especially great temptation for road warriors (D’Arcy & Devaraj, 2012), since higher security often requires increased time and effort to use devices and systems.

Hackers and malware have long been associated with networks and desktop or laptop computers. Unfortunately, the surging popularity of smartphones and tablet computers has captured the hackers’ attention. Mobile threats are growing rapidly, with the fastest growth in attacks on Google’s Android devices (Drew, 2012). One reason revealed in a recent study is that many Android devices have known and longstanding vulnerabilities that have not been patched (repaired by update). Older devices are at an especially great risk because manufacturers and/or phone carriers stop sending out updates too soon (Constantin, 2012). Once a device (whether computer, phone, etc.) is compromised, both the data on that device and the systems the device can access are at risk.

One current trend that adds risk is the increased reliance on the Internet through “cloud computing.” Although that term has many definitions (Geelan, 2009), this study focuses on the situation in which application software and/or its associated data are “in the cloud,” i.e., on the...
Internet, physically away from the using person or organization. This results in both a loss of control and an increased exposure to Internet risks. “BYOD” (bring your own device) is another trend that adds risk. As reported by Burt (2011), some employees prefer to work with a smartphone, tablet, or other device that they already own and are comfortable with using. Businesses are also attracted to this paradigm because it puts the equipment purchase burden on the employee. The problem is how to maintain security on devices that the organization does not control. Older devices (especially older Android devices) are particularly problematic, since security updates may be unavailable (Constantin, 2012).

RISKS POSED BY ROAD WARRIORS

Nearly everyone uses computers and/or other electronic devices in their work. Sometimes, a device is physically taken outside the organization to facilitate the employee’s work while travelling or at home. The term “road warrior” is often applied to employees who spend an especially large percentage of their work time travelling. Such employees have in fact long been early adopters of information technology. From the time of the first generation “portable” computers to the latest and greatest smartphone of today, the traveling business person has used technology to keep in touch with colleagues and clients. Many road warriors also utilize their business devices for personal purposes, such as to keep in touch with family and friends while away from home. Multiple devices are becoming the norm, with many people carrying a smartphone (or two), a tablet computer, and/or a laptop computer. A recent study of over 6000 guests by Four Points Sheraton Hotel chain found that over half of business guests carried three or four devices with them, with a smartphone being the most popular, followed by tablets and then laptops (Ragan, 2012).

If a device contains sensitive information (which it often would), a major concern is that information on or transmitted to or from the device might fall into the wrong hands (competitors, thieves, news organizations, foreign governments, etc.). This can happen accidentally, such as when the employee leaves a cell phone in a cab or a tablet computer in the airport security screening area. That happens often: in 2011, over 8,000 mobile devices were left behind at the seven largest airports in the U.S. (Ragan, 2012). A device might also be stolen from an employee’s vehicle, motel room, or home, and the thief might be looking for more than just a few dollars at the nearest pawn shop. Further, it might not be necessary to steal a device to compromise data. A data thief might merely access the device while it is left unattended. And, if a device is used for non-secure communications, electronic eavesdroppers may obtain sensitive information. Tablets are of special concern in this regard, since it is more likely that the road warrior is accessing confidential information than if they are just checking their email on a smartphone (Cox, 2012). Another risk is that information could be displayed on screen under circumstances in which it can be seen by unapproved persons (e.g., over-the-shoulder).

Of necessity, road warriors often use their device(s) to connect to the Internet from hotels, airports, and other non-secure locations. Several problems can result: (1) If the location’s Internet connection is not secure, communications may be intercepted; (2) Hackers can setup “ad hoc” networks that are similar to those of a legitimate location’s network and fool the traveler into accessing the bogus network; and (3) the ability of a device to setup a wireless “hot spot” allowing other less secure devices to access it.

Regardless of where a device is used, infection by malware (including spyware) may occur if the user is careless about web sites visited, software installed, e-mail attachments
opened, etc. Even for careful users, part of the problem with any device that connects to the Internet is the risk that a hacker will exploit an un-patched vulnerability (Fisher et al., 2010; Riley & Vance, 2011).

Riley & Vance (2011) report that “zero day” exploits (those that no one but the creator knows about) are bought and sold, so even users with up-to-date devices are at risk. A hacker that gains control of a device can plant a “keystroke logger” program on it to extract passwords, then take control of the device, extract any data or documents on it, and use it to log into systems the user accesses. Note that this type of attack may be successful even if the organization’s system requires secure access (e.g., virtual private network (VPN)), since the hacker can probably do anything with the device that the user could do.

Another danger from malware-infected devices is that a user could accidentally or intentionally bring the infected device back into the organization and connect to a sensitive system. Often, protection of sensitive systems is focused on the Internet connection and firewall, so malware on an internally-connected device might easily slip in. Even a system not connected to the Internet at all could be compromised in this manner. Stealthy malware might just collect information from such a system, then await an opportunity to transmit it to the hacker when the device is again removed from the organization.

If an employee collects data or creates documents while travelling, damage to or loss of the device could result in loss of irreplaceable information. The use of cloud-based applications or back-up storage may help but bring their own problems. Persons traveling between countries may face (usually temporarily) device confiscation and snooping by government employees. It has been reported by Bector (2009) and others that U.S. Customs officials sometimes seize devices being brought into the U.S. including those owned by U.S. citizens. It can be days, weeks, or longer before the devices are returned. Other countries could certainly do the same thing. Further, a device “inspected” by a government--or even by an organization--could be returned with malware installed. Just using a device in a non-secure area can result in data being compromised. Connecting to the Internet at a customer’s site could allow their system to penetrate the road warrior’s system, possibly compromising product costs or other sensitive information that a sales person needs but that the company does not want the customer to see. Nakashima and Wan (2011) report that problems are particularly serious in China where smartphone contents can be downloaded in seconds, and networks (and the Internet) are widely monitored by government agents. They also report that malware has been remotely installed in smartphones and later used to infect servers in the U.S.

Eddy (2010) reports a disturbing trend among road warriors: use of business and/or personal devices for personal purposes while travelling on business. The author reports that younger workers are especially likely to update social network accounts, “tweet” about their travels, and/or randomly surf the web. This activity is problematic in at least two different ways: (1) The traveler’s location and activities can be identified, which could let a client or supplier know where the person has been thus identifying potential clients or new business locations and (2) Social networks are common targets (McMillan, 2011) since few users ever read the end license agreements and malware can easily be installed. Another problem with accessing web sites other than the organization’s systems is that many sites store “cookies” that can contain sensitive information, and other sites can potentially access that information. Lanois (2011) reports a particularly troubling related issue: cookies based on the Adobe Flash player are not controlled by the user’s browser privacy settings, and flash cookies can even reconstruct cookies that the user has deleted.
CLOUD COMPUTING ISSUES

The use of cloud computing is exploding. A recent survey showed that 45 percent of multinational corporations used some form of cloud computing services in 2011 (up from 24 percent in 2010), and many more are planning to adopt cloud computing over the next five years (Lanois, 2011). A major attraction of cloud computing is that the organization does not have to maintain the hardware and software that it uses, thereby saving time and money. And, because systems are accessed over the Internet, employees can access them from anywhere. Data security for a road warrior can actually be better than the traditional method of carrying data and documents on a laptop: loss or damage of a device that accesses a cloud system does not necessarily cause a serious problem, since the data and documents are not located on the device (Blyth, 2011). Cloud computing usually requires that the employee connect to the Internet to do meaningful work. Doing so is always risky and sometimes (especially at hotels/motels and other non-secure hotspots) is very risky (Fisher et al., 2010). Loss of a device that is not secure (e.g., no access password, an easily-defeated password, or unencrypted storage) could allow the thief to get into cloud-based systems just as easily as getting into systems located on the device if the cloud-based systems are set up for automatic login or has saved passwords. When a road warrior uses a cloud-based system, he or she is logging into a system that is not controlled by the company. The cloud provider (particularly free services) may have less-than-optimal security and/or may collect and distribute information about users. Problematic practices may be disclosed only in the fine print of a hard-to-read end user license agreement (EULA). The provider’s employees have no loyalty to our organization and may be tempted to profit at our expense. The reduction of company resources required to set up and run cloud-based systems may be at least partly offset by an increase in company resources needed to ensure that the provider’s security is adequate (and possibly more resources to fix issues if the security is breached). If the road warrior depends on a cloud site to do a presentation or to access information needed for a meeting with clients or customers, there is the risk that the site or the local Internet connection could be very slow or even fail completely. For example, the Prezi presentation site became virtually unusable for several days in early November, 2012 (“Website Temporarily Down,” 2012).

BRING YOUR OWN DEVICE (BYOD) ISSUES

One of the alarming trends for IT security professionals is the popularity of BYOD (Bring Your Own Device). Some recent reports indicate that BYOD is a rapidly growing trend that is here to stay (Rhodes, 2012). Supporting that theory, Burt (2011) reported a study showing that over 40% of the devices used by employees in 2011 were owned by the employees (not the company), up 10% over the previous year. Others (Cox, 2012) find that, although organizational use of tablet devices like iPads is growing rapidly, some firms are choosing to deploy only company-owned devices in order to maintain greater control. The problem is that mobile devices are risky under ideal conditions, and having to control multiple brands and models of non-owned devices—each of which normally requires a different installation of basic anti-virus, firewalls, VPN, and other security software—makes the situation much more difficult for the organization’s IT staff (Rhodes, 2012). BYOD is particularly troubling for accounting firms and others that store confidential customer data on their systems. If an employee downloads confidential data to a personal device and that device is subsequently lost, stolen, or
compromised, the firm could face liability and regulatory consequences in addition to serious reputational damage (Drew, 2012). There are also negatives for the employee as reported by Rhodes (2012). The company will probably require that mobile device management (MDM) software be installed, and that could result in personal files (like pictures of a new baby) being wiped if the device is temporarily misplaced. Note that this could also cause the employee to delay reporting a missing device, thereby adding to the risk that company data or systems could be compromised. Rhodes (2012) also reports that MDM software often logs GPS locations, so employees may be surprised to find that the boss knows where lunch hours are spent. Finally, the employee who uses his or her own device for work is probably going to expect to retain personal usage rights. Failing to read the fine print in a new application or cloud service EULA could expose the user and organization to risk.

CONCLUSION

The concepts discussed herein are applicable to organizations that have employees who access company information systems while located physically outside the organization. The systems may be located on a device carried by the employee, but it is increasingly common to use a device that connects to organizational systems by network (particularly the Internet). Such systems may be located within the organization’s control but are increasingly cloud-based. So-called “road warriors” rely heavily on using systems in this manner. Road warriors and their electronic devices raise many threats to information system security. A lost or damaged device may result in loss of valuable information that is not stored anywhere else. Systems and their data can be compromised by access to a device or system by an unauthorized person as well as by the monitoring of unsecure communications. Threats may be physical, such as when a device is stolen, confiscated by authorities, or accessed without permission. Electronic risks include hacker attacks and malware infections. Internal systems that are otherwise secure can be penetrated when a compromised device is brought inside the organization and connected to them. The increasing use of cloud computing brings both advantages and disadvantages. Although cloud storage may prevent device loss or failure from causing data loss, there are risks associated with depending on the Internet to do meaningful work and with having critical systems located outside of the organization’s control. The fact that cloud systems can be used from anywhere means that they can be compromised from anywhere. Additional risk comes from the growth of BYOD. Allowing employees to use their own devices means that IT staff will have more device types to worry about. The employees will also expect to use their devices for personal purposes, which will increase exposure to malware and other risks. In addition, company secrets can be compromised by inappropriate use of social media even if the device being used is secure.

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BACKSOURCING: A REVIEW AND THEORETICALLY MOTIVATED VIEW

Pankaj Nagpal, Central Connecticut State University

ABSTRACT

In view of the varied record of success of IT outsourcing, there has been a discussion of backsourcing, or bringing back outsourced work in-house, as a remedy. In this paper, we review the literature on backsourcing. In the review, we attempt to draw a comprehensive portrait of the phenomenon. This ranges from internal and external changes related to the outsourcing contract, as well as problems with the contract. We extend this literature, offering a new theoretical lens to study backsourcing. We propose that the path taken by the focal company as it outsources IT activities, and the maturity of its Enterprise Architecture, are key criteria which need to be reviewed by business and IT executives when they consider their options. Backsourcing, in and of itself, is not a panacea, in view of limited evidence on its success. The failure of initial outsourcing arrangement is likely to be a symptom of deeper weaknesses within the buyer or focal firm, relating to its internal IT and architectural knowledge.

Keywords: backsourcing, outsourcing, outsourcing success, modularity, architecture.
MINIMIZING TOTAL WEIGHTED COMPLETION TIME ON PARALLEL NONIDENTICAL BATCH PROCESSING MACHINES

Shubin Xu, Northeastern Illinois University

ABSTRACT

This research is motivated by a scheduling problem found in the burn-in operations that take place at the final testing stage in semiconductor manufacturing. In the burn-in test, IC (integrated circuit) chips are loaded onto boards, which are then loaded into burn-in ovens. Each chip requires a minimum burn-in time, which is determined by the test specification. To maintain the product quality, any chip that fails in the burn-in test must be removed from the lot. In practice, multiple ovens are typically operated in parallel. In order to utilize the ovens efficiently, boards are grouped together into batches. Thus, burn-in ovens can be modeled as parallel batch processing machines.

In this research, we consider an unrelated parallel machine manufacturing environment in which machines can run at different rates and an individual machine can process different jobs at different rates. Jobs have dynamic arrival times (i.e., not all jobs are ready for processing at time zero), non-identical capacity requirements, and different burn-in time requirements. All the jobs in a batch start and finish processing at the same time. The processing time of a batch is equal to the longest processing time among the jobs in the batch. The scheduling problem involves assigning jobs to machines and batches and determining the batch sequence on each machine so as to optimize some performance measure.

The processing times in burn-in test are, in general, extremely long compared to other tests, so the burn-in test is frequently the bottleneck in the final testing stage. Since the burn-in operations are near the end of the manufacturing process, the efficient scheduling of burn-in operations to minimize flow time and work-in-process inventories (WIP) is critical to the overall performance of a semiconductor manufacturing company. This motivates us to use the performance measure of total weighted completion time, which provides an indication of the total holding or inventory costs of WIP incurred by the schedule. We seek to minimize the total weighted completion time, as a proxy measure to minimize the total inventory costs.

We formulate the problem as a nonlinear integer programming model. Given that the problem is NP-hard, we propose a genetic algorithm to heuristically solve it. The genetic algorithm first assigns jobs to machines, then forms batches on each machine, and finally sequences these batches. Through extensive computational experiments, we show that the proposed genetic algorithm consistently outperforms a standard mathematical programming package in terms of solution quality and computation time.
THE PROPERTY TAX DEDUCTION: IS IT TIME TO ELIMINATE THIS TAX BENEFIT?

Lindy Luke, Valdosta State University
Raymond J Elson, Valdosta State University

ABSTRACT

With an increasing federal deficit, lawmakers are looking at alternative revenue sources to help reduce it. One such source is the approximately $172 billion that would be saved by eliminating the deductibility of real estate property taxes. This deduction is facing critics who believe that the property tax deduction simply subsidizes local government for their excessive spending while passing on the tax burden to the federal government. The authors believe that all revenue generating sources should be explored by policy makers including the elimination of the property tax deduction. The paper explores the impact this decision could have on homeownership, taxpayers, and local governments.
THE IMPACT OF CONSUMER SHOPPING EXPERIENCE ON CONSUMER CHANNEL DECISION

Haiyan Hu, Morgan State University
Cynthia R Jasper, University of Wisconsin-Madison

ABSTRACT

The primary goal of this study is to examine the role that consumers’ shopping experience plays when consumers choose online or shopping malls to shop. We also investigate whether their channel choice vary across the product categories. Prior research has investigated both consumer and channel factors that affect consumer’s choice of shopping channels.

The authors conducted a mail survey of a random sample of 2,500 consumers, half women and half men, from 20 of the largest metropolitan areas in the U.S. to collect information regarding a consumer’s channel choice between online and physical stores for five product categories: clothing, electronics, books, toys, and video/music.

For each category, multiple regression analysis was conducted with percentage share of purchase online or at the mall as dependent variables. The results showed that consumers who choose to shop online for these products are not seeking aforementioned shopping experience. Second, the more consumers recognize the mall to be the source of activities and destination for clothing shopping, the more likely they would shop online. On the other hand, the uniqueness of the mall likely draws consumers back to the mall.

