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COST SHIFTING STRATEGY, ORGANIZATIONAL COMPETITIVENESS AND SURVIVAL: AN EMPIRICAL INVESTIGATION

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ABSTRACT

Cost shifting is an organizational strategy to improve organizational profitability and to rationalise the arguments for survival or continuity. The extant literature provides ample evidence of its routine use in organizations with two pronged operating structure, a competitive segment and a monopoly segment. Cost shifting strategy has been used in the defense, health care and regulated monopolies for centuries. The use of cost shifting strategy in government funded regulated organizations in Australia is only a recent addition to extant practice.

The current qualitative case study empirically investigates the conventional wisdom that cost shifting is an effective organizational strategy to rationalise survival of business segments. To validate this conventional wisdom, the study is undertaken in a budget constrained government organization in Australia. Using archival data, semi-structured and focused group interviews, the study explores if the organization studied benefited from cost shifting strategy to rationalise operations of one of its competitive segments. The competitive segment had to undergo mandatory market testing and competitive bidding exercise to justify the efficiency of its in-house provision and to comply with the accountability obligations to different stakeholders such as the local and state governments.

The case study evidence was analysed by patterns and themes. The study finds that the organization used cost shifting strategically within the stricter codes of conduct of different regulatory and reporting frameworks, managed to save costs, and was successful in receiving stakeholder endorsement on in-house provision of the service. However, the cost shifting arrangement imposed a number of operational risks on other parts (the monopoly units) of the organization. The monopoly segments feared future regulatory scrutiny for exceeding budgetary expenditure thresholds and reclassification of their services as competitive services. Such reclassification was envisaged as harmful by some important users and was contrary to the organization's agendas on some important services (e.g., aged care, meals on wheels).

The findings of the study implies that cost shifting strategy may be repeatedly used in the absence of any regulatory oversight and stakeholders sanctions on funds for service provisions. However, if cost shifting imbalances expenditure thresholds and imposes risks on any organizational unit, then longer term solutions such as cost reductions or productivity improvements need to be contemplated. So, government organizations following such cost shifting practice and likely to anticipate regulatory oversight on such manipulative practice will benefit from the insights gleaned from this paper.

Keywords: *cost shifting, monopoly segment, competitive segment, organizational strategy, competitive bidding, organizational efficiency.*

INTRODUCTION

The practice of cost shifting in service organizations remains a contentious issue in a number of disciplines, including cost accounting, management accounting, and regulatory economics (EBRI, 1993; Gal-Or, 1993; McGowan & Vendrzyk, 2002). Literature demonstrates cost shifting practices primarily involve of overheads such as those imposed or allocated by senior management, but this practice excludes costs incurred within a service department or business segment (Breautigan & Panzer, 1990; Brennan, 1990; Cavalluzzo, Ittner, & Larcker, 1998; Gal-Or, 1993; McGowan & Vendrzyk, 2002; Rogerson, 1992).

Cost shifting is an organizational strategy rather than a policy (EBRI, 1993). It helps to achieve organizational goals such as: achieving profit targets, maintaining market share, and/or providing planning and control directions (Cavalluzzo, et al., 1998; Rogerson, 1992). In USA defense industry, cost shifting between organizational units is used as a return on investment strategy (Rogerson, 1992). Here, defense product buyers purchasing from monopoly units via sole supply contracts pursue increased product profitability by on-selling to other customers – often in non-strategic semi-competitive segments (Cavalluzzo, et al., 1998; McGowan & Vendrzyk, 2002). Similar cost shifting practices arise in US public hospitals, and in other public utilities (Braeutigam & Panzar, 1989; Breautigan & Panzer, 1990; Brennan, 1990; EBRI, 1993).

The extant literature on cost shifting does not report if cost shifting can be used repeatedly without affecting the operations of the cost shifted monopoly segments of a business. So the current study is aimed to contribute to this unexplored frontier of research and to be able to do that the following two research questions are framed: *(a) can cost shifting be used in ex-ante service provision contracts by a competitive segment, and (b) can cost shifting be used without affecting the operations of monopoly segments of a government organization?*

Using a qualitative case study of a competitive business unit of a government sector entity in Australia, the study explores how cost shifting was used as a strategy to survive in a mandatory competitive tendering environment and how the cost shifted monopoly segments identified cost shifting as a flawed operational and survival strategy. For confidentiality, the organization is disguised as PK. Data for this study was collected twice, once at the onset of the contract (in 1998) through interviews, official documents, and press clippings and again in 2012 to follow up the status of the completed service contract through the same sources.

The study has contributed to our understanding of two important overlooked areas. First the study reveals how cost shifting can be used in an ex-ante competitive service provision contracts. Second, the study reveals that cost shifting cannot be used repeatedly without weighing the risks likely to be posed on monopoly segments of a fund constrained government organization.

The remainder of the paper is organized as follows: relevant literature is reviewed next, followed by two sections on research methods and the case description. The last two sections are devoted to discussions and conclusions.

LITERATURE REVIEW

Many regulatory economics-based studies tackle cost shifting (Breautigan & Panzer, 1990; EBRI, 1993). Accounting literature also assesses cost shifting with these costs usually defined as overhead costs (Cavalluzzo, et al., 1998; McGowan & Vendrzyk, 2002) . Such costs usually arise from senior management considerations - where overheads are imposed (or allocated) as extras to the recipient business unit (Breautigan & Panzer, 1990; Cavalluzzo, et al., 1998; EBRI, 1993; McGowan & Vendrzyk, 2002). Such costs are shifted from one business unit to another to provide short-term relief for one unit at the expense of others (Cavalluzzo, et al., 1998; EBRI, 1993; McGowan & Vendrzyk, 2002).

Theoretical literature is prescriptive and offers insight into cost shifting. One of the earliest works in this area by Gal-Or (1993) offers a model where two firms sell products in two different niche markets – one in an oligopoly, and the other in a competitive market. She argues that a firm can deliberately reallocate overhead costs from its oligopoly to its competitive units, and vice-versa. This improves either unit’s profitability (or strategic position), and causes the competitor to shrink production levels and/or to suffer losses. In other public sector utility organizations cost shifting and productivity improvements sometimes lack clarity of direction and have encounter-competing internal cultures that can extend across opposing internal business units (Halachmi & Bovaird, 1997; Niehaves, Plattfaut, & Becker, 2012)

Empirical literature considers reasons and motivations for cost shifting in a number of sectors. Three themes are identified: profitability improvement, cost reimbursements, and finally cost maneuvering for survival. The first theme emerged from organizations with two pronged structures where at least one unit or segment earns profits from its operations. A study by Rogerson (1992) finds overhead cost shifting in contracts between competitive organizations and sole-sourcing government units. Thomas and Tung (1992) show that maximization of pension fund returns by defence contractors arises when commercial arrangements are moved into government units. Cavalluzzo et al. (1998) observes that in response to changes to the Monetary Control Act, costs shifted from a competitive to a regulated monopoly department within the US Federal Reserve Bank and observed how profitability of the competitive segment improved without changing the status-quo of the monopoly segment.