The results of this study should provide retailers, online or offline, with managerial insights to attract shoppers with some caveats. First, shopping mall operators may want to explore approaches that can bring convenience to consumers without compromising its role of providing multifaceted shopping experiences. Second, although special events and activities can increase traffic, it does not increase clothing expenditure for shopping malls.
USE OF SOCIAL MEDIA IN THE SELLING PROCESS

Barbara A. Schuldt, Southeastern Louisiana University
Jeff W. Totten, McNeese State University

ABSTRACT

The purpose of the study was to measure to what extent salespeople have integrated social media types (LinkedIn™, Twitter™, etc.) in the various steps or stages of the personal selling/sales process. Using a table developed by Andzulis, et al. (2012), a questionnaire was developed based on the table, pretested and revised. It was loaded on Google Forms™ and the URL was included in an e-mail message sent to former students, who were asked to send it on to other salespeople they knew, thus creating a snowball sample. It appears that there is greater use of social media networks in the earlier stages of the selling process than in the latter stages. The focus seemed to be on monitoring customer comments, both positive and negative, and sharing company news (successes and community involvement).

INTRODUCTION

Today companies “are using social approaches not only to communicate better with their customers, but also to share knowledge with their suppliers, business partners and, perhaps most important, their employees” (Cortada, Lesser & Korsten, 2012, p. 1). According to Schultz, Schwepker, Jr. & Good (2012, p. 179), “Gaining technology acceptance by salespeople is critical in modern organizations. Sales technology is an integral tool for enhancing customer-related information management.” Metz and Hemmann (2011) argued that social media would be a critical tool for salespeople to use in building relationships with clients. Andzulis, et al. (2012) discussed the use of social media in marketing and sales and potential roles that social media might play in the steps as listed in their Table 1 (p. 312). Based on this table, the purpose of this study was to measure to what extent salespeople have integrated social media types (LinkedIn™, Twitter™, etc.) in the various steps or stages of the personal selling/sales process.

LITERATURE REVIEW

Moore, Hopkins and Raymond (2013, p. 51) noted that “Relatively little research has appeared in the selling and sales management literature that focuses specifically on social media while these technologies are becoming more omnipresent.” They also provided a very good summary of social media history and current usage (see pp. 53-59). In their extensive study of social media usage by both B2B and B2C salespeople, with regard to use in stages of the selling process, they concluded that “Salespeople appear to use these technologies most for prospecting and making the initial contact and then for post-sale follow-up” (Moore, Hopkins & Raymond, 2013, p. 67).
Schultz, Schwepker, Jr. and Good (2012, p. 176) assessed “a model of important B2B sales relationships regarding the impact of social media usage on sales outcome performance.” They found a negative relationship between age and social media usage, and greater salesperson use of social media when there’s usage by supervisors, customers, competitors and colleagues. A positive relationship was also found between social media usage and higher sales outcomes (p. 185).

Rapp, et al. (2013) studied the interaction of supplier salespeople’s use of social media and retailers’ usage and, consequently, retail customers’ usage. They found that the more social media is utilized by supplier salesperson, the more social media usage by the retailer occurs, and this relationship effect is passed on to consumers’ usage of social media.

Based on 599 responses, lead generation social business use will grow from 51% to 74% by 2014 or 2015, and post-sales support usage will grow from 46% to 69% over the same time frame. Actual use of social business to sell directly to customers will grow from 35% to 61% (Cortada, Lesser & Korsten, 2012, Figure 3, p. 4).

Giamanco and Gregoire (2012, p. 4) reported that “most sales managers are proving slow to recognize social media’s potential. In a recent survey of B2B marketers by BtoB magazine, only 5% said that social media marketing was a “fairly mature and well optimized” part of their mix. In a study from Drake University’s Fuqua School of Business and the American Marketing Association (Liyakasa, 2013, p. 23) the percent of the marketing budget spent on social media is expected to “more than double by 2018.”

The social media apps discussed above along with the growth potential in online communities demonstrates the challenge marketers, including salespeople, and researchers have in keeping up with what is trending in social media. It is relatively easy for tech savvy individuals to find a niche that meets the social needs of the going online communities.

**METHODOLOGY**

A questionnaire was developed based on Andzulis, et al. (2012)’s Table 1 (p. 312) and pretested on six former students now in sales. The first question asked participants about which social media types/networks they were professional involved with on a weekly basis. Respondents were then asked to indicate how many years they have been employed in the sales field. Andzulis, et al. (2012) had six stages in the selling process described with various social media applications. Using standard Likert five-point scale terms (strongly agree to strongly disagree), the authors developed eight examples/statements for stage 1, six statements for stage 2, four each for stages 3, 4 & 6, and five for stage 5. Demographic questions involving number of full-time salespeople employed, industry types served (Manufacturing, Service, etc.), region served (local, state, etc.), and firm’s annual sales range.

The revised questionnaire was loaded as an online survey onto Google Forms™ and an URL was created. The IRB proposal was approved before the pretest was conducted. The six former students were asked to pass along the revised survey to people in sales they knew. Other former students who were in sales, as well as new salespeople, were contacted through LinkedIn™ “connections” and asked to complete the survey.
RESULTS

A total of 57 questionnaires were completed by the end of December, 2013. The top three social media types/networks used by the respondents were LinkedIn™ with 46, Facebook™ with 42, and Twitter™ with 21 responses. The mean number of years in sales that was reported equaled 11.56 years with a standard deviation of 10.313 years. Eighteen respondents (18/55, 32.7%) reported that less than five full-time salespeople were employed by their firm. Salespeople responded that their firms served services (43 checked this one), retail/wholesale (20), and manufacturing (14). Over a third (20/55, 36.4%) checked that their firm served a local area/region. Over forty-four percent (23/52) indicated that annual sales were $10 million or more. Finally, three in five (35/55) checked that they were answering for their entire company.

Overview of Results

Descriptive statistics for the 31 examples in the six stages of the selling process are provided in Table 2A-E below [note: example statements are used in more than one table and denoted by an asterisk]. A response of “5” means the person “strongly agreed” with the example. It appears that there is greater use of social media networks in the earlier stages of the selling process than in the latter stages. The focus seemed to be on monitoring customer comments, both positive and negative, and sharing company news (successes and community involvement).

Table 2A
Descriptive Statistics for the 31 sales stages examples
Using LinkedIn

<table>
<thead>
<tr>
<th>EXAMPLE/STATEMENT</th>
<th>MEAN</th>
<th>S.D.</th>
<th>MD.</th>
<th>MO.</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salespeople in my company have joined LinkedIn or other SM groups.*</td>
<td>4.53</td>
<td>0.684</td>
<td>5.0</td>
<td>5.0</td>
<td>57</td>
</tr>
<tr>
<td>LinkedIn surveys are used to prompt industry discussion of topics.</td>
<td>2.59</td>
<td>1.037</td>
<td>3.0</td>
<td>3.0</td>
<td>54</td>
</tr>
<tr>
<td>Our company uses blogs or LinkedIn to resolve complaints from unhappy clients.*</td>
<td>2.49</td>
<td>1.102</td>
<td>2.0</td>
<td>3.0</td>
<td>51</td>
</tr>
<tr>
<td>Our company shares success stories on LinkedIn or Facebook in an effort to overcome objections.*</td>
<td>3.55</td>
<td>1.331</td>
<td>4.0</td>
<td>4.0</td>
<td>51</td>
</tr>
<tr>
<td>Our company asks for referrals from Facebook &amp; LinkedIn customers.*</td>
<td>3.00</td>
<td>1.386</td>
<td>3.0</td>
<td>4.0</td>
<td>52</td>
</tr>
</tbody>
</table>

Table 2B
Descriptive Statistics for the 31 sales stages examples
Using Facebook

<table>
<thead>
<tr>
<th>EXAMPLE/STATEMENT</th>
<th>MEAN</th>
<th>S.D.</th>
<th>MD.</th>
<th>MO.</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our company regularly posts news stories on Facebook.</td>
<td>3.93</td>
<td>1.291</td>
<td>4.0</td>
<td>5.0</td>
<td>56</td>
</tr>
<tr>
<td>Our company recruits participants for new-product testing through Facebook promotions.</td>
<td>3.00</td>
<td>1.252</td>
<td>3.0</td>
<td>3.0</td>
<td>52</td>
</tr>
<tr>
<td>Our company runs promotional giveaways or contests on Facebook.</td>
<td>3.10</td>
<td>1.345</td>
<td>3.0</td>
<td>4.0</td>
<td>51</td>
</tr>
<tr>
<td>Our company shares success stories via Facebook and/or other SM.</td>
<td>4.04</td>
<td>1.201</td>
<td>4.0</td>
<td>5.0</td>
<td>55</td>
</tr>
<tr>
<td>Our company uses Twitter or Facebook to drive clients to sales channels.*</td>
<td>3.39</td>
<td>1.379</td>
<td>4.0</td>
<td>4.0</td>
<td>54</td>
</tr>
<tr>
<td>Our company shares success stories on LinkedIn or Facebook in an effort to overcome objections.*</td>
<td>3.55</td>
<td>1.331</td>
<td>4.0</td>
<td>4.0</td>
<td>51</td>
</tr>
<tr>
<td>On Facebook our company offers promotions/rewards to customers for their referrals.</td>
<td>2.55</td>
<td>1.286</td>
<td>3.0</td>
<td>3.0</td>
<td>51</td>
</tr>
<tr>
<td>Our company asks for referrals from Facebook &amp; LinkedIn customers.*</td>
<td>3.00</td>
<td>1.386</td>
<td>3.0</td>
<td>4.0</td>
<td>52</td>
</tr>
</tbody>
</table>
### Table 2C
Descriptive Statistics for the 31 sales stages examples
Using Twitter

<table>
<thead>
<tr>
<th>EXAMPLE/STATEMENT</th>
<th>MEAN</th>
<th>S.D.</th>
<th>MD.</th>
<th>MO.</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our company has established a Twitter presence.</td>
<td>3.36</td>
<td>1.331</td>
<td>4.0</td>
<td>4.0</td>
<td>53</td>
</tr>
<tr>
<td>Our company tweets about results and innovations.</td>
<td>3.31</td>
<td>1.257</td>
<td>4.0</td>
<td>4.0</td>
<td>50</td>
</tr>
<tr>
<td>Our company uses Twitter to solicit customer feedback about its products.</td>
<td>2.68</td>
<td>1.220</td>
<td>3.0</td>
<td>3.0</td>
<td>50</td>
</tr>
<tr>
<td>Our company uses Twitter to offer price deals, coupons and other sales promotions.</td>
<td>2.46</td>
<td>1.148</td>
<td>2.0</td>
<td>3.0</td>
<td>48</td>
</tr>
<tr>
<td>Our company uses Twitter or Facebook to drive clients to sales channels.*</td>
<td>3.39</td>
<td>1.379</td>
<td>4.0</td>
<td>4.0</td>
<td>54</td>
</tr>
<tr>
<td>Our company offers special incentives (e.g., sports tickets) to VIP clients via Tweets.</td>
<td>2.31</td>
<td>1.068</td>
<td>2.0</td>
<td>2.0</td>
<td>51</td>
</tr>
<tr>
<td>Our company follows our customers on Twitter and mines their fans for prospects.</td>
<td>2.84</td>
<td>1.347</td>
<td>3.0</td>
<td>3.0</td>
<td>51</td>
</tr>
<tr>
<td>Our company announces sales goals, product successes, etc. via Tweets.</td>
<td>2.88</td>
<td>1.395</td>
<td>3.0</td>
<td>4.0</td>
<td>52</td>
</tr>
</tbody>
</table>

### Table 2D
Descriptive Statistics for the 31 sales stages examples
Using Blogs#

<table>
<thead>
<tr>
<th>EXAMPLE/STATEMENT</th>
<th>MEAN</th>
<th>S.D.</th>
<th>MD.</th>
<th>MO.</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our company maintains a blog for each of our products.</td>
<td>3.04</td>
<td>1.311</td>
<td>3.0</td>
<td>4.0</td>
<td>51</td>
</tr>
<tr>
<td>Our company monitors those blogs and provides feedback.</td>
<td>3.10</td>
<td>1.325</td>
<td>3.0</td>
<td>4.0</td>
<td>48</td>
</tr>
<tr>
<td>Our company creates blog posts that are intended to prompt discussion/debate.</td>
<td>2.66</td>
<td>1.189</td>
<td>3.0</td>
<td>3.0</td>
<td>50</td>
</tr>
<tr>
<td>Our company uses blogs or LinkedIn to resolve complaints from unhappy clients.*</td>
<td>2.49</td>
<td>1.102</td>
<td>2.0</td>
<td>3.0</td>
<td>51</td>
</tr>
<tr>
<td>Our company is using blogs to address specific issues raised during the negotiation process.</td>
<td>2.43</td>
<td>1.193</td>
<td>2.0</td>
<td>3.0</td>
<td>47</td>
</tr>
</tbody>
</table>

#Blogs would also include Tumblr™ a microblogging app

### Table 2E
Descriptive Statistics for the 31 sales stages examples
Using Social Media in General (including YouTube)

<table>
<thead>
<tr>
<th>EXAMPLE/STATEMENT</th>
<th>MEAN</th>
<th>S.D.</th>
<th>MD.</th>
<th>MO.</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salespeople in my company have joined LinkedIn or other SM groups.*</td>
<td>4.53</td>
<td>0.684</td>
<td>5.0</td>
<td>5.0</td>
<td>57</td>
</tr>
<tr>
<td>Salespeople in my company have participated in such SM groups.</td>
<td>4.32</td>
<td>0.956</td>
<td>5.0</td>
<td>5.0</td>
<td>56</td>
</tr>
<tr>
<td>Our company actively monitors customer comments in various SM forums.</td>
<td>4.11</td>
<td>1.149</td>
<td>5.0</td>
<td>5.0</td>
<td>55</td>
</tr>
<tr>
<td>Our company monitors social media to counter bad publicity.</td>
<td>3.93</td>
<td>1.226</td>
<td>4.0</td>
<td>5.0</td>
<td>54</td>
</tr>
<tr>
<td>Our company uses customer comments to understand their buying behavior.</td>
<td>3.82</td>
<td>1.188</td>
<td>4.0</td>
<td>4.0</td>
<td>55</td>
</tr>
<tr>
<td>Our company shares stories of its community involvement via SM.</td>
<td>4.17</td>
<td>1.145</td>
<td>5.0</td>
<td>5.0</td>
<td>54</td>
</tr>
<tr>
<td>Our company created an app to request product/service ideas from customers.</td>
<td>2.67</td>
<td>1.449</td>
<td>2.0</td>
<td>2.0</td>
<td>49</td>
</tr>
<tr>
<td>Our company asked our SM fans to vote on product or logo changes.</td>
<td>2.43</td>
<td>1.300</td>
<td>2.0</td>
<td>1.0</td>
<td>51</td>
</tr>
<tr>
<td>Our company uses SM to collaborate with our customers on campaigns.</td>
<td>3.28</td>
<td>1.231</td>
<td>4.0</td>
<td>4.0</td>
<td>53</td>
</tr>
<tr>
<td>Our company shares success stories via Facebook and/or other SM.*</td>
<td>4.04</td>
<td>1.201</td>
<td>4.0</td>
<td>5.0</td>
<td>55</td>
</tr>
<tr>
<td>You Tube is used to provide information or training to our customers.</td>
<td>3.02</td>
<td>1.334</td>
<td>3.0</td>
<td>4.0</td>
<td>51</td>
</tr>
</tbody>
</table>
Significant Statistical Results

Two significant differences were identified for the firm size in terms of number of full-time employees. Firms with over 100 employees tended to agree with “Our company maintains a blog for each of our products” while those with 16 to 100 employees tended to disagree (3.77 vs. 2.0, F = 3.569, p = .021). Larger firms (over 100 employees) and smaller firms (five to fifteen) leaned towards agreement with “Our company monitors those blogs and provides feedback” versus mid-size firms (16 to 100) who tended to disagree (3.54 & 3.54 vs. 2.0, F = 2.862, p = .048).

Turning to which social media networks were used most often by respondents, numerous significant statistical differences were found regarding the sales process applications. Salespeople who reported using Facebook tended to agree with the following statements: “Our company regularly posts news stories on Facebook” (4.22 vs. 3.13, t = -2.981, df = 54, p = .004); and “Our company shares stories of its community involvement via SM” (4.4 vs. 3.5, t = -2.166, df = 16.856, p = .045, equal variances not assumed).

Compared to those who didn’t use Twitter, salespeople who used Twitter tended to agree with the following four applications: “Our company has established a Twitter presence” (3.95 vs. 2.97, t = -2.798, df = 51, p = .007); “Our company tweets about results and innovations” (3.79 vs. 3.03, t = -2.158, df = 49, p = .036); “Our company follows our customers on Twitter and mines their fans for prospects” (3.56 vs. 2.45, t = -3.005, df = 49, p = .004); and “Our company announces sales goals, product successes, etc. via Tweets” (3.72 vs. 2.44, t = -3.475, df = 50, p = .001).