The second theme emerged from the service organizations, predominantly from the healthcare sector. The practice is to ensure recovery of costs of services to the fullest extent possible. Cost shifting in healthcare typically arises with changes in policies on cost reimbursement or budgetary allocation. Carey (1994) and Eldenberg and Kallapur (1997) suggest changes in government reimbursement policies led US hospitals to shift allocated overheads from fixed reimbursement in-patient departments to flexible out-patient departments - where reimbursements depend on costs. Similarly, Soderstorm (1990; 1993) note that in response to Medicare reimbursement changes hospitals shifted costs from cost-plus to fixed-fee diagnosis areas where higher reimbursement fees applied. Blanchard (1986) and Eldenberg and Soderstrom (1996) add that hospitals manipulate their budgeting rules to relieve revenue constraints such as cost-based reimbursement. Other health-care studies - such as EBRI (1993), find hospitals shift costs between payers - with some payer-groups paying more than others.

The last theme emerged from the literature on public utilities and regulatory sector. The organizations in this sector use cost shifting primarily for compliance leading to their struggle for survival and to avoid sanctions by its fund providers leading to privatization or outsourcing or disbandment of services. Sweeny (1982), and Brennan (1990) note utilities deliberately shift overheads from commercial units into their regulated units. This has impact on their production and/or output decisions. However, in another research Arrow (1995) found no evidence that regional telecommunications providers shift costs from unregulated to regulated businesses or business units.

The review of the literature above reveals that cost shifting strategy is a taken for granted organizational practice that addresses the concerns of top management on performance and productivity. Prior literature, however, is silent if cost shifting can be used as a routine practice without posing any operational risk of other organizational units. The current study explores these gaps in further detail.

THE CASE STUDY

The study is based on a local government organization, anonymised as PK, in the Australian state of New South Wales (NSW) that grew 200 folds between its inceptions at the beginning of the 1900 and now. PK operates its operations by a two-pronged structure, one looking after the business side and the other the regulatory side of operations, and provides 400 different types of services, some at cost, some at a profit and some with subsidies. Its operations are governed by the local government acts of NSW government in Australia and the reporting requirements are governed by the Australian Accounting Standard Board, the Department of Local Government (NSW) regulations, the NSW treasury, and the Department of Finance advisory frameworks.

In 1997, PK received directions from the NSW state government to adopt mandatory market testing of its services under the government's competitive neutrality regulations and competition policy guidelines (Capobianco & Christiansen, 2011; Eggers, 1998; Hilmer, 1993). The regulations required all local government organizations in NSW to subject all competitive services to mandatory market testing and competitive bidding and contracting out (commonly known as CCT) to ensure that the users of its services were getting the best value for their money and the state government was allocating the optimum funding for the provision of services. The mandatory bidding provided opportunities to all potential providers (including internal providing arm) to participate in the bidding exercise.

The internal arm of PK had to participate in the CCT exercise as part of this process. Accordingly they formed an internal bid team comprising of people from cross sections of the organization. The bid document had multiple criteria to fulfil, one of the most important being the cost of services. A costing template was issued to all potential bidders with some pre-filled numbers (gas, electricity, water charges etc.). The other numbers were to be filled in by the potential bidders. The NSW government's regulatory requirements were to use full costs of services and to disclose the details of the calculations. The calculations were, however, never audited for accuracy. The bid team collated numbers from different parts of the organization and finalised the bid price, but the team did not feel that the bid had the potential to win the contract. So, some accounting manoeuvring was on the table.

When the bid team, mainly the staff from finance and accounting area, started reviewing the cost figures, they explored the possibilities of manipulating the imposed corporate overhead component of the bid. Historically PK had 35% overheads (allocated from the corporate services). There were little changes in the structure of overheads, which meant that substantial amounts had to be set aside to support the operations of PK. The team contemplated shifting as much overheads to other areas (mainly the monopoly units) as possible to make the bid leaner and more competitive. Other cost saving alternatives such as multi-tasking and work hour reductions were also contemplated and eventually done. However, the overhead manipulation contributed significantly to the total cost reduction of the final bid.

By the deadline, only the internal bid was received. The decision makers did not want to call for another round of bidding exercise due to time constraints and reporting requirements to the state government. Only a comparison of costs of the bid and previous costs of service provision revealed a significant reduction in costs was achievable if the contract was awarded to the sole bidder. The internal team received the right to provide the services over a three year period with the option to renew the contract for another two years.

In order to learn more about how the contract was performed, the employees of the researched organization were contacted again in 2012. The interviews (six in total) reported that the contract was performed to the satisfaction of the top management of PK. However, the changes in state politics moved away PK's position from competitive to cooperative service provision of services. The interviewees also reported that the contract was not renewed, rather 50% of the services were kept in-house and the other 50% was provided through third party providers to ensure competitive provisions. The main justification was that PK did not qualify for cooperative service provisions due to its size and annual allocated government budgets, so competitive provision, to a lesser extent, still remained.

DISCUSSIONS OF FINDINGS

The study of cost manipulation in the regulatory sector was not new; PK only emulated the existing practice, followed conventional wisdom, and succeeded. Organizations operating in both competitive and monopoly segments often find it problematic to manage costs due to different incentives as observed in previous empirical studies (see for example, Cavalluzzo, et al., 1998; McGowan & Vendrzyk, 2002). The current study reinforces the previous findings slightly differently. In PK, cost shifting was used to manipulate the cost of the internal bid without prior knowledge of the outcome, that is, winning the contract was subject to cost comparisions and top management satisfaction. This is unlike the previous findings mainly in the defense industry where the manipulation through cost shifting was done only after winning a contract (see for example, McGowan & Vendrzyk, 2002; Rogerson, 1992).

The efforts to complement cost shifting with cost reduction efforts to make a bid price leaner is a new insight observed from this case study and different from findings in prior studies (McGowan & Vendrzyk, 2002; Rogerson, 1992; Thomas & Tung, 1992). Unlike observations in prior studies that cost shifting has no bearing on other segments of a business, the current study revealed repurcussions of PK's affected monopoly units. The repurcussios implied that before managerial maneuvering of allocated overhead costs was contemplated, PK's organization-wide productivity and efficiency issues could be reviewed to avoid cost shifting for a CCT exercise. Thus, the ex-ante cost shifting was perceived as a potential risky strategy that could jeorpardise the existence of other PK's other units in favour of external providers. The revealations are additions to extant research on cost shifting that risk considerations need to be weighed before efforts are made to use cost shifting for survival and efficiency enhancement.

Government organizations operate with limited budegetary resources. So there is an expectation that services provided from these organizations were provided as efficiently a possible. PK's competitive sgment did not have any gurantee for reimbursements for cost overruns. So cost shifting to monopoly units or other segments meant a synthetic efficiency of the competitve unit at the expense of the cost shifted units. This revelation is contrary to the extant literature on government sector organizations, especially in the health care and regulated monopolies, that cost reimbursment is guranteed even if there are inefficieincies within such organizations (Carey, 1994; EBRI, 1993; I. Eldenberg & Kallapur, 1997; N. S. Soderstrom, 1993; Sweeney, 1982). The negotiated cost shifting in PK exposed the weaknessess in the extant literature that cost shifted monopoly units can perceive cost shifting as a risky exercise which can affect their future operational existence, government inquiry and budgetary sanctions.