Salespeople who did not use LinkedIn strongly agreed with two applications compared with users: “Our company regularly posts news stories on Facebook” (4.45 vs. 3.8, t = 2.245, df = 32.134, p = .032, equal variances not assumed) and “Our company monitors social media to counter bad publicity (4.73 vs. 3.72, t = 4.184, df = 45.377, p = .000, equal variances not assumed). Non-users also tended to agree with these statements: “Our company maintains a blog for each of our products” (3.8 vs. 2.85, t = 2.117, df = 49, p = .039); and “Our company uses SM to collaborate with our customers on campaigns” (3.91 vs. 3.12, t = 2.481, df = 23.855, p = .021, equal variances not assumed).

CONCLUSIONS

This study looked at the social media activity in a small geographic region to ascertain the utilization of various social media applications throughout the sales process. While this study has limitations based on the length of the questionnaire, the sample size and the geographic region of the participant pool, the results tend to support what other researchers in this area have reported. We found that most firms have moved into social media in the earlier stages of the selling process, namely, joining social media networks, monitoring activities and customer comments, and sharing positive corporate news (success stories and community social responsibility activities). Most of the significant differences identified related to type of social network used by the salespeople and/or by type of market their companies served/targeted.
References


AN ETHNOGRAPHY: AN INQUIRY INTO AGENCY ALIGNMENT MEETINGS

Dominic Cincotta D.Sc., Robert Morris University

ABSTRACT

This paper seeks to demonstrate the effects of organizational culture change through a detailed Agile Ethnography of a company meeting with Agency partners. The organization in being examined is changing culture and this is demonstrated to the Agency through meeting structure, vocabulary, and organizational customs. This story demonstrates that in a culture where power structure and understood status are of key importance to all involved, whether through assumption or documentation, if clear definitions are not given to all terms and historical norms are not followed, these businesses risk their power.

Keywords: Organizational Change, Organizational Culture, Agency, Partner, Ethnography

METHOD

This is the story of agency alignment meetings at company ACME. These meetings happen twice a year and have been going on for five consecutive years. The meetings take place in a large conference room at ACME’s headquarters building. Traditionally, these involve discussion and presentation time for each organization and then entertainment and meals provided by ACME. The goal of these meetings is to align on roles, responsibilities, and reporting structures between ACME and its agency partners. What is found is a unique dynamic of power and influence and the struggle to maintain a position at the apex of this structure. As Clifford Geertz states, “social actions are comments on more than themselves; that where an interpretation comes from does not determine where it can be impelled to go” (1973, p 41). Through this story, ACME goes to lengths to assert its control and power and attempts to justify an incongruency, however, assumptions are made by the agencies and this leads to doubts about ACME’s financial standings.

ACME is in the consumer packaged good industry. Specifically, ACME produces, distributes, and markets 5 major brand name food products. Their products are in world-wide distribution. In order to market these products successfully, ACME employs a number of agency groups, which are responsible for different aspect of the marketing. They cover everything from media buying, sampling and event tactics, to in-store shelving and consumer interaction pieces. While each organization is siloed, they do have an accountability to ACME in that if ACME struggles financially, the employment of the agency might be at risk and hence the employment of each agency member. ACME’s products have a long history and are easily recognizable. They have very established brand names with excellent reputation in quality, packaging, and distribution.
The key issue at hand in these meetings resides around ACME being able to maintain control, power, and dominance through a set of rituals and meeting structures. However, as participation in these meetings continued and the economic climate for the packaged goods industry became more strained, an organization trying to maintain dominance had to take into account all variables and status symbols. In the most recent meeting, it was noted that ACME has begun to ignore one of Hofstede and Hofstede’s (2010) dynamics and this caused doubt as to the prosperity of ACME among their agency partners.

EXPLORATION

Meeting Format

The schedule of these meetings is almost always a two-day affair opening with a formal breakfast, proceeding through an ice-breaker and overview of an agenda and finishing with a dinner and entertainment. Day one consists of issues pertaining to the interests of the agency partners. This is ACME providing the agency partners with information that will help them better perform their jobs. This also subtly endows ACME as having humbly provided information to help the agencies. Day two flips this idea and consists of ACME providing their expectations, rules, and regulations for their brands during the next fiscal year which sets up a power dynamic. This is when ACME asserts its influence and since the Agency partners have already adopted a submissive posture and are expected to submit due to the “good will” of ACME in day one.

Along with these days of work related discussion, the various entities interact in social ways that serve to reinforce cultural norms as dictated by ACME. ACME is responsible for providing meals, entertainment, and social time to the agency partners in attendance. An evening activity is tradition, which is sponsored by ACME in order to show off some sort of asset.

The format of the meeting is always entirely of the ACME mandate. The participants show up on the first day and are presented with an agenda including times and destinations dictated by ACME. This reinforces who is in control of these meetings and whose business is truly being served by the agencies work and financial success. This format serves to regulate and control the ACME norms in the sense of values, and interorganizational productivity and information flow. The information transferred at each stage of these meetings is tailored to each audience. The participants of each meeting session are tailored by the ACME agenda and the agency members are expected to abide by this schedule and these attendance expectations.

Power Structure

ACME is the lead organization as it employs all other organizations as agencies. The internal ACME teams are the Shopper Marketing team, integrated marketing VP, Seibel data team, MIS team, and finance analysis teams. The Integrated marketing VP was the person of absolute power symbolized by her ability to come and go as she pleases, casual dress, and ability to interrupt the conversation. This member of the group seemed to be able to make decisions that would affect all parties involved, including the
future employment of the agency partners. This was represented through complete respect and attention when she spoke. No one interrupted or debated points with her. There seemed to be a sense of fear when dealing with this VP.

Next in the power structure of the ACME organization for this meeting is the shopper marketing team. This team is made up of three people who split responsibility for different aspects of the ACME product portfolio. The Shopper Marketing department is responsible for the planning and execution of any in-store brand marketing for the ACME portfolio. They deal directly with the agencies and are intimately involved with the agency reporting to ACME. The meetings were called to serve the specific needs of the ACME Shopper Marketing department, which put the rest of the organizations at the service of this group.

This relationship creates an interesting dynamic with financial implications for all parties involved. It is in the agencies best interest to stay in favor with ACME because they rely on ACME for their financial well-being. However, ACME is also dependent on the agencies in order to effectively get their products to the retail landscape and create a need with the consumers. The agencies are at slight disadvantage here because the supply of potential agency partners is much greater than brands needing to employ agencies. It would be much harder for the agencies to find employment than it would for ACME to find new agencies. While this dynamic certainly puts ACME at an advantage, they work very hard to maintain control over their agencies and perpetuate these relationships. For the agencies, this creates a very delicate situation in that they must be able to clearly and effectively market these products while staying in bounds of what ACME desires of them.

After the ACME teams, in terms of power, would fall the agency teams. There are three teams here, Agency 3 (A3), Agency 1 (A1), and Agency 2 (A2). A3 is housed entirely in house. A2 is housed in Pittsburgh and is a subset of a larger partnership with the Distribution organization (D1), which handles retail sales for ACME. Finally, A1 handles only specific customers; however, this team has the most representatives and had traveled from Chicago to attend. A1 was also the only organization that was at every session of the meeting besides the internal ACME Shopper Marketing team.

Incongruence

One of the key dynamics discovered in this meeting and a historical look at past meetings like this one, is found in the newest of Hofstede’s list and is known as Indulgence-Restraint. While the entirety of the meetings procedures seemed fairly routine and regimented for environment, the glaring misplaced element was the food. The history of these meetings shows a pattern of indulgent meals and plans of entertainment as well as extended visits in order to facilitate more social bonding. However, in this most current meeting, the food, entertainment, and length of stay indicated some change and incongruence with the past. The light food fare and lack of emphasis on social bonding time, seemed to suggest a possible economic strain on the hosting organization. This was confirmed through post event discussion with other participants and through meeting feedback.

It is at this point that an the idea of the “new normal” surfaces. One of the key pieces of information for this story is that ACME, just before this most recent meeting,
had introduced this term as a new business practice. The “new normal” meant that ACME recognized the tough economic climate that the US was experiencing. In order to function effectively with customers and partners, ACME was now going to make an effort to cut back on excess and move to represent a more humble and streamlined business model. In the following story it should be noted as to how the ACME team introduced this idea of “new normal,” and how they left it up to the agency partners to deeply define this term.

The incongruence of the need to hold and enforce a power structure with a humble business model creates conflict for ACME and their agency partners. Leaving this incongruence unaddressed and floating for interpretation opens a culture of fear and cautiousness.

DISCUSSION

It was noted that in some of the conversations throughout the meetings, as the employees of ACME became frustrated and felt that their needs were not being served, vocabulary became a weapon of choice. When the directors of the conversation from ACME wanted to assert authority, a clear progression from simple vocabulary to a complex set of internal abbreviations, acronyms, and symbols was made. This seemed to serve to perplex the guest agencies since they are not privileged to the daily use or practice of this vocabulary. When this is butted up against the unquestioned power structure, it was evident that no one wanted to question these symbols out of fear. Heated discussion was peppered with acronyms such as IMP, PFP, DMA, NAM, CD, ACV, NSV, PPA, HFRA, FY, and CY. All of these relating to a specific position or group within ACME but had no application in any of the agency partners.

In order to avoid uncertainty, ACME managers and presenters would also begin to interrupt and speak with a quicker pace. By combining this fast pace and the specialized vocabulary, ACME was certain to perplex their partners, which would move any uncertainty from ACME into A1, A2, and A3. This also helped to move ACME into the position of power. ACME seemed to be making the statement that the only way to avoid uncertainty is to separate oneself as the expert through specialized knowledge. If you are the expert, then no one can question your authority and in a system with a very defined and unquestioned power structure, this becomes dangerous. The agency teams seemed to leave these meetings with a sense of questioning and fear, which served to perpetuate the control of ACME.

It is this sense of fear that seems to serve as the controlling force in the culture of ACME. This fear ensures that the bubbles of influence remain in tact with only the information that they need. It is out of fear that the segregated meeting sessions are respected. Each agency fears that if they do not attend their session, they will be ill equipped to function within the ACME structure. The other agencies respect being excluded under the assumption that uninvited attendance is against ACME culture and norms. Attending a session while uninvited would show suspicion and uncertainty, both of which could signal weakness and an inability to do their job.

The culture of fear perpetuates ACME’s allows immense room for assumptions which lead to information gaps. The agencies did not understand the out of place entertainment portion of the meeting. The meeting format enhanced this through constant
reinforcement of ACME as the dominant and empirical force. The fear to ask questions led to the assumption that the “new normal” is a symbol of economic hardship.

The future implication of this fear is immense. With the casual dismissal of the meeting, the sense of fear and aversion to questions allows the agencies to go back into the field and work to serve a misplaced purpose. They are now allowed to do business on behalf of ACME under the assumption that the financial standing of ACME is unhealthy. Budgets can be withheld leading to initiatives that can be under funded or cancelled in a critical time. The agencies also have the potential to be more guarded in their information sharing so that they are insulated from any potential impacts. This can lead to decreased creativity and more siloed information.

In the end, the culture of fear created though assumptions, unguided information flows, and incongruences in structure and format have paradoxical implications. First, it serves ACME through keep the agencies aligned and in subjection to ACME’s doctrine and value systems. However, the fear and lack of corrective action risk the financial viability of all parties involved. The culture of an organization such as ACME is so powerful that it seems to be propagated without question which can lead to a slippery slope scenario. Slippery Slope, as defined by the Merriam-Webster Dictionary is, “A course of action that seems to lead inevitably from one action or result to another with unintended consequences.” Authors on Wikipedia take this definition a bit further when they state, “the slippery slope is an argument for the likelihood of one event or trend given another. It suggests that an action will initiate a chain of events culminating in an undesirable event later... The slippery slope can be valid or fallacious.” We can see this in action with the assumptions of the agencies leading unintended consequences which can lead to ACME asserting more power and control, leading to more assumptions and eventually a financial risk. This could have all been prevented through clarity of communication and openness in information sharing.

**LIMITATION AND FUTURE RESEARCH**

This study of ACME clearly shows that an organization can take all precautions to retain power and structure, but if they fall short of expectations in a single sense, this blind acceptance of power can be shaken and create fear and confusion. Hofstede would define this as a result of a move from indulgency to restraint. There was an expectation of indulgence by ACME to show off their wealth and success brought on by their agency partners. However when meals and entertainment began to fall short of these expectations a doubt arose in the agency groups as to the true financial standing of ACME. These doubts were enhanced through a discussion of a “new normal” which seemed to be a buzz-word without a clear definition. A fear of the unknown disallowed any questions as to the true meaning of this term and the accepted tradition of ACME’s vocabulary as pervasive and accepted further prevented certainty from being established.
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CONTROL SYSTEM, STRATEGY AND LEARNING

Tubagus Ismail, Sultan Ageng Tirtayasa University
Imam Ghozali, Diponegoro University

ABSTRACT

So far, there has been many literatures which explore the impact of management control system (MCS) on strategy, unfortunately there are few studies which has highlighted the impact of MCS on strategy based on interactive approach, and strategy which emphasizes on process approach (Henri, 2006; Kober et al., 2007). Kober et al. (2007) found that MCS will shape company’s strategy. A similar result is also found from Roberts’ study (1990) which said that the usage of MCS interactively (interactive control system) will facilitate the strategy formation process.

Both study conducted by Kober et al. (2007) and Roberts (1990) used case study qualitative method. Case study enables a more detail analyses of strategy formation process and the use of case study is encouraged by many authors (Dent, 1990). Nevertheless, the generalizability of this qualitative result is still limited because there are still many specific organizational characteristic. For the next phase, Interactive control system and strategy will influence internal learning and external learning. This study shows that a control system not only help strategy formation process but also improve the learning process in an organization, yet the knowledge of how strategy influence the learning is still limited (Mulcaster, 2009).

This study is aimed to investigate the relationship between the usage of MCS and strategy formation process which yields intended strategy and emergent strategy. These two strategies are useful to improve learning. This study uses structural equation modeling as multivariate analysis. Samples used in this study are the upper and middle manager in manufacturing industry in Indonesia. AMOS 16 software program is performed as the aid tool to overcome structural equation modelling (SEM) problem. The findings for this study are: interactive control system positively affects the intended strategy and emergent strategy, interactive control system positively affects the internal learning and external learning; intended strategy and emergent strategy which are formed by interactive control system will positively affect internal learning and external learning. The results of this study can be generalized rather than the results of previous studies.

Keywords: interactive, formation strategy, learning
DEVELOPING ISOLATIVE GOVERNANCE TO IMPROVE ORGANIZATIONS’ PERFORMANCE

Roni Kambara, Sultan Ageng Tirtayasa University
Meutia, Sultan Ageng Tirtayasa University

ABSTRACT

The purpose of this study is to investigate the influence of environment adaptability on isolative governance advantage and the organization’s performance. Moreover, this study also investigates the influence of social capital on isolative governance advantage and competitive advantage and their influences on the organization’s performance. Respondents in this study are 90 directors of Rural Bank, listed in Indonesia Bank and operate in Indonesia legal territory at Western Java Province and Banten Province. Structural Equation Modeling as data analyses tool is used in this study, it is specifically named as SEM based Variance. The study uses Smart PLS software system. The results from this study state that the managers who have environmental adaptability and social competence will have the advantage to improve isolative governance. In addition, isolative governance will become the company’s competitive advantage which is hard to imitate by competitors. Finally, the competitive advantage will improve the organization’s performance.

Keywords: adaptability, isolative governance, competitive advantage and performance
PERCEIVED ENVIRONMENTAL SECTOR IMPORTANCE AS A DETERMINANT OF MANAGERIAL INFORMATION SEARCH BEHAVIOR

John Leaptrott, Georgia Southern University
J. Michael McDonald, Georgia Southern University

ABSTRACT

Several prior studies have examined aspects of purposeful information search behavior as a necessary component of the formulation of business policy and strategy. This study used a sample of credit union managers to assess how the managers’ information search behavior related to various environmental sectors was affected by their perceived importance of those sectors. The study measured the use of five different types of information sources related to each of six environmental sectors. The five types of information sources included internal and external personal and written sources and the Internet. The six sectors were equally divided between the task and general environments. The hypothesized positive relationship between perceived sector importance and search behavior, measured by the frequency of information source usage, was supported for sectors related to the general environment, but not for sectors related to the task environment.