CONSLUSIONS

The current case study has explored if cost shifting can be used in an ex-ante service contract provisions, and if cost shifting can be used without posing any operational riks to the monopoly segments of a government organization. The study finds that cost shifting can be used as a temporary fix in a government organization with two pronged structures. In this study, the competitive segment shifted too much costs to monopoly segments in consultation with the upper management. This was due to uncertainties surrounding the outcome of the competitive bid. The study also revealed unanticipated risks and repurcussions from cost shifted monopoly segements and provides evidence contrary to those reported in the cost shifting literature.

The study has the inherent limitations of a single case study research though the evidence in this paper was rarely observed in the past. So the generalizations need to be used with caution. Multiple case studies from cross sections of government sector organizations may improve the reliability and validity of the conclusions reached in this paper. A signle bid in a competitive bidding exercise does not reveal if maximum benefit was achived from the competitive process. So, evidence from organizations where multiple bids in a competitive bidding exercise was received may improve the external vailidy of the findings reported in this paper.

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SMALL AND LARGE FACULTY-SIZE ADJUSTED ACCOUNTING PROGRAM RANKINGS BASED ON RESEARCH-ACTIVE FACULTY: A UNIFORM APPROACH

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ABSTRACT

Prior studies have ranked accounting programs based on the use of various methodologies, many of which did not control for faculty size. Even in studies that controlled for faculty size, a common issue was the inclusion of faculty and PhD students who were not research active. To resolve these sample issues, this study uses a sample of top-6 accounting journal publications over the 2006-2013 period to demonstrate an innovative, efficient, and uniform approach for calculating faculty-size adjusted accounting program rankings. This approach can be modified to include more accounting journals. Specifically, the study controls for faculty size by including only active researchers at each school: that is, authors who published during this period in one or more of the top-6 accounting journals. Consistent with prior studies, the analyses reveal that controlling for faculty size results in statistically significant changes in program rankings. Other study innovations include separate rankings for large (over 13 faculty members) and small (from 3-13 faculty members) accounting programs. Small school rankings, which have not been the focus of prior research, may provide programs with limited size an important measure of their quality that is potentially useful in recruiting faculty and students.

Keywords: *Accounting program rankings; Accounting rankings; Faculty-size adjusted rankings; Program rankings.*

Data Availability: *Data are available from sources identified in the paper.*

DISENTANGLING THE IFRS 1 DISCLOSURE: OBSERVATIONS FROM THE EARLY ADOPTION OF IFRS IN CANADA

Theresa DiPonio, Robert Morris University

ABSTRACT

The objective of this study is to provide evidence that how we analyze the implementation of IFRS is consequential to our ability to assess IFRS as a mechanism for financial reporting. In this study, IFRS 1 reconciliations are deconstructed to exhibit the financial magnitude of optional exemption choices permitted under IFRS 1, standard-to-standard differences, and equity component switching. Findings from this study demonstrate that optional exemption choices and equity component switching comprise the larger part of the financial magnitude of IFRS adoption, not standard-to-standard differences. Evidence from this study should prompt standard setters, regulators, practitioners, investors, and researchers to carefully consider how IFRS is being applied and the extent to which it is being adopted when assessing the standards for any attainment of relevance, quality, and comparability.

51 SHADES OF EMOTIONAL INTELLIGENCE AND ACCOUNTING

Melinda Kushniroff, Western Governors University

ABSTRACT

Emotional intelligence may allow accountants to perform better in leadership, team building, client relations, and decision-making. Unfortunately, very little is known about the antecedents to emotional intelligence; however, there have been attempts to improve the emotional intelligence of university students through online and classroom exercises. It has also been suggested that work experience is instrumental in improving emotional intelligence. In this study, I examined the emotional intelligence of a total of 430 first- and fourth-year accounting and liberal arts students at three universities with accounting programs that include different liberal arts requirements. I also analyzed the relationship between four components of work experience and emotional intelligence. My findings raise concerns for accounting program development and provide guidance for those seeking to facilitate relevant work experiences for students.

WHAT MAKES A CURRENCY? – THE BITCOIN PHENOMENON

Eric Lewis, Siena College

ABSTRACT

As the digital crypto-currency known as Bitcoin enjoys growing acceptance and popularity in the mainstream digital economy, policymakers, regulators, law enforcement, and consumers will make important decisions regarding the role of this new medium of exchange in the international financial system. Some of this work has begun, and the policy decisions are decidedly mixed. The near-term history of bitcoin will play out at the confluence of consumer preference, regulatory oversight, monetary policy, and law enforcement strategies. Whatever the outcome, the Bitcoin phenomenon promises to bring important changes to the way we transmit value, and to the work of the middlemen who own and operate the infrastructure of the legacy financial system.

WELCOME TO MYRTLE MANOR: THE FINANCIAL IMPACT OF REALITY TELEVISION ON THE GRAND STRAND OF SOUTH CAROLINA

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ABSTRACT

The objective of this project is to evaluate the types and magnitude of financial impacts that the reality television show "Trailer Park: Welcome to Myrtle Manor" *has on the surrounding Myrtle Beach and Grand Strand Community of South Carolina. Financial impacts considered include: Direct, indirect, and induced effects of production; merchandise sales; destination advertising; and film-induced tourism. Adhering to the Conservatism Principle in accounting, all estimates utilize third-party benchmarks of impact to provide a conservative and independent estimate of the financial impacts.*

Clients for this project include TLC's reality show Trailer Park: Welcome to Myrtle Manor*, as well as the show's production and distribution companies, Jupiter Entertainment and The Weinstein Company. This project serves as one of the maiden projects of the Community and Business Engagement Institute within the E. Craig Wall Sr. College of Business Administration at Coastal Carolina University in Conway, South Carolina. The Institute's mission is the following:*

> *"The Community and Business Engagement (CoBE) Institute is a chance to connect the subject matter expertise of our faculty and students to provide high-quality business solutions to the local community. Through collaborative consulting projects, students will receive real-world practical experience that develops critical thinking and problem-solving skills. In turn, local organizations will gain valuable business assistance from faculty experts in the field (Coastal Carolina University, 2015)."*

This study demonstrates that the reality TV series Trailer Park: Welcome to Myrtle Manor *has a positive financial impact on the Grand Strand economy of South Carolina, and does so in multiple ways. The results of the financial impact analysis include the following:*

- *The total direct production spending within the Grand Strand, excluding salaries, for Seasons 1-3 total $781,266.*
- *Using the economic impact factor currently employed by the South Carolina Film Commission and the South Carolina Department of Parks, Recreation, & Tourism, the total economic impact of production, excluding salaries, is $1,484,405 for the three seasons of filming.*
- *When considering the total estimated range of spending by visiting production staff, one leisure traveler would have to vacation in the Grand Strand for 41-52 years in order to create an equivalent financial impact.*

- *When considering the total estimated employee spending other than lodging, transportation, and meals – which is paid for by the production company – one leisure traveler would have to vacation in the Grand Strand for 12-16 years in order to create an equivalent financial impact.*
- *Utilizing current economic impact indicators and measures employed by the South Carolina Film Commission and the South Carolina Department of Parks, Recreation, & Tourism, the estimated financial impact of the production and staff is $2,078,270.*
- *Merchandise sales have totaled almost $800,000 and generated sales taxes paid to the state of $67,566.*
- *If only 1% of the visitors to the Grand Strand based their travel choice on images of the area seen in movies or TV shows, these film-induced tourists contribute over $101 million in gross retail sales, $186,608 in accommodations taxes paid, and $100,236 in admissions taxes paid.*
- *If each episode of the reality TV series* Trailer Park: Welcome to Myrtle Manor *is treated as the equivalent of only one 30 second nationwide primetime commercial, the three seasons of the show provided an Advertising Value Equivalency of $3,338,000.*