INTRODUCTION

The strategic management process is traditionally described as a continuous, proactive process where key decision-making personnel regularly seek information in order to assess the environment and, as a result, make necessary changes to the manner in which the organization operates in order to achieve strategic objectives (Aguilar, 1967; Hambrick, 1981; Hambrick, 1982). Alternatively, some recent researchers have found this process to be somewhat more intermittent and reactive. Various explanations for why the process has often more intermittent and less proactive have been offered. For example, Forbes (2007) views the process as controlled by practical considerations such as the “quantity” and “determinacy” of available information that is used in environmental assessment. Nadkarni & Barr (2008) describe the process as being driven by managerial perceptions of the relevancy of environmental sectors to performance and the degree a causal relationship between the environmental factors and their potential effects on the organization’s performance are determinable. Thus, these studies support the premise that a manager's perceptions regarding the quantity, quality and relevancy to performance of available environmental information would influence their decision as to whether to invest the time and effort required to seek that information. Consistent with the expectation that relevancy to performance would be a motivating factor in the information search process, the present study tests the degree managers’ information seeking behavior involved in scanning the environment is related to their perception of a particular environmental sector’s importance.

In addition, the study avoids some of the methodological issues involved with previous studies that aggregated perceived environmental sector importance with other variables such as perceived environmental sector complexity and environmental sector rate of change into a single latent predictor variable, perceived strategic uncertainty. The study focuses on the more direct relationship between perceived environmental sector importance and scanning frequency using five different information sources for each of six sectors encompassing both the task and general...
environment. The relationships between perceived sector importance and source usage for both task environment sectors and general environment sectors can then be compared to determine if the relationship is uniform for the various sectors of the environment.

**HYPOTHESES**

Perceived environmental importance as a predictor of scanning behavior originated from prior research that examined how persons, primarily managers in large businesses, scan the environment. These researchers (e.g. Daft, Sormunen & Parks, 1988; Sawyerr, 1993; Elenkov, 1997; May, Stewart & Sweo, 2000) have tested relationships between “perceived strategic uncertainty” and scanning behavior. The latent predictor variable “perceived strategic uncertainty” in these studies was comprised of three individual predictor variables (perceived rate of environmental change, perceived level of environmental complexity and the level of importance in obtaining the organizational goals). Specifically, the latent predictor variable perceived strategic uncertainty was calculated as follows (Daft et al., 1988:130):

\[ PSU = I (C + R) \]

Where

- \( PSU = \) Perceived Strategic Uncertainty
- \( I = \) Perceived Sector Importance
- \( C = \) Perceived Sector Complexity
- \( R = \) Perceived Sector Rate of Change

These studies typically differentiated between the task and general environments pursuant to typologies developed by Bourgeois (1980) and Dill (1958). The task environment consisted of the environment closest to the organization including the customer sector, supplier sector and competitor sector. These sectors in the task environment are differentiated from those in the general environment, consisting of the social, demographic and economic sectors, because the task environment sectors more frequently involve direct contacts with the organization and the contacts between the general environment and the organization tend to be more indirect.

The use of latent variables in the prior studies originating with the Daft et al. (1988) study utilizing the latent variable “perceived strategic uncertainty” can be problematic for several reasons. One definition of a latent variable is a “hypothetical variable” (p. 607) derived from academic supposition (Nunnally, 1978). Another definition is a variable that is unmeasurable or unobservable (Jöreskog & Sörbom, 1979). An argument can be made that the three variables comprising Perceived Strategic Uncertainty in these prior studies are no more observable or measurable phenomenon than the proposed latent variable itself. A third definition describes results from data reduction such as factor analysis (Harman, 1960; Bollen, 2002). Performing factor analysis on the combined items of the component variables would have possibly yielded a latent variable that is distinct from the mathematically derived latent variable used in the prior studies. Another “formal definition” (Bollen, 2002, p.614) is that the measured variables forming the basis of the latent variable are uncorrelated. The component variables in the Strategic Uncertainty latent variable were indeed highly correlated in the May et al. (2000) study results.

Finally, aggregating these variables into the perceived strategic uncertainty latent variable makes the role of environmental sector importance in motivating information seeking behavior less clear than if each component variable were assessed individually with respect to information seeking behavior. The present study therefore assesses the relationship between one
of the component variables in these previous studies, perceived environmental sector importance, and information source scanning frequency:

Hypothesis 1. There will be a significant positive relationship between perceived environmental sector importance and information source scanning frequency for elements of the task environment.

Hypothesis 2. There will be a significant positive relationship between perceived environmental sector importance and information source scanning frequency for elements of the general environment.

METHODS

Sample

This study sampled Credit Union managers attending multiple executive training programs conducted in the Southeastern United States. Attendees were sent the survey instruments to complete before attending the program and those that had not completed the instrument by the end of the sessions were contacted and reminded to return the completed surveys. Participants were given a small cash award for the return of completed surveys. Although the identities of the respondents were recorded for purposes of compensating respondents, the responses were kept anonymous. A total of 143 instruments were provided to attendees and 109 usable surveys were returned. A 76% response rate was achieved using this protocol.

The majority of the respondents were early to mid career women. Specifically, 61% of the respondents were women and 73% were between the ages of 26 and 46. Over 70% of the respondents had been with their employer greater than 7 years. The respondents were well educated with 67% having achieved a bachelors or masters degree.

Measures

The predictor variable, perceived environmental sector importance, was measured using a portion of a scale designed to measure executive scanning behaviors (Daft, Sormunen & Parks, 1988). The scale identifies six environmental sectors. These sectors include the competitive, customer, technological, regulatory, economic & socio-cultural sectors. Respondents were asked to rate each sector’s importance in affecting the performance of their firm on a five point Likert-type scale with “not important” and “very important” as anchor points.

The criterion variable, scanning frequency, was measured using a different portion of the same Daft, Sormunen & Parks (1988) scale. Their scale measured the respondents scanning frequency by asking them to describe how often they used various information sources to get useful information regarding each of the six environmental sectors. The information sources included written external sources, written internal sources, personal external sources and personal internal sources. Written external sources included the Wall Street Journal, other periodicals, and trade magazines. Written internal sources included special studies, reports, and memos produced by the firm. Personal external sources included business associates, customers, vendors, officials and trade shows. Personal internal sources included subordinates, superiors, coworkers and staff. In contrast to the approach taken by Daft et al. (1988) in their instrument, the technology sector was categorized in the present study as a task environment sector and the regulatory sector was classified as a general environment sector. In addition, the Internet was
included as an additional distinct information source. This source was not included in the Daft et al. (1988) study.

Perceived importance of each environmental sector constituted a different predictor variable for determining the scanning frequency criterion variable for each of the information sources. Therefore, scanning frequency was measured for each of the five types of information sources and for each of the six environmental sectors. Consequently, the significance of 30 bivariate relationships between perceived environmental sector importance and scanning frequency were assessed. The patterns of significance of these bivariate relationships were intended reflect the degree of support for the hypotheses.

RESULTS

Descriptive statistics for the predictor and criterion variables are shown in Tables 1 through 7. The significance of relationships between the predictor and criterion variables are shown in Table 8. The patterns of relationships were distinctly different between the elements of the task and general environments. As shown by Table 8, here were 10 positive significant relationships out of a possible 15 relationships between perceived sector importance and scanning frequency for sectors in the general environment. The relationships between Perceived Sector Importance and Frequency of Information Source usage were particularly strong for the sociocultural environmental sector. This evidence tends to support Hypothesis 2. However, there was only 1 positive significant relationship between perceived sector importance and scanning frequency for sectors in the task environment. This evidence tends not to support Hypothesis 1.

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SOCIAL MEDIA AND THE EMPLOYMENT RELATIONSHIP

Janice M. Karlen, City University of New York

ABSTRACT

The increased collection and perusal of personal information gleaned from social media platforms by government, data brokers, businesses, and the global community has spurred concern regarding the issue of individual privacy and the employment relationship. This study examines privacy rights, concerns of employees both in and outside of the workplace and those of prospective employees in the recruitment process. Industry self-regulation and government oversight are discussed as are options for organizations and individuals to be proactively responsible for their privacy.

INTRODUCTION

The growth in social media reflects general trends towards the emergence of a more connected world where people can share and find information quicker and more conveniently. However, this means that “privacy has become over the last decade one of the foremost social concerns, since the arrival of cheap and ubiquitous surveillance of both online and offline behavior” (Orzan et al, 2012). Social media technologies in particular facilitate access to intimate knowledge about individuals that is increasingly used by managers and agencies for marketing, surveillance and recruitment purposes. However, the emergence of these types of social media usage is somewhat controversial, as many individuals and lawmakers argue that there are privacy issues surrounding the use of the information gathering techniques utilized. In the United States, recent issues have emerged challenging the tendency of potential employers to demand access to individuals’ social media passwords as part of the recruitment process, with questions regarding the extent to which this practice violates federal law. Two main areas: employee privacy and the privacy of potential employees during the recruitment process are addressed.

EMPLOYEE PRIVACY

Social media has aided individuals to follow their family, friends, celebrities and random others. Businesses can delve further into the privacy areas of potential and current employees and consumers than ever before. This is primarily because people use social media to announce what they are doing, who they are communicating with, where they are and a myriad of other details of their personal lives. They blog about their opinions and publicize their plans. At the same time, many individuals are concerned with issues of identity theft and inappropriate use of their personal information.

During the employment relationship, the issue of privacy is one that consists of laws which are vague and not commonly known. The implication is that privacy issues are relegated to employer discretion that is guided by modest legal requirements. Selmi (2006), Lasprogata et
al (2004) and Sprague (2008) delve into the areas of subjective and objective expectations of privacy from a legal perspective. In an article by Sprague (2008) he makes the statement that “Employees have virtually no privacy”. In support of this, Sprague (2008) states that applicants are screened through resume and employment checks, where databases are used to confirm prior employment and personal histories. He adds that emails may be monitored, and in today’s social media age, employee postings on social media sites can serve as information content that employers can access and use in their employee investigations. In terms of employees in the workplace, most firms keep database records of computer keystroke activity, Internet addresses visited and phone numbers dialed. Other practices include video monitoring in the workspace, using GPS to track company vehicles, and reading emails originating from company computers whether they are from company or personal accounts.

While the social media activities of all individuals are potentially used by companies and managers for external marketing and business reasons, there is also a growing trend for social media usage to affect the employee and employer relationship. This is increasingly the case as the use of social media in the United States is on the rise, with people using social networks to discuss employment related issues, and companies monitoring the use of the internet by their employees (Mello, 2012). In general, the vast majority of modern businesses have policies regarding how employees can use social media in the context of their work, and what an employee can say about the company online. However, at the same time, Sánchez Abril et al (2012) argue that “despite granting employers access to information about their private lives by participating online, respondents expect that work life and private life should be generally segregated—and that actions in one domain should not affect the other”. This raises an obvious conflict over the extent to which the ability of employers to access and control employees’ activities on social media is in line with employee expectations of their right to privacy.

In general, according to Barron (2012), many issues in this area can be addressed by ensuring that employees are informed about the company’s policies on using social media, and that these policies are reasonable. For example “it is unlawful if a manager inquires about personal information displayed on social sites in the workplace” however “an employer has the right to search the cell phone of an employee if there is notice in its policies that employees have no expectation of privacy for information” (Barron, 2012). Other issues are more clear cut, such as the case of a tweet sent by an employee from the official @ChryslerMotors Twitter account which stated “I find it ironic that that Detroit is known as the #motorcity and yet no one here knows how to f---ing drive”, which resulted in the employee being fired (Gross, 2012). In such a case, an employee using an official account and clearly affiliating themselves with the company could obviously have no expectations of privacy.

However, at the same time there are potential conflicts of interest between employers and employees regarding the use of social media in a non-official capacity. According to Hunt and Kessler (2013), lifestyle discrimination statutes protect an employee’s right to use Facebook and other social media sites to pursue their private lives in any way they wish, so long as this does not interfere with their ability to do their job. However, when their personal activity relates to their work then the borders can become more blurred. In one example, the United States Air Force encourages its employees to ‘stay in their lane’ or area of expertise, with a policy stating
“If you're an aircraft mechanic, you're well suited to communicate messages about aircraft maintenance... If you're an aircraft mechanic blogging about legal issues -- reconsider your blog” (Gross, 2012). There is obviously an argument here that an employee has the right to blog in a personal capacity regardless of their expertise, and the right to do so is legally protected unless it has an obvious negative impact on their employer. However, as IBM notes, its employees should “be aware of your association with IBM in online social networks. If you identify yourself as an IBMer, ensure your profile and related content is consistent with how you wish to present yourself with colleagues and clients” (IBM, 2013). This shows perhaps the most challenging aspect of personal social media usage: if an individual uses a public social media site to present themselves as having certain views or opinions then their employer, colleagues and clients can easily access these opinions, and may form judgments which influence the individual’s career.

Another important issue in this area is the extent to which employees are protected from retribution when they share thoughts and opinions about job conditions with coworkers. While many companies try to prevent their employees from doing this, Gross (2012) notes that employees do have the right to complain about their job if their complaint is intended to address a specific issue. However, “whining about them to anyone who will listen can still get you fired, especially when it happens on a platform that can spread those complaints all over the world in seconds” (Gross, 2012). Company policies are generally falling in line with these requirements, with Wal-Mart's policy only acting to prevent “inappropriate postings that may include discriminatory remarks, harassment and threats of violence or similar inappropriate or unlawful conduct” (Greenhouse, 2013). However, in the case of General Motors, the company’s social media policy contains instructions that “offensive, demeaning, abusive or inappropriate remarks are as out of place online as they are offline” (Greenhouse, 2013). This may be seen as an example of a bad policy as it attempts to prevent employees from voicing protected criticisms of labor policies or the treatment of employees. However, it is important to note that if these comments are made on a public site then the employee cannot expect privacy-- while risking possible retaliation from colleagues and management viewing these comments--even though legal action is not permissible.

RECRUITMENT PRIVACY.

Expectations of privacy when using social media do not necessarily fall in line with practice and law in the realm of social media use during recruitment. According to Watt (2013), companies increasingly use social media to attract employees, but also to screen them. Specifically, recruiters will seek to access social media profiles to understand the attitude, appearance, behavior and professionalism of potential recruits, and screen out individuals who do not appear to fit with the company’s desired profile of employees. Ideally human resource professionals want this method to be a force for “good” in not only the more obvious areas of recruitment and selection but also areas such as motivation and team-building (Alastair, 2013). Again, this will create conflicts due to expectations of individuals who create social media profiles and share intimate aspects of their private lives without giving sufficient thought to how potential employers may view their information. This is an area in which “candidates need to be
increasingly aware that unless they have their privacy setting correctly adjusted, potential employers can see a good deal of what they are up to” (Watt, 2013). This is a significant grey area, with employment bodies arguing that employers could potentially face lawsuits for discrimination if they reject individuals purely based on their social media profile. However, in modern recruiting with huge numbers of candidates and criteria, it is often very difficult to determine or prove the precise reason why a specific candidate was rejected, unless they were applying for a very specific job out of a narrow pool of applicants.

A more worrying trend, from a privacy point of view, is that companies are increasingly requesting access to the Facebook and other social media accounts of applicants, despite this being a violation of Facebook’s own policies (Horn, 2012). In theory, individuals have the right to refuse to hand over their password. However, in practice many individuals expect that this will result in them no longer being considered for the position, and thus they tend to comply (Del Riego et al, 2012). Individuals who refuse and then are not selected also face similar issues to those discussed in the previous paragraph, namely being unable to prove that their rejection was due to their refusal to hand over their log in details. This represents an area in which expectations are clearly not in line with practice, as individuals who are technologically aware may set their privacy settings to prevent potential employers from accessing their social media profile, only to find they have to grant access anyway. Fortunately, from a privacy point of view, laws in this area are beginning to be tightened. For example, “in September 2012, California Governor Edmund G. Brown Jr. signed two bills into law prohibiting employers and universities from demanding the e-mail or social media account passwords of applicants” (Thompson, 2012). More recently “the states of Utah, New Mexico, and Arkansas have passed laws that prohibit employers from requiring or even requesting access to job applicants’ social media profiles in 2013” (Deschenaux, 2013). Thus, this is an area in which the legal situation is rapidly catching up with privacy expectations.

Despite the progress made in this area, there are still over forty US states in which potential employers have the ability to demand access to social media sites, even those protected by passwords or privacy settings, as part of the recruitment process (Deschenaux, 2013). However, as individuals become more aware of these types of screening techniques, they have become better able to counter these measures. For example, many individuals have increasingly begun creating multiple social media profiles on sites such as Facebook. Some of these profiles are kept private and completely hidden from the view of all but the individual’s friends, while others are ‘sanitized’, or even enhanced through the addition of information designed to increase the apparent attractiveness of the candidate (Davison et al, 2011). This has resulted in managers being more aware of the advantages and disadvantages of using social media information for applicant screening (Slovensky and Ross, 2012). As such, this is an area in which the users of social media sites are potentially able to protect their privacy, provided they are cognizant of management’s practices.

IMPLICATIONS, RECOMMENDATIONS AND SUGGESTIONS
Many individuals continue to expect that the information they place on social media websites will be private, and not exploited by companies or employers, either actually or potentially. The evidence from this study has indicated that this is not the case, and despite the existence of laws designed to prevent abuse, this information is widely accessed and used by companies for a range of purposes. The solution to this issue from the perspective of individuals is to become more aware of the potential publicness of their personal information and to moderate their expectations of privacy in universal media. People need to take responsibility for knowing how to keep their private information truly private and not rely upon external organizations to protect them.