These results, adhering to the Conservatism Principle, provide strong evidence that the reality TV series Trailer Park: Welcome to Myrtle Manor *and its producers, Jupiter Entertainment and The Weinstein Company, are providing positive and multifaceted financial impacts to the Grand Strand of South Carolina.*

THE EFFECTS OF VOLATILITY AND LEVERAGE ON THE EARNINGS-GDP RELATION

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ABSTRACT

We find the ability of aggregate accounting earnings to predict future GDP growth is influenced significantly by changes in 1) market volatility and 2) average firm leverage. More specifically, we find increasing levels of market volatility are associated with earnings being more predictive of future GDP growth. We attribute this finding to the constraining influence of volatility on the discount rate signaling effect of earnings. Next, we find aggregate earnings predict GDP growth less when debt-to-equity levels have peaked and we attribute this result to the inability of earnings to predict GDP growth when capital is constrained. Results demonstrate the importance of controlling for macroeconomic factors such as the level of market volatility and firm leverage when assessing the ability of aggregate earnings to forecast growth in GDP.

Keywords*: aggregate earnings, GDP forecasting, market volatility, debt-to-equity*
JEL Classification*: D82, D84, G20*

POLITICALLY CONNECTED BANKS: SOME INDONESIAN EVIDENCE

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ABSTRACT

We investigate the impact of being politically connected on bank performance and cost of funding. We study 89 Indonesian banks over the 2001-2008 period disentangled into politically connected banks which can be state-owned banks and private banks as well as non-politically connected banks. Controlling for bank fundamental factors and time effect, we do find that political connections improve bank performance. Moreover, our results provide evidence that politically connected banks are benefited by getting a lower cost of funding. Finally, our result reveals that political connections are less valuable for foreign banks.

Keywords: Political connections, Performance, Cost of funding, Foreign Banks, Indonesia

SOCIAL ENTREPRENEURSHIP: A GLOBAL MODEL FOR EVALUATING LONG-TERM IMPACT

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ABSTRACT

How can social entrepreneurs across the globe ensure their long-term viability and impact? Researchers argue that the key to sustainability is demonstrating enduring results, i.e., an ongoing social value proposition delivered with fiscal responsibility. Financial audits aside, this belief implies a need for a temporally-based, social value measurement system. A review of the literature on performance measurement systems in general, and social value measurement in particular, yields a wide range of results and few conclusions, other than that the measurement of social value is challenging but useful. A cross-case comparison of four organizations tests a model proposed for the measurement of long-term impact. The dimensions encompass the externalities of the social value delivered by these enterprises as well as the fiscal foundation for its sustainability. Implications for application and further research about this theory-building and multi-dimensional and global approach are discussed.

EVALUATING THE "UNDERSERVED STUDENT" SUCCESS IN A PRINCIPLE OF ECONOMICS COURSE

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ABSTRACT

Math, reading and critical thinking skills are foundational tools among many college-level courses. However, many students from "underserved backgrounds" lack the exposure to rigorous pre college quantitative and qualitative programs. Without a grasp of these foundational tools, a student's performance in collegiate-level courses may be severely handicapped. This paper serves to analyze the pertinence of reading and critical thinking skill-sets along with math course intervention tools in enhancing student's comprehension in Principles of Economics courses. The authors examine the relationship of student's pre and post math and critical thinking skills on the overall performance of students in Principles of Economics course at a Historically Black College and University. The findings reveal that while math plays a significant role in increasing Principles of Economics students' scores, students' motivation to read is a greater predictor of performance in the principles courses. The implications of such findings, stress the importance of developing math and reading intervention tools within the economics principles courses.

DEPOSITORS BEHAVIOR UNDER DIFFERENT DEPOSIT INSURANCE COVERAGE: EVIDENCE FROM INDONESIA

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ABSTRACT

This paper investigates the impact of different levels of deposit insurance coverage on market discipline by depositors. It is generally argued that reducing the maximum guarantee would lead to improve depositor discipline. Taking advantage of the detailed quarterly data for Indonesian banks over the 2005 – 2007 period, it enables us to disentangle the behaviors of different kinds of depositors, more specifically insured and uninsured depositors, under different deposit insurance coverage. We do find that the deposit insurance system with limited coverage in Indonesia is credibly in which there is no bail-out commitment. It then leads to improve the monitoring efforts of depositors to banks. Moreover, we also find that the value of being state-owned bank increases with reducing the maximum deposit insurance coverage.

Keywords: Deposit Insurance, Market Discipline, Growth of Deposits, Interest on Deposits, State-owned Banks, Indonesia

THE INFLUENCE OF FINANCIAL 'SKIN IN THE GAME' ON NEW VENTURE CREATION

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David M. Wyman, College of Charleston, USA
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ABSTRACT

A common theme in entrepreneurship research is that the founder must be committed in order for a new venture to succeed. Although investments of time and sweat equity can indicate commitment, external stakeholders may prefer founders who have made a significant, personal financial stake in their nascent ventures. This personal financial commitment is known as "skin in the game." Founders that invest more of their own money into their ventures signal greater commitment to potential business partners, suppliers, and resource providers. This study examines the amount of personal funds invested by 1,214 nascent entrepreneurs in the United States, between the years of 2005 and 2012. Findings demonstrate that the dollar amount of personal money invested prior to launch does not significantly impact the creation of new firms. However, nascent entrepreneurs that invest larger amounts as a proportion of their net income are more likely to succeed and are less likely to disengage from the process. Personal funds invested as a proportion of net income may therefore be a better measure of future success than the precise amount. This study also shows that the founder's human capital, perceptions of community support, and industry characteristics influence startup outcomes.

INTRODUCTION

This study examines the financing of emerging ventures from the standpoint of the personal financial resources of the nascent entrepreneur. Given the popular adage that "skin in the game" signals entrepreneurial commitment to the venture, we investigate whether a founder's investment of personal funds is related to new firm creation. This study contributes to research on the concept of organizational emergence and the relative importance of financial capital (Gartner, Frid & Alexander, 2012; Kim, Aldrich & Keister, 2006). Our findings inform educators and policymakers as to the pervasiveness of the use of personal funds in the U.S. economy, how this affects startup success rates, and how characteristics of the entrepreneur and industry factors come into play.

HYPOTHESES DEVELOPMENT

Most new ventures are founded using the entrepreneur's personal savings (Berger and Udell, 1998; Carter and van Auken, 2005; Cassar, 2004; Gartner, Frid, & Alexander, 2012). A personal, financial stake in an emerging organization signals commitment to the venture, and also distributes the risk of entrepreneurship across both internal and external stakeholders (Atherton, 2012; Myers & Majluf, 1984). Prior research has shown that a better signal of commitment is the proportion of one's wealth invested in a nascent venture (Prasad, Bruton, & Vozikis, 2000). We hypothesize that the level and percentage of a founder's personal financial resources invested is a signal to external investors, customers and other stakeholders that positively impacts the firm's viability.

H_1: Nascent entrepreneurs that invest larger amounts of personal funds in their ventures are more likely to start new firms rather than disengage from the process.

H_2: Nascent entrepreneurs that invest a larger proportion of their net income into their ventures are more likely to start new firms rather than disengage from the process.

METHODOLOGY

The setting for this study is nascent entrepreneurship. Nascent entrepreneurs are individuals who are in the process of creating a new venture, but the venture is not yet an operational firm (Reynolds & White, 1993). The outcomes from actions undertaken during this phase are the successful creation of a new firm, or disengagement from the process. Examining nascent entrepreneurs' personal financial contributions to their ventures in this context avoids survivor bias that is inherent to prior studies.

Sample

The PSED II is a representative sample of 1,214 U.S. working-age adults who were actively engaged in creating new ventures between 2005 and 2012. Individuals who met four criteria were included in the final sample: (1) they considered themselves as involved in creating a firm, (2) they had taken some startup activity in the past 12 months, (3) they expected to own all or part of the new firm, and (4) their efforts had not resulted in an operating business (Reynolds & Curtin, 2007).

Variables

The dependent variable "outcome" reflects the results of a nascent entrepreneur's efforts and is coded as "1" for a new firm; "2" for still trying; and "3" for disengagement. The PSED II defines a new firm as income received for six of the past 12 months covering all expenses, including owners' wages and salaries; still trying as devoting more than 160 hours in the past 12 months to the startup, with expectations of 80 or more hours in the next 6 months; and disengagement as answering "yes" to the question, "Would you consider yourself disengaged from the business effort discussed a year ago?" (Reynolds & Curtin, 2008).

The two independent variables "personal funds invested" are the sum of the total amount of personal savings and credit card funds used between conception of the business idea and success or disengagement. The second independent variable is this sum divided by the respondent's net income. Of the 1,214 respondents in the sample, 1,105 (91 percent) provided an exact amount for their household income.

We control for the effects of human capital, community support, individual characteristics, and industry factors as they likely affect both success and the amount of personal funds invested in the business.

Estimation Procedure

A multinomial logistic regression is used to predict the probability of a nascent entrepreneur meeting one of three outcomes—starting a new firm, still trying throughout the data collection period, or disengagement. Model 1 tests Hypothesis 1 which predicts that the larger the amount of personal funds invested the more likely a new firm will result, controlling for human capital, community support, and characteristics of the entrepreneur and industry. Model 2 tests Hypothesis 2, which makes a similar prediction using the same controls, with the difference being that the independent variable is measured as the proportion of household income invested in the startup.

RESULTS

Table 1 depicts the total amount of personal funds invested (personal savings + credit card), and the proportion of household income invested, by each of the three nascent venture outcomes in the dependent variable. Nascent entrepreneurs that successfully start new firms invest $40,169 and 72.8 percent of their household income, on average. Those who disengage from the process invest $21,375—about half of those that succeeded—and only 21.9% of their household income.

Table 1
PERSONAL FUNDS INVESTED (TOTAL AND PROPORTION OF INCOME) BY OUTCOME

	New Firm		**Still Trying**		**Disengaged**	
	Total Personal $ Invested	*Proportion of Income*	*Total Personal $ Invested*	*Proportion of Income*	*Total Personal $ Invested*	*Proportion of Income*
N	237	220	273	241	600	550
Mean	**$40,169**	**72.8%**	**$38,678**	**46.6%**	**$21,375**	**21.9%**
Std. Deviation	$109,784	320%	$157,793	91.1%	$251,664	102%

Table 2 depicts the multinomial logistic regression analysis predicting whether the amount of personal funds invested affects new firm creation (Hypothesis 1, Model 1), and whether personal funds invested as a proportion of household income affects new firm creation (Hypothesis 2, Model 2).

Table 2
MULTINOMIAL LOGIT OF PERSONAL INVESTMENT ON STARTUP OUTCOMES

	Model 1 (Baseline = Quit)		**Model 2 (Baseline = Quit)**	
	New firm	*Still Trying*	*New firm*	*Still Trying*
Personal $ invested *Model 1=$* *Model 2=$/Net Income*	0.45 (4.03^{-07})	0.28 (3.81^{-07})	**2.74**** **(0.156)**	**2.47**** **(0.152)**
Work experience	**3.52***** **(0.009)**	**2.34*** **(0.009)**	**3.12***** **(0.009)**	**2.19*** **(0.009)**
Managerial experience	**2.88**** **(0.011)**	0.42 (0.011)	**2.38**** **(0.012)**	0.41 (0.011)
Startup experience	-0.76 (0.080)	0.78 (0.089)	-0.64 (0.085)	0.04 (0.089)
Years of education	**1.89*** **(0.099)**	0.35 (0.086)	**1.65**** **(0.101)**	0.77 (0.935)
Age	**-1.95*** **(0.077)**	-0.07 (0.087)	-1.51 (0.082)	0.17 (0.093)
Community support	-0.86 (0.094)	**-1.98*** **(0.081)**	-1.11 (0.095)	**-1.81†** **(0.086)**
Race	0.82 (0.162)	0.99 (0.153)	0.84 (0.169)	0.70 (0.159)
Sex	-0.38 (0.164)	-1.29 (0.139)	0.05 (0.184)	-1.39 (0.143)
Self efficacy	-0.65 (0.147)	-0.5 (0.148)	-0.37 (0.157)	-0.65 (0.152)
Growth intentions	0.67 (0.059)	-1.47 (0.048)	0.66 (0.062)	-1.45 (0.051)
Legal form	**-4.65***** **(0.004)**	**-2.94**** **(0.003)**	**-4.35***** **(0.005)**	**-2.75**** **(0.003)**
Industry	1.03 (4.95^{-07})	0.21 (4.80^{-07})	1.01 (5.14^{-07})	0.13 (5.02^{-07})
Independent venture, or:				
Takeover	1.43 (0.750)	-0.15 (0.458)	1.07 (0.740)	0.22 (0.565)
franchise	-1.26 (0.267)	**-2.34*** **(0.140)**	**-1.63†** **(0.224)**	**-2.39**** **(-0.135)**
Marketing initiative	0.11 (0.432)	-0.90 (0.294)	-0.16 (0.402)	-0.86 (0.309)
sponsored by biz	**3.13***** **(0.768)**	0.14 (0.388)	**3.35***** **(0.907)**	0.64 (0.489)
Years in process	0.85 (0.025)	**7.21***** **(0.023)**	0.42 (0.026)	**6.77***** **(0.023)**
N	1050		971	
-2 Log likelihood	-950.5828		-875.3914	
Pseudo R^2	0.0967		0.1015	
χ^2	203.51***		197.68***	

*Significance notation: ***0.001; **0.01; *0.05; †0.1*

Hypothesis 1 predicted that the larger amounts of personal funds invested will increase the likelihood of successful new firm creation over disengagement from the process. Hypothesis 1 is not supported, as we find an insignificant statistical association between the amount of personal funds invested by a nascent entrepreneur and the likelihood of starting a new firm. The findings from Model 1 are detailed below:

Hypothesis 2 predicted that the larger amounts of personal funds invested, as a proportion of household income, will increase the likelihood of successful new firm creation over disengagement from the process. Our results support Hypothesis 2 as we find that a marginal increase in personal funds invested as a proportion of household income is associated with an approximately one-third increase in the likelihood of successfully starting a new firm. The findings from Model 2 are detailed below:

DISCUSSION

We test whether the concept of skin in the game translates into performance and find that as the funds invested proportional to household income increases, the likelihood of successful new firm creation increases. Our findings indicate that a nascent entrepreneur's "skin in the game" in a new venture is an important signal for external stakeholders. Based on our findings, we would encourage external sources of finance (i.e., banks, investors, the Small Business Administration) to investigate the relative amount that an entrepreneur has invested in their new venture, rather than the absolute. These findings reiterate the importance of personal savings and investment in the launch of a new venture (Cassar, 2004; Gartner, Frid, & Alexander, 2012).