From the corporate perspective, companies failing to provide employees with a widely communicated and lawful allowable-use social media policy are risking legal and ethical complications, according to Millennials, Social Media, and Employee Usage, a white paper from Corpedia Inc., a Phoenix-based governance, risk, and control education and consulting firm (Steffee, 2012). Furthermore, inappropriate use of social media in the employment process and without sufficient procedure and controls may leave an organization open to complaints of discrimination. While difficult to prove, such allegations are damaging to the organization and may be expensive to defend. Also, depending on the ways that information acquired via social media is maintained, an organization may be subject to requirements of the Fair Credit Reporting Act. The ramifications of that include maintaining records retrieved from public sites for a period of up to seven years along with the obligation to revise or change information if corrections are made to the original records.

So what becomes the question for further study is, “Where is locus of control for privacy?” Is it the responsibility of the individual who may not realize the potential impact of social media both immediately and into the future? If laws are made that restrict information gathering and use, can it be expected that the government, which is itself in the information gathering business, will be the enforcer of these laws? Or, should we continue to pursue the industry-promoted policy of self-regulation?

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SOCIO-ECONOMIC PREDICTORS OF HOME VALUE: 
A REGIONAL ANALYSIS

Askar Choudhury, Illinois State University
Nathan Hartman, Illinois State University
Vrushank Patel, Illinois State University

ABSTRACT

In this research we explore the association of socio-economic factors and other externalities in the determination of regional home values to observe the influence of four different regions in the housing market. Unlike other popular areas of research that have been focused on finding house characteristics that most influence individual home price, this is a study to lend empirical support for using socio-economic information to predict regional home values. For our analysis, we have obtained data from the US Census for each fifty states collected in the year 2000. The identified socio-economic factors were applied as independent variables in the models that include education attainment, the unemployment rate, the total population, median earnings of male, median earnings of female, and an indicator for the distribution of wealth. Attributes found in multi-state regions of the U.S. were analyzed and observed that presence of wealthier populations tend to be the leader in explaining regional home price differences. Recommendations to policy makers and researchers include examining the habits of this small portion of the home buyer population that are wealthy as a viable indicator for the health of the state, regional, and national economies. Specifically, future research should identify when concentrations of wealth become indicator for economic change.

INTRODUCTION

Brief descriptions of four regions follow:

Northeast Region: This nine state region is bounded to the east by the Atlantic Ocean, to the north by Canada, to the south by the Southern part of the U.S., and to the west by the Midwestern region. Federal land comprises 2.43% land of this region, and it contributes 21.94% of the U.S.’s GDP. Thus, this region has the smallest acreage of all four regions (4.61% of total US acreage) and the smallest percentage of federal land, but is one of the most economically developed regions.

Midwest Region: This twelve state region is bounded to the north by Canada, north of the South Region and between the Northeast and West regions. Federal land represents 3.53%
land of this region. It has a balanced economy with growth in heavy industries, agriculture, finance, and education. The 482,870,400 acres (21.26% of total US acreage) of land in this region, contributes 16.76% of the US’s GDP.

**South Region:** This region is the southern region of the U.S. constituting sixteen states and 37% of the US population. Thus, this region has the most number of states among all four regions, and it also generates 29.35% of the nation’s GDP. It is bounded by the Atlantic Ocean and Gulf of Mexico to the east and south respectively. Midwest and West regions are located to the north and west. This region has 561,199,360 acres of land (24.71% of total US acreage) with 4.71% federal land. This region enjoys a lower cost of living and lower housing value on average.

**West Region:** This thirteen state region has the only island state and shares borders with Canada to the north and Mexico to the south. It is bounded by the Pacific Ocean to the west. This region has the largest acreage of all four regions (49.42% of total US acreage). Its mountainous and arctic terrain has 51.91% of the land owned by the federal government. Prosperous and populous states like California allow this region to generate the largest share (31.94%) of the nation’s GDP and many of this region’s states have a higher cost of living.
TSYS IN 2013 – COMPETING IN CARD PAYMENTS ON A GLOBAL SCALE

John Finley, Columbus State University

CASE DESCRIPTION

This case depicts a US-based firm TSYS (Total System Services) which is arguably the most prominent processor of bankcard credit and debit transactions (for bankcard users and acceptors) globally in terms of transaction volume and market share. TSYS boasts a bankcard processing transaction volume of greater than USD 1 trillion per year. Their innovative proprietary processing solution technology has allowed TSYS to enjoy an increasingly strong position and reputation in this industry on a global scale. By processing services to a growing international client base, TSYS has proved to be a great example of what key strategic decision-making can bring about. TSYS is present in over 80 countries providing services to financial institutions, businesses and governments. The case intends to enable the student to assess how TSYS’ success in the global marketplace has unfolded. The rationale for and results of strategic choices will help shape the student’s knowledge of company considerations related to the current market presence achieved by TSYS in the Americas, EMEA (Europe/Middle East/Africa), and Asia-Pacific regions. The case describes the strategic challenges that TSYS has faced and the adaptation exigencies for market penetration. The case concludes with the factors that led to TSYS’ leadership position in the payments industry as well an overview of the company’s near and medium term outlook. This case is designed for a junior level undergraduate course in International Business, International Marketing or International Strategy in which the above topics may be covered. The exercise is designed to be taught in a one hour class and is expected to require two hours of outside preparation. The author endeavors to provide an enhanced understanding of firm strategic decision-making, the importance of a global approach and sustainability.

KEY WORDS – global strategy, multi-domestic market entry, bankcard processing, global payments processing, sustainability
DUMB STARBUCKS: PARODY OR CLEVER MARKETING PLOY? A TEACHING CASE

Ida M. Jones, California State University, Fresno
Lynn M. Forsythe, California State University, Fresno
Deborah J. Kemp, California State University, Fresno

CASE SYNOPSIS

In 2014 Nathan Fielder, a comedian, opened an establishment in Los Angeles that he called Dumb Starbucks. He used Starbucks’ famous trademark and inserted “Dumb” in front of it. He also used a number of terms associated with Starbucks coffee shops. News media reported on the opening of Dumb Starbucks and Dumb Starbucks became famous. Dumb Starbucks was giving its drinks away for no charge. Some individuals reportedly waited three hours for a free drink from Dumb Starbucks. Fielder claimed that he can legally use the Starbucks’ name and logo because he is making a parody of Starbucks. The case asks students to analyze whether Starbucks’ name and logo are generally entitled to trademark protection. If they are entitled to trademark protection, does Fielder have an effective legal defense under fair use and/or parody. The case is ideal for student analysis since the case was not litigated. Dumb Starbucks was only open for a few days before the Los Angeles County Department of Public Health closed it down for failing to obtain the necessary permits.
IMPLEMENTING A BUSINESS INTELLIGENCE (BI) / CORPORATE PERFORMANCE MANAGEMENT (CPM) SOLUTION: CHALLENGES FACED BY A MAJOR NATIONAL RETAILER

Andrew D. Schiff, Towson University
Mark T. Warren, Stevenson University

CASE DESCRIPTION

The primary subject matter of this real-world case concerns the practical and managerial challenges associated with analyzing, designing and implementing a state-of-the-art information technology solution. Secondary issues examined include corporate strategy, project management and conflict resolution. This case has a difficulty level of four (appropriate for senior level undergraduates), and it may also be suitable for first and second year graduate students. This case is designed to be taught in about one class hour, and is expected to require four to six hours of outside preparation by students.

CASE SYNOPSIS

A large national retailer is seeking to increase shareholder value by driving top line revenue at higher margins. They have their vision set; however, they recognize that they do not have the proper tools to measure their effectiveness in achieving their vision for the future. Looking at their existing environment, they believe that they need a dynamic planning and reporting environment which allows them to analyze / trend historic data, establish meaningful targets at a cost center or store level, establish incentive based compensation for key personnel to drive the proper behaviors, and produce budget-versus-actual reporting to measure organizational results.

Though key stakeholders shared this same vision, there was disagreement between the Chief Financial Officer (CFO) and the Chief Information Officer (CIO) on how to proceed with establishing this dynamic reporting environment. The CFO wanted to look at new reporting tools that would provide his financial staff with “on demand” reporting. The CIO wanted to leverage existing tools and have his team provide query based reports for finance team.

During this time, a major investment organization acquired this retailer adding a dire sense of urgency to the initiative. Nonetheless, the key question remained unchanged: What tools would be used, and whose vision would prevail?
AN INFORMATION SYSTEM SECURITY BREACH AT FIRST FREEDOM CREDIT UNION¹: WHAT GOES IN MUST COME OUT

Richard G. Taylor, Texas Southern University
Sammie L. Robinson, Texas Southern University

CASE DESCRIPTION

The primary subject matter of this case is information system security. Secondary issues include analyzing the difference between technology security and information system security and examining the role that organizational insiders must play in maintaining information system security. The difficulty level is three, four, and five. This case could be used to supplement or cover an information system security chapter in an undergraduate or graduate Introductory to Technology course. As part of a management curriculum, the case is suitable for both undergraduate and graduate courses. The case could also be used with an individual and group decision making chapter in Principles of Management, Organizational Behavior, and Organization Theory, or chapters which address the planning or controlling functions in Principles of Management. It can be taught in a single 75- minute class with two hours of student preparation outside of class in addition to time needed to read the assigned chapter.

CASE SYNOPSIS

Organizations face ongoing challenges to develop and maintain comprehensive systems to maintain information security. In order to do so, an understanding of both the technical and social aspects of an information system is necessary. Management must recognize the difference between information and technology security. By definition, an information system consists of (1) the environment, (2) the technology, and (3) the people. To have an adequate information system security strategy all three must be considered. The case involves an information system security breach at First Freedom Credit Union. In this case, member credit card information was stolen, not by technological means but rather because of human error. The executives believed that they had adequate information system security, but were taken by surprise when their members’ credit card information was stolen. The case addresses the issue of the financial services environment, the technology countermeasures that are currently in place, and the people who are using the information systems. A point is made that information is not only stored within computer-based systems, but is reproduced in the form of printed reports, backup tapes, emails, etc.
GENTRIFICATION AND RACIAL DISCRIMINATION IN THE HOUSING MARKET

Judy Mulusa, Bowie State University

ABSTRACT

This paper looks at racial discrimination and gentrification in the housing market. The paper seeks to determine the effect of gentrification on housing options for African Americans, i.e. what is the extent of racial discrimination in the housing market and does gentrification exacerbate this effect and if it does is there a variation across households of different income groups. In the paper I modify a search model to incorporate effects of gentrification on search costs and use it to test various theories of displacement, segregation and gentrification. Using American Housing Survey data for the Washington DC metropolitan area this paper documents the decrease in housing options for African Americans as they are displaced from the inner cities by the process of gentrification and made to pay more for housing in the suburbs. The findings show that if sellers respond to racial prejudice housing is being purchased by blacks in black neighborhoods at higher prices and the maximum price differential is an increasing function of the fraction of white seller’s who are averse to dealing with blacks, hence an increasing function of gentrification in a neighborhood.
Entrepreneurship education is one of the fastest growing disciplines. Prior to 2000, these programs developed largely in schools of business. Since this time entrepreneurship programs have spread across campus including non-business students. The Ewing Marion Kauffman Foundation was a major thought leader in this effort encouraging institutions to envision new, interdisciplinary programs that transcended traditional academic silos and created entrepreneurial ecosystems within and between universities and the community.

This paper is about a collaborative effort of eleven colleges and universities in North East Ohio in creating a regional ecosystem for undergraduate entrepreneurship education and supporting entrepreneurship in the area. The Entrepreneurship Education Consortium (EEC) has been operational since 2007 and won the USASBE award for innovative pedagogy in 2010.

The emphasis of the EEC has been to develop joint entrepreneurship programming for undergraduate students of all disciplines in Northeast Ohio (NEO). The core focus of this programming has been on teaching the entrepreneurial process through doing.

The EEC accomplishes its mission and objectives through its two signature programs – Entrepreneurship Immersion Week (EIW) and ideaLabs. EIW is an intensive one-week, academic immersion experience for undergraduates from all disciplines to immerse themselves in the skills needed to help them develop new business concepts and apply these skills in a team-based business concept competition. Since its launch in 2007, a total of 285 students have participated in EIW with the diversity of students improving over the seven years: arts and sciences students 24% to 46%, females 30% to 41%; and minorities 20% to 31%. IdeaLabs is a regional competition for undergraduate students from all disciplines to develop a new venture idea, apply the feasibility analysis process and present it to a panel of independent judges to determine a regional champion from among the EEC member schools. Since its development in 2009 over 660 students have participated in ideaLabs at the campus level or in the regional competition, with participation by non-business majors increasing every year (from 24% in 2009 to 49% in 2013).

This paper reviews the development and types of entrepreneurship ecosystems in universities, discusses the uniqueness of the EEC ecosystem and its programs, and shares results and lessons learned in developing inter-University partnerships.
THE COASE THEOREM AND THE ALASKA
NATIVE CLAIMS SETTLEMENT ACT

Chong Hyun Christie Byun, Wabash College

ABSTRACT

The focus of this paper is an application of the Coase theorem to the Alaska Native Claims Settlement Act (ANCSA). The ANCSA was a major event that settled issues of Native land claims and property rights in Alaska, and had profound implications for economic, social, political, and cultural aspects of life for Alaska Natives and non-natives alike. In particular, the issues of clearly defined and secure property rights, and positive transaction costs will be analyzed, as they both play a key role in the outcome of the negotiations. An analysis of the Coase theorem to the ANCSA is particularly relevant here, since the Coase theorem states that under a situation with minimal to no transaction costs, economic agents will bargain with one another to reach an agreement that is socially optimal. The introduction of economic frictions, including transaction costs and insecure property rights, is particularly relevant since they are reflective of the bargaining situation between the Alaska Natives and the United States federal government. These frictions had a profound effect on the bargaining outcome, as is evinced by the outcome and subsequent impact of the ANCSA on the Alaska Native people.

INTRODUCTION

The Coase theorem states that under a situation with minimal to no transaction costs, economic agents will negotiate with one another to reach an agreement that is socially optimal (Coase 1960). As long as property rights are fully enforced, this outcome will hold true, regardless of the initial allocation of property rights. As a consequence, disputes over market failures can be resolved by individual agents engaging in private transactions to negotiate for mutually beneficial outcomes. The aim of this paper is analyze an application of the Coase theorem to the Alaska Native Claims Settlement Act (ANCSA, or “the Act”). The ANCSA was a major event that settled Native land claims and had profound implications for Native law. It was unprecedented in terms of size and scope, with enormous implications for the economic, social, political, and cultural aspects of life for Alaskan Natives and non-natives alike. In particular, the issues of clearly defined, secure property rights and nonzero transaction costs will be analyzed, as they both play a key role in the outcome of the negotiations.

THE COASE THEOREM

In his 1960 paper “The Problem of Social Cost” Coase used an example of the cattle rancher whose grazing cattle cause damage to crops on a neighboring farmer’s field. The actions of the cattle generate a social cost: a negative production externality also known as a market failure. The typical response to address it was to implement a Pigouvian style governmental
intervention, via either the establishment of a regulation or the imposition of a penalty to limit the amount of damage the cattle could cause to the farmer. The governmental intervention would resolve the discrepancy between private and social costs, and the externality would be internalized.

Coase’s view was different. He theorized that as long as each party had clearly defined property rights, the two of them could negotiate for a mutually beneficial and socially optimal agreement, provided that transactions costs were minimal or zero. A decentralized solution was perfectly adequate to address the externality problem, and in fact, could lead to an outcome that is the lowest cost solution, cheaper than the Pigouvian one. The rancher and farmer could privately negotiate to determine a socially optimal outcome. No governmental intervention was even necessary to reach an outcome that was optimal for society. Based on this analysis, Coase summarized the situation as follows.

“It is necessary to know whether the damaging business is liable or not for damage caused since without the establishment of this initial delimitation of rights there can be no market transactions to transfer and recombine them. But the ultimate result...is independent of the legal position if the pricing system is assumed to work without cost.” (Coase, 1960)

Economists and legal scholars have interpreted and summarized Coase’s view in a variety of ways, including Stigler (1966) and Cooter & Ulen (1988). The statements of the Coase theorem are varied, with slightly different interpretations and implications based upon the precise wording of each. There have also been many attempts to prove the empirically via real world environmental issues. A few examples from the literature are as follows. Ellickson (1986) gives empirical evidence in support of the theorem with an investigation of the original cattle vs. rancher parable, as does Cheung (1973) in the “fable of the bees”. Another study by Quiggin (2001) investigates increasing agricultural development in Australia and how it has resulted in negative externalities for the Murray-Darling river system.