CONCLUSION

This study is encouraging to anyone considering starting a business, or currently attempting to do so. It shows that entrepreneurial success is not determined by how much money one invests, but rather by their level of *relative* commitment. Individuals who shoulder the risks of entrepreneurship by investing a large proportion of their household income are more likely to successfully create new firms.

Financing one's own entrepreneurial endeavors can be stressful and difficult, especially for the poor or those who are otherwise financially constrained. Perceptions of these difficulties may stem in part from the belief that, "I don't have enough money to start the business I want." However, it is the proportion of funds one invests that leads to success, and very likely to attracting external partners and investors as well. We therefore believe this to be a key metric for both future entrepreneurship research and education.

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References are available upon request.

THE INFLUENCE OF RELIGION ON BECOMING AN ENTREPRENEUR IN THE UNITED STATES

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ABSTRACT

This research examines the religious influence on the choice of an individual to become an entrepreneur. The undertone of this research examines the preference of Christians versus non-Christians who decided to become and entrepreneur in the United States. Previous research has linked entrepreneurship decision to individual risk preference while controlling for other individual characteristics. This research uses a unique approach by suggesting that the employment choice is influenced by ones religion. Using data from the General Social Science Survey, we use a logistic likelihood model to determine the probability of being an entrepreneur given ones religious preference. Furthermore, we examine the level of religiosity on the decision to become self-employed. Results suggest there is an increase likelihood of being an entrepreneur (Self-employed) for non-Christians versus Christians. However, Christian has an increased likelihood of preferring to be self-employed versus non-Christians.

Key Words: *Risk, Entrepreneurs, religion, religiosity, employment, choice*

INTRODUCTION

This research seeks to identify the influences of religion on the potential of being an entrepreneur in the United States. This question has specific undertone to whether being a Christian or non-Christians have an increased likelihood of becoming an entrepreneur. Much of the literature that has examined this influence has been examined in other countries and not specifically the United States. In the article by Audrestsch et. al. (2007), that examined the relationship between religion and entrepreneurship in India, found that Hinduism decreases the likelihood of being and entrepreneur. They further found that other religions such as Christianity and Islam are more conducive for entrepreneur preferences. This finding could be influences through the culture of India having majority of the population selecting Hinduism as their religious belief. In the United States, Christianity is the major religion that could suggest an inverse relationship between majority religion in a country and probability of becoming entrepreneur.

Religion, similar to any other belief, constrains our decision and economic behavior. Hill et.al. (2014) examined the influence of religion on individual's behavior in their choice of contraception preferences. Hill et.al.(2007 found that being Catholic had a strong likelihood to the use of planned contraceptive methods versus unplanned methods. McCleary and Barros (2006) examine how an honesty and work ethic is influenced by an individual's level of religious belief. In these models, economic outcomes (e.g., labor force participation and income) are determined by various demographic characteristics and religious belief (Arano et. al. 2008). Religious belief is considered by much of the literature as one of the most influential determinants of individual's behavior.

METHODOLOGY

To understand the role that religion and religiosity influences the decision to be come an entrepreneur, we begin with the derivation of the decision to be come self-employed. This research extends the model first constructed by Rees and Shah (1986). Our research makes assumption and changes to their model that is justified later in this section. The model is derive by assume that the decision to work is based on a binary decision of being self-employed or an employee.

According to Rees and Shah (1986) it follows that the decision is best represented by the following hedonic index, Q_j, where J represents Self-employment (SE) or paid employment (E). This decision is characterized with factors of work characteristics and other weights such that

$$Q_j = \sum_n \delta_{nj} q_{nj} \tag{1}$$

where q_{nj} are work characteristics and δ_{nj} are the corresponding weights.

From this functional form it can be stated that if $Q_{se} > Q_e$ then self-employment has the greater utility. From this we begin to derive how variances in characteristics lead to employment choices.

From Rees and Shah (1986), the choices of employment status are based on Education, Age, Health, Marriage, Children and Race. These factors are all measureable characteristics. Many of these variables are supported by various other literatures. Risk (Kihlstron and Laffont, 1979), education (Bates, 1990), personality characteristics (McCelland 1964) and job and income characteristics (Evans and Leighton, 1989) are all found to influence the decision of an entrepreneur. In our research, a measure of religiosity or religion is added in the characteristics of determining to become self-employed. Religion is a measurable observation of an internal drive by the individual that was not originally introduced. This research suggests that employment opportunity like many other decisions are influenced by the religiosity or religion that one is affiliated.

$$I_i^* = \alpha_1(income) + \alpha_2 ED_i + \alpha_3 AGE_i + \alpha_4 Married_i + \alpha_5 Child_i + \alpha_6 Race_6 + \alpha_6 Religiosity_i - \mathcal{E}_i ,$$

$$\mathcal{E}_i \sim (0, \sigma^2) \tag{8}$$

To estimate (8) a logit model is used with odd ratio reported to measure the likelihood.

DATA

To estimate the logistic regression specified earlier, we use data from the General Social Science Survey (GSS). This survey provides an opportunity to examine any of the characteristics specified above. Furthermore, this survey provides enough observation, approximately 57,000, to where this research can provide emphasis of the influences on being self-employed. Below provides a description of variables in the research.

RESULTS

Table 1 provides the descriptive statistics for the following variables of consideration. From the sample there were 57,061 observations. In this data about 11% (6197) are self-employed. The average age of individual is 45 with the majority of the sample selecting white as their race (18% non-white). About have the sample identified as being married and the average household has about 2 children. It can be seen that our income variable shows about 42% of the sample makes about $25000. Furthermore, the High School degree is the average level of education. The variable of consideration that we put emphasis on is Religion and Strength of Religion. From the sample, 84% identified as Christian and 16 % identified as non-Christian. Lastly, the about 71% of the sample identified them self as having a strong religious belief.

Table 1
SUMMARY STATISTIC

	MEAN	STD	MIN	MAX
WORKSELF	.1157258	.3198988	0	1
PREFER	.3521931	.4777158	0	1
SEX	.4406863	.4964738	0	1
RACE	.1877114	.390485	0	1
AGE	45.69795	17.47211	18	89
INCOME	.4269116	.4946336	0	1
MARITAL	.5390897	.498474	0	1
CHILDREN	1.952848	1.791539	0	8
RELIGION	.8426421	.3641411	0	1
STRENGTH	.7160057	.450938	0	1
EDUCATION	12.75359	3.181642	0	20
N	57061			

To begin answering the question about the impact of religiosity on the decision to become an entrepreneur, using equation (8) this research begins by estimating the logistics regression reporting odds ratio. Table 2 reports the Equation 8 measuring the Religious Affiliation and the strength of religion. It can be gleamed that for model (1), the being male increases the likelihood of being self-employed. Being non-white, decreases the odds of being self-employed 37%. The main emphasis of the research is to examine the effect of religion. From this model, it can be seen that being a Christian decreases the chances of being self-employed by 31%. When we examine model (2) in Table 2, we find that those who are stronger in their religious belief has an 11% decreased likelihood of being self-employed. From this table we can, see that strength of religion and religions are significant influences on the self-employment decision. The level of religiosity decreases the level of self-employment participation.

Table 2
LOGIT ANALYSIS ODDS RATIO FOR BEING SELF EMPLOYED

	(1) RELIGION AFFILIATION AND SELF EMPLOYED	(2) STRENGTH OF RELIGION AND SELF EMPLOYED
WORKSELF		
SEX	1.887***	1.916***
	(0.05)	(0.05)
RACE	0.638***	0.641***
	(0.03)	(0.03)
AGE	1.018***	1.018***
	(0.00)	(0.00)
INCOME	1.178***	1.194***
	(0.04)	(0.04)
MARITAL	1.222***	1.194***
	(0.04)	(0.04)
CHILD	1.043***	1.038***
	(0.01)	(0.01)
EDUCATION	1.017***	1.021***
	(0.00)	(0.00)
RELIGION	0.699***	
	(0.03)	
STRENGTH		0.892***
		(0.03)
_CONS	0.035***	0.028***
	(0.00)	(0.00)
N	53129	53129

Exponentiated coefficients; Standard errors in parentheses * p<.10, ** p<.05, *** p<.01

Table 3 reports the logistic regression odds-ratio, for the sample when we consider whether the respondent prefers to be self-employed. Interestingly, males are 45% less likely as well as being non-white are approximately 20% less likely to prefer being self-employed. Observing the main variable of conversation, Christians are 35% more likely to prefer being self-employed. Also, individuals who have a high level of religiosity are 17% more likely to prefer being self-employed. It seems clear from Table 13 that once entering into self-employment, being religious and a Christian, become positively related to this employment preference.

Table 3:
LOGISTIC ODDS RATIO ANALYSIS FOR PREFERRING TO BE SELF EMPLOYED

	(1) RELIGION AND SELF EMPLOYED	(2) RELIGIOSITY AND SELF EMPLOYED
PREFER		
SEX	0.551***	0.546***
	(0.04)	(0.04)
RACE	0.806**	0.811**
	(0.07)	(0.07)
AGE	1.013***	1.013***
	(0.00)	(0.00)
INCOME	1.246***	1.246***
	(0.10)	(0.10)
MARITAL	0.880*	0.887
	(0.07)	(0.07)
CHILD	0.964	0.966
	(0.02)	(0.02)
EDUCATION	0.975**	0.974**
	(0.01)	(0.01)
RELIGION	1.356***	
	(0.13)	
STRENGTH		1.177**
		(0.09)
_CONS	0.435***	0.499***
	(0.10)	(0.11)
N	3821	3821

Exponentiated coefficients; Standard errors in parentheses * p<.10, ** p<.05, *** p<.01

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Provided on request

THE IMPACT OF CHANGING ASSESSMENT: DOES IT MAKE A DIFFERENCE TO STUDENTS' GRADE PERFORMANCE?

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ABSTRACT

Assessment in the higher education sector is widely researched for its relevance to outcome measurements in different forms such as grade performance, students' exit skills at graduation, and employability. A widely used form of assessment, summative assessment, gauges students' performance along these dimensions. Summative assessments are reflective of students' performance and achievements in a subject and can be used during or at the end of any academic period. However, summative assessment is criticized for its lack of timely feedback to students, and in failing to motivate and engage students in teaching and learning activities.

The current quasi-experimental study reports the impact of a change in assessment from a single summative paper based mid-term examination to three short online, open book, continuous mid-term summative examinations in a third year management accounting subject. Assessment change was contemplated due to the institution's changes in subject and course delivery platform, to free staff time in research and professional development activities and also to trial its online assessment facilities. The subject is a compulsory third year accounting unit taken mostly by accounting majors. The key objective of the study is to explore the impact of the change in assessment on students' performance in other ongoing summative assessment items and overall exit score (and the grade) in the subject. A number of statistical analyses were made using data of students' grades before and after the changes in the assessment item (that is, mid-term). The analyses revealed that students' performance, as measured by marks in the final exam, overall marks and the final grade in the subject did not significantly improve as a result of the change in mid-term examination format. Other measures of performance such as changes in student numbers in different grade categories did not reveal changes at any statistically significant level.

The findings of this study are contrary to common views in the literature that changes in assessment improve grade performance in a subject. In fact, the performance of the students in subsequent summative assessment and overall marks in the subject slightly declined after the change in the assessment item. No evidence of increased efforts to learn, engage and grasp the subject content was found. Overall, the study reinforces the traditional argument that the paper based assessment still works as good as, if not better than, technology driven assessment such as online open book examinations.

The findings of this study are limited by its small sample size, and therefore generalizations need to be validated by a larger sample, by including different subjects in the study and/or by conducting studies in different institutions. Although some variations in assessment practice are desirable in any institution, especially by the teaching and learning development staff, teachers involved in subject delivery should change assessment items with caution.

***Keywords**: motivation, learning, engagement, continuous assessment, summative assessment, online quiz*

INTRODUCTION

Assessment in higher education is a means to measure students' performances and teaching outcomes. Summative assessment, the most common form of assessment, is mainly used to award students' scores on attempts in examination content, and usually conducted in supervised time constrained assessment environment (G. A. Brown, Bull, & Pendlebury, 2013; Hernández, 2012). Quite often a single end of session assessment or one mid-term and a final exam is commonly used as summative assessments in any subject. Empirical studies report improvement in teaching and learning outcomes when summative assessment is changed in supervised examination conditions (Greer, 2001; Hernández, 2012; Marriott & Lau, 2008)

The current quasi-experimental study explores the impact of a change in a paper based supervised summative mid-term examination to three short online unsupervised summative, on-line, mid-term examination on students final examination marks and overall marks in a management accounting subject. Using data from two years, before a change and after a change in mid-term examination, the study reports a number of important insights contrary to extant literature. The statistical analyses report that after the change in assessment, the final examination and overall marks in the subject declined slightly. The findings refute the conventional wisdom that changes in assessment improve students' performance (measured by marks or scores in a subject). The study has implications for academics contemplating moves to continuous and unsupervised online examination.

The rest of the paper is organized as follows: the literature is reviewed in section two followed by the background of the study. The research method and the results are then discussed followed by the conclusions.

LITERATURE REVIEW

Assessment is a way of evaluating students' work, making inferences about the work and estimating the worth of students' actions (G. A. Brown, et al., 2013). Hernandez (2012) adds that assessment is about grading and reporting student achievements and about supporting students in their learning. Brown (2004) recommends the use of a variety of assessment practices so that students can demonstrate their abilities and optimize their potential. Rust (2001) argues that assessment practices should be dynamic enough to have a positive effect on students' learning. Empirical studies reported a positive effect of learning from assessment and improvements in grades from changes in assessment practices (Greer, 2001).