In many of these works, economists and legal scholars discuss the role transaction costs and how they affect bargaining outcomes. In reality, they are often large and have a significant influence on negotiations. Transaction costs can include “search, negotiation, monitoring, and enforcement” (Coase, 1960), and “resource losses incurred due to imperfect information” (Medema & Zerbe, 1999). Clearly defined property rights and nonzero transaction costs play important roles, in particular for the case of bargaining over lands and subsurface rights in Alaska, which culminated in the Alaska Native Claims Settlement Act. The next section covers background information on the ANCSA to properly establish the framework for understanding the connection to the Coase theorem.

**BACKGROUND**

In 1971, Congress enacted the Alaska Native Claims Settlement Act. Its purpose was to settle native land claims and provide clearly defined property rights for the ownership of land, subsurface deposits, and natural resources in the state of Alaska for its Native people. The
impetus for its creation stemmed from the discovery of oil reserves in Prudhoe Bay in the North Slope. Oil extraction and transport from the North Slope depended on the development of extensive physical infrastructure across Native lands. The ANCSA was intended to clearly delineate the ownership rights once and for all. It involved the dissolving and relinquishment of all Native land claims to over 360 million acres of land in Alaska. In exchange, Alaska Natives would receive both a clear title to 45.5 million acres of land in other parts of the state, and payments totaling $962.5 million. The ANCSA was a settlement designed to both satisfy and compromise with varied interests, including those of Alaska Natives, business interests, and state and federal governments.

APPLICATION OF THE COASE THEOREM TO THE ANCSA

The application of the Coase theorem to the ANCSA has several elements and each will be investigated in turn. The model is based on the framework of Cherry and Shogren (2005) with their analysis of Coasian bargaining, transaction costs, and property rights security. In their work, they assert that economic friction (in the form of transaction costs, delays, or enforcement costs) matters less for bargaining efficiency if property rights are less secure. If property rights are strong, then bargaining efficiency is lessened. The strength of property rights (secure versus insecure) has an inverse relationship with bargaining efficiency.

In the model, two players, A and U, bargain over lottery tickets $\gamma_A$ and $\gamma_U$. The lottery tickets define the chance of winning a monetary payoff $M$. There are nonzero transaction costs associated with bargaining $C = c_A + c_U$, where $c_i = P^o o_i + P^e e_i + P^z x_i$, $i = A, U$, represents the cost each player bears, in terms of offers $o_i$, the cost to evaluate each offer $e_i$, and all counter-offers $z_i$, and the associated price per unit $P$. Each player also has an initial endowment of lottery tickets, $\varepsilon_A$ and $\varepsilon_U$ help offset the transaction costs, so the total number of lottery tickets is $\gamma_T = \varepsilon_A + \varepsilon_U + \gamma_A + \gamma_U + \gamma_H$, where $\gamma_H$ represents the lottery tickets that are unclaimed and left on the table (i.e. when negotiations fail). Assume player U is the controller, meaning he has an outside option he can choose at any time during the bargaining process. Let $0 \leq r \leq 1$ represent the strength of property rights. If $r = 1$ property rights are secure; if $r = 0$ there are no rights, and if $0 \leq r \leq 1$, property rights are insecure. If there are no rights or insecure rights, we can derive the expected payoff for the two players via a non-cooperative contest from Dixit (1987). Based on the logit contest-success function from Tullock (1980), each player chooses an optimal level of effort $z$ to maximize the expected payoff. His optimization problem is as follows.

$$\max_{z_i} \frac{z_i}{z_i + z_j} \gamma_U - z_i + \varepsilon_i \text{ for } i = A, U; \ j = A, U; \ i \neq j$$ (1)

Next, the Nash bargaining solution can be derived. The two players’ face potential gains from bargaining. They negotiate with one another to obtain rights over an existing property, and are
motivated to do so by the potential gains from the outcome. The potential gains from bargaining come from the following optimization problem.

$$\max_{\gamma_U} \left[ (\gamma_U - c_U - EP_U^0 + \varepsilon_U)(\gamma_A - c_A - EP_A^0 + \varepsilon_A) \right]$$

subject to $\gamma_T = \varepsilon_U + \varepsilon_A + \gamma_U + \gamma_A + \gamma_H$

(2)

The optimal number of lottery tickets for player $U$ can be derived using the first order conditions from the above constrained optimization problem. The larger the difference in transaction costs between player $U$ and player $A$, the bigger the impact on the optimal number of lottery tickets for player $U$. Overall, the equation for player $U$’s optimal number of lottery tickets shows that he receives his outside option and half of the house’s tickets (the bargaining surplus), but is penalized for insecure property rights and transaction costs. The optimal allocation from bargaining leaves player $U$ better off than not bargaining, since the payoff is higher than taking the outside option. Similarly, for player $A$, bargaining leaves him better off as well.

Clearly defined and enforced property rights play a predominant role in the Coase theorem and it is relevant to start the analysis with this concept. The assignment of property rights over Native lands was a lengthy and often contentious process. Further discussion of the ANCSA land selection process can be found in Berry (1975), Lazarus & West (1976), and Boyce & Nilsson (1999), with a detailed discussion of the clash of interests from business, government, and Native groups in the land selection. In short, the negotiations between the Alaska Natives and the United States federal government represented a bargaining situation with the United States as Player $U$ who could exercise the outside option, via historic precedents in Native law. Based on the Johnson v. M’Intosh case determined by the United States Supreme Court, the federal government owns title to most Native American land, or holds it in trust for them. The ANCSA undid these results by giving clear title to settlement lands to the Alaska Natives, although the federal government could have exercised its outside option and simply appropriated the lands without compensation. Further discussion of the impact of the positive transaction costs of the negotiation and subsequent legal battles over land claims and use can be found in Walsh (1985) and Chaffee (2008). It is clear that although the two parties, the federal government and the Alaska Natives engaged in lengthy negotiations over land settlements, the resulting outcome was not necessarily one generated the optimal outcome from a social perspective.
CONCLUSION

The Alaska Native Claims Settlement Act was an unprecedented piece of legislation that determined Native land claims in the state of Alaska. Issues of clearly defined property rights and transaction costs in bargaining were particularly relevant as groups with competing interests sought to find a bargaining outcome that was mutually beneficial. The application of the Coase theorem to the Act is an interesting one that considers the theoretical analysis and implications of the theorem to a complex legal question.

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THE NEXT GENERATION OF SCIENTISTS: IT’S CHARISMATIC

Mohamed Mediouni, Université de Sherbrooke

ABSTRACT

Science is the key to solving major human problems, such as climate change, obesity, AIDS, and the energy crisis. For this reason, we need not only passionate young researchers and models capable of inspiring the next generation of scientists, but also new charismatic personalities capable of attracting public attention on these issues.

WHY DO SCIENTISTS DO SCIENCE?

Science is the way to understand the physical and natural laws in the world. It is an integral part of our daily life. Science is not fragmented into isolated domains, it crosses all of them. Science does not represent only the mathematics, physics and biology, but is present in philosophy, history, dance, and music. Scientists use science as a platform to develop methods which facilitate the daily life. Science, immediate or long term, opens the door to many interesting applications. Thus, science represents a factor of progress where scientific knowledge can enable improvements in our lives. For example, we can store music in MP3s thanks to the idea proposed by Albert Fert and Peter Grünberg who won the Nobel Prize in physics. Taking a brain’s image is available as a result of the discovery of the magnetic resonance imaging invented by Peter Mansfield and Paul Lauterbur, who were awarded the Nobel Prize in Physiology and Medicine. The concept of science needs an environment which promotes innovation and discovery. This atmosphere includes universities, research centers, laboratories, etc. Today, with the complexity and the speed of technological innovation, the environment must be highly equipped to conduct experiments that meet scientists’ expectations. Furthermore stakeholders in research, including financial providers and politicians would be impressed by the scientists. This is not enough to achieve the necessary scientific progress, scientists must put pressure on their countries by going directly to the people.

THE DISSEMINATION PROBLEMS OF THE SCIENTIST’S DREAMS

For several decades, the metaphors like "gap", "barrier" or "tension" were used to represent the relationship between science and the public. This is explained by the lack of scientists’ motivation to communicate the technologies to the public. This problem is due to the "difficulty" of science. Firstly, the presentation of scientific results or technology requires technical words that are not understandable for the commonality of human beings. For example, to describe Matrix Algebra (Dăscălescu et al., 2013) to people who do not have a solid university education in mathematics is difficult. In biological and medical research, the language used by specialists in each subdomain has become increasingly accurate. Secondly, the multidisciplinary component of science involves a background in different disciplines. Thirdly, some scientists deal with phenomena that are far from reality and daily life. For this reason, it is very difficult to find the
context to explain the future science or the science of tomorrow such as virtual reality and 3D Hologram. However, journalist can play an intermediary role between scientists and the general public. The difference between the culture of scientists and the mentality of journalist to observe and describe the world limits scientists’ dreams. The media, and especially television, seem an ideal way to communicate science. The revolution of the relationship between science and media can be expected by the structural transformation of the communication’s system with the public, it must reach a level of professionalism. Today, the media have a duty to their country to take the initiative and invite scientists to discuss with them. Indeed, we need the public to be interested in scientists’ work in order to make humanity advance. We have an opportunity to make science available to everyone. The success of transferring scientific desires will be great as long as scientists can be charismatic to attract attention. Scientists must effectively communicate their scientific knowledge to a wider audience in a way which must be understandable, efficient, prominent, and of course, sexy. We need scientists who have the presence of Pierre Trudeau (Conger et al., 1987) and Barack Obama (Maraniss, 2012). These politicians’ speeches and their flamboyant characters have been used to raise their country’s profile in the eyes of the world.

THE KEY ASPECT TO BE A CHARISMATIC SCIENTIST

If one was asked "what is charisma?", it would not be an easy question to answer. Psychologists have been working to find a rudimentary definition of charisma. Charisma was introduced in sociology in 1912 by Ernst Troeltsch (Troeltsch, 1992). Max Weber (Toteff, 2005) defined it as a gift of grace that enables people to captivate others. The term charisma is, usually, related to the term of leadership. To simplify, but not too much, charisma depends on many factors, which are divided into two categories: physic (the voice, the gaze, and gestures) and character (emotion, impatience, arrogance, and shyness). Those characteristics are general and related to the leadership. But, there are some characteristics which are specific to the scientist.

* **Vulgarization:** The popularization of science is to inspire the public desire to learn and not to be taught. The scientist must consider some questions of the general public such as; what are the scientific, social, economic or cultural impacts of your work? How amazing will be the expected results? What are their benefits? Will they have an impact on people’s lives? In the discussion, the presentation of abstract concepts remains puzzling. For this reason, the scientist can use the analogy that helps to explain some complex or technical notions by comparing them to another more familiar. The formulation allows the scientists to summarize the thoughts in elegant and attractive words. It’s a kind of "translation" of technical terms to another more accessible. Ultimately, the general theoretical statement should be accompanied by an example that can used to clarify the meaning of certain concepts. For instance, the medical vulgarization is presented in two very different models: a model of "submission-dependence" where doctors are considered as social controllers and experts. For example, where the alcoholism and the drug addiction are considered a disease. The model of "responsibility-independence" where the doctors are facing a critical study of medicine and its limitations. The bacterial resistance to antibiotics and the emergence of new diseases (AIDS, Ebola, and mad cow disease) favor this particular type of speech.

* **Honesty:** Science is the one area of social functioning in which truth is the primary value, and truthfulness the core evaluation. Does this mean that a researcher never lies? Researchers are not earth’s angels. The intensity of a scientist plays an important role in the search for truth, and
nothing but the truth. Researchers have to be honest as a part of this responsibility and ethical duty. The speech given by the scientist must be accurate and true. Sometimes, some scientists used the plagiarism or self-plagiarism (Bird, 2008) and fabricating data to publish in scientific journals. In searching the truth, the scientist does not have a choice because the fraudulent data can deflect the continuity of production of knowledge. According to Jacques Monod (Monod, 1970), honesty is related to the ethics of knowledge that is based on the respect for facts and lucidity on the degree of results validity. An honest scientist should not explain to the people the irrefutable assertions, or the insufficient information that is not confirmed by experience. To test his hypothesis, researchers have to perform a high level work. In the field of health, it is a matter of life and death. Bad results provided by a scientist can influence the health of the general public. For instance, the effect of a false discovery of a new tumor can influence not only the health system, but in other areas such as the pharmaceutical industry where loss of income could be detrimental. Why are researchers brought to cheat? Several causes include price, hubris, cynicism, lust for power, and the conservatism of age. Today, the scientist must communicate with the public and explain his vision after analyzing some phenomena. For example, the scientists should clearly establish the limits of their forecasts before, during, and after natural disasters such as storms, volcanic eruptions and earthquakes. Climatologists must know and taking into account that scientific result is subject to a margin of uncertainty. But, they should not hesitate to make public statements simply because their messages go against the wishes and expectations of the public. In fact, they should expect negative reactions in these cases and explain carefully the basis of their scientific conclusions or opinions.

* **Intuition: is it a skill that you can learn and master?** Knowledge is based not only on books, articles, and laboratory experiments, but on observing scientists at work and reading their texts to a wider audience. The major role of intuition is to provide a conceptual foundation that suggests the directions which new research should take. The role of intuition in research is to provide the "educated guess," which may prove to be true or false; but in either case, progress cannot be made without it and even a false guess may lead to progress. For instance, the ultimate basis of modern mathematics is thus mathematical intuition. Modern instructional methods recognize this role of intuition by replacing the "do this, do that" mode of teaching by a "what should be done next?" attitude which appeals to the intuitive background already developed. It is in this way that understanding and appreciation of new mathematical knowledge may be properly instilled in the student. In his biographical note published in 1949, Einstein wrote that the state of the physical after 1900 showed him that neither mechanical nor thermodynamics could not claim accuracy. He mentioned that he had reached a fundamental decision that will steer its work. The intuition is conditioned by the logic in the operation of reasoning. According to Yves Jeannin "Develop new developments based on existing knowledge, it is the imagination. Foresee new developments in uncharted territory, it is intuition."

* **Curiosity:** According to Lambert "Curiosity is the begun of knowledge that makes you go further and faster in the path of truth. Must not stop by idleness and indolence." Based on this quote, curiosity is a state of excitement that can last longer or shorter, but it stops when this kind of intellectual appetite was sated. So, what is the relationship between curiosity and scientists? Aristote determines the curiosity as "the beginning of all science is the surprise that things are what they are". Then, the scientist must extend to the mystery and discover the secret, i.e. "seeks to understand". Curiosity is a form of ignorance of what we know, it allows the scientist to go further.
This is a riddle that has revealed the reality observed and the possibility of knowledge. Curiosity is a spirit that brings scientists to know the secrets of life. On the one hand, curiosity is a desire to learn and understand. On the other hand, curiosity represents a passion and a pleasure for the discovery and sharing of information. This passion is conditioned by the reasoning and should involve prudence and honesty that illustrates the laboratory work.

CONCLUSION

Appearance has a magical effect to attract others. For this reason, the concept of charisma plays a very important role to make others to listen. This notion has been linked to politicians, but in our paper, we have addressed the problem of communication of scientist with the public. The intention of the scientist (vulgarization, honesty, intuition, and curiosity) improves the mysterious image of a scientist in the society.

NOTE

I dedicate this work to Université de Sherbrooke which offered me a good environment to innovate.

REFERENCES


FINE DINING

Elton Scifres, Stephen F. Austin State University
Joe K. Ballenger, Stephen F. Austin State University

CASE DESCRIPTION

This case is widely applicable because it is short, easy to understand, involves an industry that students are familiar with, yet offers the opportunity for discussion of some basic marketing or strategic management issues. The case illustrates the problems that arise when a service start-up fails to consider the demographics of the target market. It also gives students the opportunity to grapple with solutions to a seemingly intractable problem.

This case has a difficulty level of 3 or 4. It could be positioned in an undergraduate strategic management or marketing case to demonstrate the problems that arise when there is a disconnect between strategy and the external environment/target market. It could also easily be used in a small business or entrepreneurship course to demonstrate the hazards that even an experienced small business owner can face when they fail to consider the demographics of their market.

CASE SYNOPSIS

Six months after opening her restaurant, Stacy Brokaw was experiencing problems. From an operational stand point things seemed to be going well. Her restaurant had been reviewed favorably by a regional magazine and she was attracting a small but regular group of customers. On the other hand weekly sales were consistently 30% below her forecasts and she had lost $45,000 during her first six months of operations. A survey conducted among current customers suggested that many would prefer a more family oriented environment. She also opened at a time when the US economy was going into a steep decline. Stacy’s dream had been to open a fine dining establishment in her home town. She had worked very hard to make this opportunity work, but now it seemed to be slipping through her fingers. At the end of the case Stacy is struggling with how to respond to this situation.

INTRODUCTION

Six months after opening her restaurant, Stacy Brokaw was feeling the pressure mounting. Weekly sales were consistently 30 percent below what she had forecasted while operating expenses were pretty much on target. The latest financial statements showed sales of $526 thousand and losses of over $45 thousand for the first six months of operation. This compares to her forecasted numbers of $1.5 million and a profit of approximately $97 thousand for the first year (see table 1). Clearly, things were not going as planned.

Stacy had opened the restaurant with the idea of bringing fine dining to the small east Texas town of Jackson. On the positive side, the restaurant had attracted a small group of loyal
diners. They seemed to enjoy the food and atmosphere and demonstrated their loyalty by coming to Fine Dining once or twice a week. The bar area had also attracted a loyal group of regulars. People commented that it was nice to have an upscale bar that was both quiet and smoke free to carry on conversations. At the time of this case only about 20 percent of the restaurants in town were smoke free establishments. Another plus was that Fine Dining had been reviewed favorably by a Texas magazine. Since that time she noticed an increase in the number of out of town diners, especially on weekends.

Stacy felt she was clearly doing something right, but she was also hearing some negative feedback. She conducted a survey and found that many customers were turned off by the formality of the restaurant. They didn’t find it to be a very good atmosphere for families and felt that it was more appropriate for a special night out. Parents of young children found the restaurant to be a particularly bad choice. Both the food and the atmosphere were inappropriate for young children. Of course this was true, but the fact that people were complaining about it forced Stacy to consider whether fine dining was a good choice for Jackson. Many people seemed to want a different type of restaurant.

Another problem was that her timing seemed to have been really bad. The restaurant opened just as the economy started experiencing a downturn (December 2007). While Jackson was spared the worse of this downturn, most businesses that offered luxury goods and services were starting to experience a drop in sales. This did not bode well for a fine dining establishment.

There was one thing that Stacy knew for sure. Fine Dining was not attracting enough diners to sustain its operations. She had worked very hard to make this opportunity work, but now it was slipping away. Things needed to change quickly if she was going to keep the doors open. The problem is that she had no clear idea of what to do.

**THE COMMUNITY**

Jackson has a population of about 33,000 with around 61,000 in the county. A regional state university with a student population of approximately 11,500 is also in the town and serves as its second largest employer. The largest employer is a chicken processing plant on the South side of town. There are several medium-sized manufacturing facilities in the area, as well as a medium-sized medical community.

There are about 11,600 people living in the county who are between the ages of 18 and 24. This group mostly consists of college students and constitutes a relatively large pool of labor for retailers in the area. The median annual household income in this county is $27,271. Also, only about 22 per cent of the 22,500 (4950) households in the county have incomes above $50,000 per year. This last number is relevant because this restaurant is positioned in the market as a fine dining experience, and it offers the atmosphere and service that goes with that position.

Jackson is about 20 miles from Covington, a town that is slightly larger and wealthier. This contiguous county’s median annual household income is about $5,000 more at $32,004. That county has about 25% or 7350 households with $50,000 or more of income. Stacy included Covington when considering the viability of her restaurant and the two towns are probably in close enough proximity to be considered a single trading area for specialty products. The towns,
considered together, are about one or one and a half hours driving time from any other larger town, so this trading area is very isolated and rural in nature.

**BACKGROUND**

Stacy Brokaw is a well know figure in Jackson. Her late husband was a former faculty member and president of the local university. After his untimely death, she opened up a bakery and café (Brokaw’s). Brokaw’s is a very popular and unique lunch spot in downtown Jackson. It is a very small operation that caters to a somewhat upscale clientele. The menu consists of light sandwiches, salads, and quiches and deserts consist of various pastries prepared in-house. Brokaw’s is frequently packed with diners and usually requires a reservation. Hours are limited to lunch only, and Stacy does a limited amount of catering on the weekends. Stacy also recently ran for and won a seat on the local City Council.

The idea for opening Fine Dining came about when an upscale Mexican restaurant, La Castilla, went out of business. The restaurant was in a prime location. It was in an historic house located on nearly 3 acres of land on a main street near the university campus. The building was two stories with a total space of 10,000 square feet. The parking lot was built to hold 112 cars. The house had recently been thoroughly and very tastefully renovated. The lower level consisted of a number of rooms that could be closed off for private events and there was a wrap-around porch that had been closed in and overlooked a manicured lawn and large oak trees. The upper level contained the bar and restrooms. It was located across the street from a chain pharmacy and a small Cajun restaurant and next door to an empty restaurant building that recently went out of business.

Stacy sensed there was an opportunity to open a fine dining establishment in Jackson and that this location was the perfect spot. It also helped that the property owners were desperate to find a new tenant and were willing to work out a below market lease agreement. The lease was turn-key, meaning that the equipment and fixtures were included. Due to the building having been recently renovated, all equipment and fixtures were in excellent condition and ready to use. The only equipment that needed updating was the computer system.

**POSITIONING**

There are four full service competitors in Jackson, but Fine Dining’s menu, atmosphere, and service level gives it a very unique position. Of the competition, two offer specialized menus (Italian and Chinese), one has a “mixed” menu but is a step down in quality and service, and the fourth is a closed (members only) club at the local, full service hotel. Stacy’s strategy was to position Fine Dining as a step above the competition in terms of food quality, service, and atmosphere. In keeping with ambiance, prices were to be higher than the competition.

Competition in Covington include an exclusive country club with its attendant golf course and restaurant. Of course, this is a members only establishment. There are also a few high-end chain restaurants that offer nice dining experiences, but are a step below that being offered at Fine Dining.
The total planned sales of Fine Dining for the first year was to be from two sources. The sit-down restaurant receipts were expected to comprise about 70 to 75% of sales, and catering was to provide the rest. Sales from catering is more profitable, usually, so this aspect of the restaurant was expected to yield from 35 to 40% of the profit. Catering consists of both private inside parties and outside event. According to Stacy, net profit for this type of business is about 5-7% of sales.

OPERATIONS

Stacy hired four full time managers; a General Manager, an Assistant Manager, a bar/floor manager, and a catering manager. In order to try to assure high quality food preparation, three chefs were hired. The executive chef and the chef de cuisine were full time positions, and the pastry chef was part-time. All of the managers and chefs were salaried positions. The business plan also called for hiring from 24 to 25 servers which consisted of 2 to 3 head waiters, 2 cocktail waitresses, 4 to 5 bartenders, 2 bar backs, 6 service assistants (busser), and 6 janitorial staff. The wait staff was to be paid a beginning salary of $2.15 per hour plus tips. A tip pool system was used to help reward busser and others who do not usually receive tips directly from customers.

The owner was very specific and insistent about some policies relative to the wait-staff and their appearance and behavior. The servers were to wear uniforms which reflected the image of a fine dining establishment. The servers must buy their shirts and aprons and the clothes had to be either solid black or dark blue. The shirts could be open at the neck because no ties were required. Any tattoos could not be visible to customers, so, usually, the shirts had to be long sleeved.

Fine Dining is a totally non-smoking establishment, even in the bar area. Because of this, the employees are not permitted to smoke anywhere on the premises, especially while in uniform. They were told to not smoke even off premises while in the FD uniform. The penalty for being caught smoking while in uniform is immediate dismissal. As one can tell, these policies are to protect and enhance the image of the restaurant in this small town.

There was a relatively high turnover rate among the kitchen workers and wait staff, but this was probably related mostly to hiring students from the local university. For the most part Stacy received positive feedback concerning the working environment. She was strict about following the rules, but treated her employees with respect. Several had mentioned that they appreciated working in an environment in which they were never yelled at or intimidated. There was one incident that involved her head chef and several workers on the wait-staff. After a particularly heated argument the chef quit and left abruptly. He asked to come back the next day, but Stacey refused because she thought it would set a poor precedent for the other employees. Until she found a replacement she had to step in personally and rely on the other chefs to work overtime. This was very disruptive, putting a strain on the kitchen staff till a replacement could be found.

Despite this relatively minor incident, Stacy felt very good about the operations of the restaurant. The quality of the food seemed to be consistently good. She had not received any significant complaints about the service and the atmosphere was exactly as she had envisioned.
She had received a few complaints about the menu selection, but this was from diners who expected a more family friendly atmosphere. There was not much selection for children, but that was by design. After all, her intention was to create a fine dining atmosphere and she felt she had done a very good job of doing just that.

**CONCLUSION**

Stacy had mixed feelings about her new restaurant. On the one hand she was proud of what she had created. Despite a few kinks, the restaurant was running pretty well. On the other hand, Fine Dining was simply not creating enough volume. The restaurant was losing substantial amounts of money and Stacy could not keep the doors opened much longer if things didn’t pick up.

The lack of customers may be an indication that the local competition was simply too tough. Perhaps she had failed to differentiate herself enough to attract business from customers who were loyal to their old favorites. On the other hand it might simply be due to the fact that the local market was not able to support a fine dining establishment such as hers. This thought was particularly depressing. If the problem was tough competition she could figure out ways to become more competitive. If the problem was demographics she had few options. Stacy was beginning to feel her dream slipping through her fingers.

Whatever she did, Stacy knew she had to be careful. Restaurants are particularly vulnerable to customer perceptions. If she made a “big splash” in the form of a major change in strategy it would send a signal to the local market that there was a problem. If people perceive that a restaurant is in trouble financially they tend to stay away. Of course, this could set up a downward spiral from which there was no escape. Whatever she did needed to be fairly subtle and needed to happen quickly.
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LAND O’LAKES: TEACHING FARMERS IN BASE OF THE PYRAMID

Marlene Kahla, Stephen F. Austin State University
Robert Crocker, Stephen F. Austin State University

CASE DESCRIPTION

“There is no escaping our obligations: our moral obligations as a wise leader and good neighbor in the interdependent community of free nations – our economic obligations as the wealthiest people in a world of largely poor people, as a nation no longer dependent upon the loans from abroad that once helped us develop our own economy – and our political obligations as the single largest counter to the adversaries of freedom." – John F. Kennedy

With the perceptions of the late John F. Kennedy underscoring the goal of what is now referred to as corporate social responsibility (CSR), the role of one of the largest agricultural cooperatives in the world, Land O’Lakes, is described as the driving force in the case presented here. Through perceptions of an International Projects Director and a Sales Rep, the case challenges students to think about life after college and CSR.

CASE SYNOPSIS

Cooperatives are defined, characters are presented, and the work of Land O’Lakes as it teams with entities such as, United States Agency for International Development (USAID), Empowering New Generations to Improve Nutrition and Economic Opportunities (ENGINE), and Ethiopia Dairy Development Project (EDDP) is highlighted through the success of the programs designed to help people in the Base of the Pyramid (BoP).

COOPERATIVES AND LAND O’LAKES

The business model for Land O’Lakes is that of an agricultural cooperative. “Cooperatives – like today’s farms – run the gamut in size. While 31 cooperatives recorded more than $1 billion in sales, almost 34 percent of ag cooperatives (749) had less than $5 million in sales.” i

Combined 2012 sales of the four biggest agricultural coops, CHS Inc., Land O’Lakes Inc., Dairy Farmers of America and Growmark, $76.7 billion, equaled one-third of all agricultural cooperative business last year.” ii

Cooperatives are member owned. The number of cooperative members in the United States is 2.1 million; the number of farms nationwide is 2.2 million. iii

“The public-private partnership between farmers, land-grant universities and USDA programs has enhanced knowledge of the role cooperatives play as a tool for improving the economic well-being of the farming community and helping to boost the rural quality of life.” iv
LAND O’LAKES INC. MISSION AND VISION

Mission: We are a market- and customer-driven cooperative committed to optimizing the value of our member’s dairy, crop and livestock production. v

Vision: To be one of the best food and agricultural companies in the world. We will achieve this by being: Our customers’ first choice; Our employees’ first choice; Responsible to our owners; and A leader in our communities. vi

LAND O’LAKES INTERNATIONAL MISSION AND VISION

Mission: To generate economic growth, improve health and nutrition, and alleviate poverty by facilitating market-driven business solutions to: Agricultural productivity and competitiveness, Enterprise and cooperative development, Food systems and safety, Food security and livelihoods and Nutrition and health vii

Vision: To be a global leader in transforming lives by engaging in agriculture and enterprise partnerships that replace poverty with prosperity, and dependency with self-reliance. We achieve this by: Leveraging the value, skills, and capabilities of Land O’Lakes, a leading agribusiness cooperative; Delivering measurable and quantifiable results; Being accountable to collaborating with our beneficiaries, funding entities, and partners viii

BASE OF THE PYRAMID

Originally referred to by Franklin D. Roosevelt as “...the forgotten, the unorganized but the indispensable units of economic power... that build from the bottom up and not from the top down, that put their faith once more in the forgotten man at the bottom of the economic pyramid,” (radio address, April 7, 1932, as in The Forgotten Man)

Through becoming producers in agriculture, the people in the Base of the Pyramid are taught how to become creative and resilient partners in the marketing of their products, and are guided into establishing and preserving the integrity of their food supplies.

CHARACTERS AND SETTING

The information from Land O’Lakes is retrieved from the cooperative’s web pages where anyone curious about their projects can access them. All the data about specific projects can be found in the pages at www.landolakesinternational.com. ix

The characters that tell the story in the case are fictitious. One of them, Mark Reynolds, is an International Projects Director for Land O’Lakes, Corporate. He develops plans for continued international presence for LOL as it partners with organizations such as United States Agency for International Development (USAID), Empowering New Generations to Improve Nutrition and Economic Opportunities (ENGINE), and VEGA to address the plight of individuals at the Base of the Pyramid (BoP).

He notes that the Ethiopia Dairy Development Project (EDDP) reaches over 33,500 smallholder farmers. In so doing, they see dairy sales for producer groups increase from $620,000 to $7.3 million; assist producer groups in marketing 55,541 liters of milk a day which is beyond
the goal of 33,000 liters per day, train more than 26,000 farmers in natural resource management (NRM), expand land managed through NRM practices from 80 to 7,500 hectares, and assist over 10,000 people living with HIV (PLHIV) to begin livelihoods activities along the dairy value chain (www.landolakes.com).

Another character in the case, Caroline Tetrick, is a Sales Representative for Land O’Lakes. She acknowledges attaining her first five year goals with the company and is planning her goals for the next five years.

She wants to live in Texas, but knows that corporate positions require moving to Minnesota. If she follows a plan that Mark is developing for her, then her next move with the company surprises everyone.

**Back in Minnesota**

Mark Reynolds sits in his Minnesota office and reviews the progress Land O’Lakes, directs in several developing countries, Ethiopia in particular.

It seems to fit with LOL’s perspectives on international economic development that capitalize on the company’s 90 years as a leading farm-to-market agribusiness:

“We use our practical experience and in-depth knowledge to facilitate market-driven business solutions that generate economic growth, improve health and nutrition, and alleviate poverty. (From “Innovative solutions for Global Prosperity”.

As Mark continues to review the reports from the EDDP, he contemplates the next step. How can LOL improve its game plan in Corporate Social Responsibility while continuing to be a leading worldwide cooperative?

What can he try that would avoid the highly protected memos going to LOL decision makers to “pray for our reps in those countries”?

**Now in Texas**

In Houston, Texas Caroline Tetrick has an 8:30 AM appointment with a feed dealer just ten miles away, and traffic will make it impossible to get there early.

Sometimes she misses the college days. Wow, this is a far cry from Northgate in College Station and lying out by the pool after classes.

She managed to graduate from Texas A&M University (TAMU) with a degree in Agricultural Development in just less than three years.

“There is just something about TAMU that keeps me going back,” she thinks. “Acting as a client in the Ag Sales Management class at TAMU last night was fun. It is so different being on the other side of the desk,” she concludes.

Traffic hardly moves, and she recalls how she started working with Land O’Lakes. “Wow, that first internship was a real life changing experience for me. The little country girl from Texas moves to Missouri to work in St. Louis for a great big coop. I learned so much from that marketing internship.”

“And, that sales internship the next year with Land O’Lakes literally baptized me in sales. I lived from my suitcase that summer,” she continues.
“Five years with the company this year. Well, I have met my five-year goal after college,” Caroline thought. “Now what do I want for the next five years?”

Corporate contacted her about her goals for the next five years. Mark Reynolds especially wants to know what she plans to be doing in Land O’Lakes during the next five years.

Meeting in Houston

“Say, when will you be ready to try something new and exciting?” Mark quizzes Caroline as they meet at a Houston restaurant. He continues, “You know you are being watched, they want you to become part of the Minnesota team.”

Caroline replies, “Mark, you know I am not cut out for cubicles and offices.”

He replies, “I know! Guess what? I have a deal for you!”

“You know that LOL is very active throughout the world in partnering with other groups such as USAID, ENGINE, and VEGA, right?” Mark tries to keep her interest.

“What do you mean by ENGINE? VEGA? I know what USAID is,” she responds.

“ENGINE is Empowering New Generations to Improve Nutrition and Economic Opportunities, and VEGA is Volunteers for Economic Growth Alliance. LOL works with ENGINE in Ethiopia and VEGA in Afghanistan,” clarifies Mark.

“Where are you going with this?” Caroline says suspicious of Mark’s focus to get her promoted no matter what.

“It’s not where I’m going with this, it is where YOU are going with this,” he emphasizes.

“Me! Now wait a minute. If you think I am traveling half way around the world and back to get to the top, you have another think coming!” Caroline is furious.

“Settle down. Think about this. In Ethiopia we have had success in getting farmers organized by strengthening their existing coops, we trained them in milk collection and cooling, and with the Ethiopia Dairy Development Project (EDDP) we are able to teach them to produce affordable, high quality, nutritious dairy products for their Ethiopian consumers. AND, we are helping people with aids to have a nutritious, safe source of dairy products.”

“Mark,” Caroline interjects, “I know beef. My experience is not in dairy. What do I have to bring to the table here, IF I become part of what seems to be a hair-brained scheme that you are concocting as you talk here?”

“You may be half right about my ‘scheme,’ so hear me out,” he emphasizes, “Most of the farmers we work with in Ethiopia are guided by the females of the households. Many times the females are the farmers; they are the ones trying to make a living for their children. I am thinking, and so are several others in corporate, that it would be even more effective if we had a woman who knows agriculture and our business as a cooperative to talk with these women.”

“So what’s in it for me?” she questions.

“First, you go to Ethiopia and interact with the farmers and their families there. See what’s going on and learn about their culture and the influence females have in their decision making processes.” Mark continues, “Then, we want you to go to Afghanistan.”

Silence at their table.

“Afghanistan.” Caroline responds with, “No. Absolutely not! You have got to be crazy!”

“I know the news shows so much war going on over there,” Mark tries to continue.
“That’s because there is so much war going on over there,” Caroline interrupts. “Let me continue,” Mark says, “Under the leadership of the International Executive Service Corps (IESC), Land O’ Lakes is providing technical assistance to the Capacity Building and Change Management Project (CBCMP). We are working with the Ministry of Agriculture, Irrigation and Livestock in Afghanistan. AND, through an award funded by the USDA, the Volunteers for Economic Growth Alliance, the IESC, and Land O’ Lakes are focused on creating sustainable, economic growth initiatives in developing countries.”

“Even more important here is that nearly all the extension people in Afghanistan are women. Yes, women. Land O’ Lakes has helped train them,” Mark emphasizes. “We think that after your visit in Ethiopia, we will send you to Afghanistan to work with the female extension agents in helping them with their farmers, also mostly female.” He concludes, “At least think about it. If you do this, then you will return to the United States and get to pick your region, be promoted, get a significant increase in pay and get to do what you like to do—be in the field and out of the office.”

“Wow, pick my region and get a significant increase in pay and a promotion. You and I will nail down that pay increase before I go anywhere.” Caroline concludes with, “Let me think about it. When do you need to know?”

Mark responds, “That is only fair. Can you let me know your decision within the next two weeks?”

Caroline ends with, “Sure.”

The Drive Home

“Ethiopia! Afghanistan?! Really?? Why am I even considering this? Aren’t there any challenges in Hawaii?” Caroline thinks aloud.

“What is my life worth? One of my friends, a missionary, contracted some weird disease in some other country in Africa and nearly lost her life.”

“On the other hand, this would be my way to the top, better salary, and I would get to do what I like to do, work outside in the fresh air and stay out of the office,” Caroline continues to think about the offer.

Endnotes

ii www.Traditionalagriculturecooperativesmovingon.com
iii www.Traditionalagriculturecooperativesmovingon.com
iv www.USDA/AgriculturalCooperativesinthe21stCentury
v www.landolakesinc.com
vi www.landolakes.com
vii www.landolakes.com
viii www.landolakes.com
ix www.landolakesinternational.com
x www.idd.landolakes.com
MISSED IT BY A DOT

Robert M. Crocker, Stephen F. Austin State University
Marlene C. Kahla, Stephen F. Austin State University
Marie T. Kelly, Stephen F. Austin State University

INTRODUCTION

Small businesses across America can make a hit with the right combination of drive, talent, and timing. The result? They become successful for many, many years. As these businesses prosper and grow they often hire other firms to help them with their policies, procedures, payrolls, and taxes.

The two small business partners presented here, Gerad and Ernie, incorporated Great Expectations, a metal fabrication company that specializes in oil and gas products, and opened for business in February of 1994.

The partners in the accounting firm that Great Expectations hired as their main payroll and tax preparer back in 1997, Hamilton & Company, are sticklers for detail and had been in business for over 50 years.

Employees of Great Expectations are a large part of the brand equity for the shop.

Never would Gerad or Ernie seek to chisel money from their employees. Never would Hamilton and Company submit incorrectly prepared records for their clients.

However, as the case unfolds, an honest mistake sets the stage for an ethical dilemma that could cost someone millions of dollars.

DISCOVERY

Candace stared in disbelief at the time sheet in her hand and the computer screen. Gathering herself, she quickly went to the file cabinet and pulled a time sheet from six months earlier and returned to her computer. She compared that hand-written time record to the computer entry for each employee.

Her heart dropped as she wondered out loud, “How long have these employees been underpaid?”

THE COMPANY

Gerad and Ernie incorporated Great Expectations, a metal fabrication company that specializes in oil and gas products, and opened for business in February of 1994 in an uninsulated 5,000 square foot metal building rented from Ernie’s uncle.

They began with six employees—Gerad as the production manager, a cutting machine operator, a lead fabricator, an equipment programmer, one welder, and Ernie, who handled all the paperwork, marketing, payroll and often cleaned the toilets and shop floor. Ernie picked up a used Cincinnati time clock to record the hours worked for each employee.

Once companies like Grey Wolf Drilling and Precision discovered them, their services became well in demand. The Texas Gulf Coast knows no limit to work the oil field can bring.
Back in 1994, real estate around Waller was a steal, and many people living there were driving into Houston for a job that paid enough to live. They represent a skilled work force that would like to work closer to home. Within two years the guys bought two acres with frontage along highway 290 and built their first shop.

By 1997 revenues topped $2 million.

Prosperity brings its own set of challenges. The increase in revenues meant more orders, more work, and more employees. With so many employees and those ever changing tax laws, they hired an accounting firm, Hamilton & Company, to keep up with the money while they focused on fabricating steel.

Total revenues broke $10 million for the first time in 2005 and the company had 28 full-time and 4 part-time hourly employees. Plans were being made to break ground on a 24,000 square foot expansion next year to double its manufacturing space. The expansion will accommodate an additional powder coating line, an automated laser cutting cell, and a prototyping department.

Today, Gerad and Ernie are full-time managers and the company employs 44 full-time and 5 part-time hourly people.

Their old Cincinnati time clock that Ernie bought when starting the company is still keeping time.

The Owners

Gerad could never walk away from tools, motors, or welding. He remains involved with being able the create things that people dream up to make money. Whether in the oil field, pipeline, or someone's shop, Gerad loves to be part of solutions that come from fabricating.

Throughout this life his home towns’ names typically started with the word, “Fort,” Fort Hood, Fort Bliss, Fort Bragg, etc. Yes, he was a military brat, and really proud of it. He feels part of the brotherhood of military brats with their own code of honor and ways of doing things. While bouncing around the country with his family, he never lost sight of Texas A&M University. Everything it stood for beckoned him to become part of the Aggie Spirit. It was no surprise to anyone when he graduated from TAMU with a degree in mechanical engineering.

Ernie, on the other hand, came from a stable, farming background in the Brazos River Valley between Brenham and Navasota. TAMU was just around the bend in the road for him. In fact, if he drove through enough fields, he would find himself very near West Campus. This was very appropriate for a young man who was raised on a farm and graduated from TAMU with a degree in Ag Economics. He loved business, too.

Of course they met at the “Chicken,” the Dixie Chicken that is. It is as much a part of TAMU tradition as putting a penny at the base of Sully’s statue. Back in the day, everyone gathered at the Chicken. This was before there was a “Northgate,” currently a strand of bars that seem to attract their share of college students across from campus.

Enjoying a long neck while carving his name on the already carved up table, Gerad watched Ernie put away game after game of pool—it seemed as if he couldn’t lose.

He knew that he just had to meet someone of such skill, and that is how the two owners of Great Expectations met.
Their love of the University and the region that it serves and their skills in business and engineering made them superb business partners. They are good ole boys that pride themselves in their skills and honesty. They enjoy success and getting there down the straight and narrow road.

The Accounting Firm

James Hamilton started his accounting practice in Tomball, Texas in 1949. His grandson, Jamie Hamilton, is now the CEO of Hamilton & Company and was responsible for bringing Great Expectations onboard in 1997. Jamie managed the account until 2002 when he became CEO.

Judy Johnson came to Hamilton & Company during the summer of 2001 and worked on the Great Expectations account with Jamie. When Jamie was promoted to CEO, Judy took over the account.

Candace Little joined Hamilton & Company in June 2012 having graduated with a Masters in Public Accountancy weeks earlier. She had offers from larger accounting firms but she was from La Grange, Texas and this was as far away as she cared to be. Candace worked under Judy and handled a portion of her client list, including Great Expectations. Judi was promoted to Partner in January 2013 and Candace assumed full charge of several accounts, including Great Expectations.

Pauline McKinney

The Error

At Great Expectations, the old Cincinnati time clock was still being used to record employee hours. Every Monday morning time cards were pulled and the previous weeks’ work hours were tallied for each employee. The total time was entered by hand using standard time notation: 42:30 for forty-two and one-half hours of work. Ernie used to be the one to do this, but nowadays he allowed another staffer to pull the cards and fill out the time sheet, but he still looked it over before sending it to the accountants.

When the accounting firm changed software, Candace noticed that the new software allowed the time data to be entered in hour notation (00:00) or decimal notation (0.0). She asked Pauline (the bookkeeper that had been there forever) whether she selected hour or decimal notation. Pauline replied that she had always used decimal notation.

Candace had the recent time sheet in her hand as she opened up the Great Expectation payroll file. Great Expectations pays to the minute and does not round. In the computer, the first employee record belonged to Aaron Andrews and record indicated that his pay rate was $21.50 per hour and that he worked 39.45 hours last week. When Candace looked at the time sheet, it showed that Mr. Andrews worked 39:45 hours last week. The next record belonged to Martin Brooks who worked, according to the computer 44.32 hours while the time sheet showed 44:32.
## Great Expectations Time Sheet for the Week ending March 8, 2014

<table>
<thead>
<tr>
<th>L_Name</th>
<th>F_Name</th>
<th>Job Code</th>
<th>Level</th>
<th>Pay Rate</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andrews</td>
<td>Aaron</td>
<td>51-4040</td>
<td>I</td>
<td>$21.50</td>
<td>39:45</td>
</tr>
<tr>
<td>Bell</td>
<td>Earl</td>
<td>51-4121</td>
<td>III</td>
<td>$12.50</td>
<td>41:00</td>
</tr>
<tr>
<td>Benson</td>
<td>Richard</td>
<td>53-7062</td>
<td>I</td>
<td>$10.25</td>
<td>40:00</td>
</tr>
<tr>
<td>Brooks</td>
<td>Martin</td>
<td>51-4121</td>
<td>I</td>
<td>$17.50</td>
<td>44:32</td>
</tr>
<tr>
<td>Bullard</td>
<td>Kim</td>
<td>51-4040</td>
<td>II</td>
<td>$17.50</td>
<td>41:05</td>
</tr>
<tr>
<td>Carr</td>
<td>Wesley</td>
<td>51-4122</td>
<td>III</td>
<td>$14.75</td>
<td>40:33</td>
</tr>
<tr>
<td>Chambers</td>
<td>Felecia</td>
<td>43-9199</td>
<td>III</td>
<td>$11.25</td>
<td>39:58</td>
</tr>
<tr>
<td>Chapman</td>
<td>Fannie</td>
<td>51-4122</td>
<td>III</td>
<td>$14.75</td>
<td>40:16</td>
</tr>
<tr>
<td>Cobb</td>
<td>Steve</td>
<td>51-4121</td>
<td>I</td>
<td>$17.50</td>
<td>38:55</td>
</tr>
<tr>
<td>Cruz</td>
<td>Sonia</td>
<td>43-9199</td>
<td>II</td>
<td>$14.00</td>
<td>42:51</td>
</tr>
<tr>
<td>Drake</td>
<td>Lawrence</td>
<td>53-7062</td>
<td>I</td>
<td>$10.25</td>
<td>41:33</td>
</tr>
<tr>
<td>Figueroa</td>
<td>Adrienne</td>
<td>43-9199</td>
<td>II</td>
<td>$14.00</td>
<td>32:42</td>
</tr>
<tr>
<td>Fisher</td>
<td>Terry</td>
<td>51-4122</td>
<td>III</td>
<td>$14.75</td>
<td>40:21</td>
</tr>
<tr>
<td>Garcia</td>
<td>Olivia</td>
<td>37-2011</td>
<td>III</td>
<td>$9.50</td>
<td>21:25</td>
</tr>
<tr>
<td>Gibbs</td>
<td>Ira</td>
<td>51-4040</td>
<td>I</td>
<td>$21.50</td>
<td>40:38</td>
</tr>
<tr>
<td>Glover</td>
<td>Patti</td>
<td>51-4121</td>
<td>II</td>
<td>$15.00</td>
<td>37:50</td>
</tr>
<tr>
<td>Gonzales</td>
<td>Henry</td>
<td>53-7062</td>
<td>I</td>
<td>$10.25</td>
<td>20:25</td>
</tr>
<tr>
<td>Graham</td>
<td>Christian</td>
<td>51-4122</td>
<td>I</td>
<td>$19.00</td>
<td>40:02</td>
</tr>
<tr>
<td>Gray</td>
<td>Kendricka</td>
<td>37-2011</td>
<td>II</td>
<td>$10.50</td>
<td>18:56</td>
</tr>
<tr>
<td>Griffin</td>
<td>Stewart</td>
<td>51-4121</td>
<td>II</td>
<td>$15.00</td>
<td>40:21</td>
</tr>
<tr>
<td>Hanson</td>
<td>Jane</td>
<td>43-9199</td>
<td>III</td>
<td>$11.25</td>
<td>39:58</td>
</tr>
</tbody>
</table>
DECISION POINTS

1. What does Candace do next? There are many paths Candace might choose here, including doing nothing and telling no one. One hopes that Candace will choose to do the right thing, but to fix the error, she must involve others.
   • Does she tell Pauline? Why or why not?
   • Does she tell Judi and Jamie? Why or why not?
   • Does she tell Gerard and Ernie? Why or why not?

2. What are the consequences of telling? We live in a world that wants to assign blame, wants to limit liability, and wants to sue for damages. Although the truth may set you free, in this case it will likely put some people at risk.
   • Who is likely to lose their job?
   • Who is likely to sue?
   • Who should bear the costs of setting things right?

3. What are the consequences of not telling? This is the ultimate dilemma in this case and it challenges students to consider not only Candace’s choice in the matter, but what also might occur if the error is made known to the partners in the accounting firm and to the owners of Great Expectations, and ultimately made known to the employees of Great Expectations.
   • If no one has caught the error in 17 years, why not just fix it and go forward without saying a word?
   • Which risk is greater: telling or not telling?

4. In business, is there such a thing as an honest mistake? An honest mistake is none-the-less still a mistake. Honesty mistakes exist when they are discovered and amended.

5. Given that both Judi and Jamie have missed this mistake, how do you believe they will receive this information? Most people would not relish the idea of telling their bosses about this oversight. Both would most likely want a more detailed accounting of the error, including how long this has been happening and how much money is involved.

6. Candace joined the accounting firm in 2012, the year the accounting firm changed software. Has Pauline been using decimal notation “forever”, since Hamilton took over the accounting for Great Expectations in 1997, or just since the software change. This could make a significant difference….17 years vs. 2 years! We know that Candace looked at a current time sheet and one from six months earlier, but we don’t know anything more.

7. How does overtime factor into the error? Overtime beyond 40 hours per week, I assume would be paid at time and a half. This would magnify the underpayment error for those employees working overtime, since their pay rate would rise accordingly for hours above 40. Ex: Martin Brooks overtime rate would be $26.25 instead of his regular rate of $17.50 since he has worked more than 40 hours this week.

8. What is the impact of PAYROLL TAXES? Not only does Great Expectations owe its employees back pay for ?? years, but IF this mistake is corrected, it affects FICA, Federal Withholding, and Unemployment Taxes owed to the federal government, both for the employees AND the company’s portion of payroll taxes.