In higher education context, two types of assessment items are widely used: summative and formative. Hernandez (2012) labels summative assessment as 'assessment of learning' and formative assessment as 'assessment for learning'. Summative assessment is compulsory in nature, usually completed as a single submission of work and provides little opportunities to students to reflect on how they are progressing (Marriott & Lau, 2008). Summative assessment is used as a performance indicator (Knight, 2001) to gauge learner's achievements against predetermined grading criteria. These strengths can be regarded as failing of summative assessment for its failure to take a holistic view of learning of subject content and focus on rewarding (related to assessable work) aspects of learning (Marriott & Lau, 2008).

Formative assessment on the other hand is an optional nature of assessment which does not contribute to final outcomes (Aisbitt & Sangster, 2005; Marriott & Lau, 2008). It is seen as a lifeblood of learning (Rowntree, 1987) and expected to provide feedback to students that may improve, accelerate and enhance learning (Sadler, 1989). The success of formative assessment in terms of increased grades is largely unproven as majority of the studies produced mixed results (Aisbitt & Sangster, 2005; Sangster, 1996)

Both formative and summative assessments have merits and demerits so combining the best aspects of these two types of assessment may be appropriate as interventions. Empirical research has revealed successful combination of both types of assessment (Lewis & Sewell, 2008; Trotter, 2006). Marriott and Lau (2008) argued that summative assessment can be a single piece of assessment or a series of assessments delivered throughout a teaching period which could take the form of essays, tests and presentations (see alsoPurvis, 1990). When continuous assessment is used, it is aimed to monitor their performance and provide timely feedback that could be used to improve future performance (Marriott & Lau, 2008). The use of continuous summative assessment throughout the teaching period can be perceived to have formative and summative function in that the performance in one test can feed forward to the next, thus possessing the attribute of a formative assessment.

While formative and summative assessment practices have taken different forms, there is an increasing level of use of technology to enhance both types of assessment tasks. Computer aided assessment (CAA) is one form of assessment technique used in both summative and formative assessment (Bull & McKenna, 2003). It is regarded as an efficient assessment option (Marriott & Lau, 2008) because this form of assessment does not place excessive burden on staff and students (Light, Calkins, & Cox, 2009). CAA can provide timely feedback to students which can enable students to identify their weaknesses, reflect on their performance and improve their study skills (Aisbitt & Sangster, 2005; Lewis & Sewell, 2008). CAA also offers options for "sustainable assessment" which encompasses knowledge, skills and predispositions required for lifelong learning activities (Boud, 2000, p. 151).

Regardless of the assessment type or the way they are used, students must be engaged in teaching and learning activities, receive timely feedback on their work and be motivated by the assessment to study hard. Assessment can be used to provide *motivation* which is connected to a desire to participate in the learning process, students' desires to involve or not to involve in activities. Ottewill and Macfarlane (2003) identified students may be motivated to learn but may have different sources of motivation such as extrinsic rewards from studies (e.g., good job, good career) and intrinsic rewards (e.g., love of learning and intellectual development (Biggs, 2011; Light, et al., 2009). Rowntree (1987) observed that assessment can be used to encourage students to learn and Gibbs (1988) found that assessment can have positive motivational effect on students learning (see also, Race, 1995). However, Rowntree (1987) noted that there may be some students who claim to be distracted and enervated by assessment tasks.

Engaging students in teaching and learning is an important factor and is influenced to a large extent by institutional practices. Institutions that fully engage students can regard themselves as a high quality institution (Kuh, 2001a), this is empirically confirmed in a survey conducted in the USA and Canada (Kuh, 2001b). Students engagement can also be improved by frequent and timely testing and feedback (Oliver, 1998) because frequent testing will require more studies and practice with time provisions of timely feedback (Kuh, 2003).

There is an increasing recognition in the educational literature that assessment should enhance students *learning* (S. Brown, 2004; Holroyd, 2000). Carless (2007) and Joughin (2009) propose that terms learning-oriented assessment. Heywood (2000) argues that since the outcome of any learning process is the requirement to participate in assessment activities, learning should be driven by the assessment, what the students learn and how they learn these (Boud, 2012). To be able to achieve these aims, Brown (2004) argues for learner-centred curriculum. Further, an assessment should also test students' ability to demonstrate what is achieved through their learning (S. Brown, 2004). Ramsden's (2003) fourteen rules of assessment emphasises learning as important reasons for assessing students, and Biggs (2011) argues for assessment practices to reinforce learning.

Finally, one of the main purposes of any assessment is to provide feedback to students (Carless, 2007; Joughin, 2009). Feedback is the most critical element in facilitating students' learning (Gibbs & Simpson, 2004). Brown (1999) proposed three components of feedback: the content and process of assessment, judgements made on assessment, and finally, mitigations strategies to address the gaps between expected and actual performance in an assessment. Feedback to students ranges from a grade with some minor comments to modern day use of detailed feedback in the form of assessment Rubrics. Carless (2007) argues that students' learning is supported by setting tasks to assess students' learning, keeping provisions for effective feedback and allowing autonomy and responsibility to monitor and manage students' own learning.

RESEARCH BACKGROUND

This quasi-experiment is based at a regional university in Australia and involves third year majors in Accounting and Finance studying compulsory three credits Management Accounting subject. The subject can also be taken as an elective subject by students studying for their majors within the faculty. An undergraduate program comprises of 72 credits for subjects studied over a three year period, each year offering eight 3 credit subjects. The subject is delivered over a 13 week period with a break between weeks, once per year. The students attend a two-hour lecture, one-hour tutorial (with a class size of 25 students) and a one-hour workshop. The sessions are optional but students are strongly encouraged to attend as many sessions as they can. Recently the university commenced online studies, this subject is also taught online as part of the university's flexible delivery program.

The assessments

The assessment for the subject in 2013 comprised of one time-constrained one-hour mid-term examination, covering the first six weeks of lecture material, one group assignment (20%) and one final examination at the end of semester. To be able to pass the subject, students are required to pass the invigilated (supervised) components of the subject, worth 80% of the total marks. The mid-term exam in the subject is a closed book, time constrained, multiple choice test for one hour until recently when the university introduced online courses. The questions were primarily drawn from the topic areas and tested students' knowledge, comprehension, and application skills. Due to changes in technology in delivering course materials, to align assessment across all modes of delivery and to trial the efficacy of real time online assessment, the change in assessment was contemplated in 2013. The relatively poorer performance in the final examination compared to the mid-term examination was the other pressing reason to change the assessment.

Assessment revision is a common practice in higher education and is motivated by the findings in the literature that a revision in assessment improves learning, engagement and enthusiasm in students (see for example, Greer, 2001; Marriott & Lau, 2008). Accordingly, the assessment in the subject was revised in 2014. The paper based mid-term exam, covering 50% of the total topics, covering lectures one to six, was replaced with three phased in online multiple choice tests worth 5% each covering only two lectures (two chapters) at a time. The tests were to be done online (unsupervised), comprised 10 multiple choice questions to be completed within 30 minutes. Though students were required to attempt only 10 questions, 20-25 questions were kept in two separate pools so that each student got different sets of theory and problem questions. In order to prevent plagiarism and collusion, answer choices were also randomized so that each student would see answer choices in different order. As a further precaution, alphabets for answer choices (a, b, c, and d) were removed and replaced with a tick box. The tests were scheduled for completion within a thirty minute timeframe through the university's on-line subject delivery platform based on the Blackboard educational software. The scores of the quizzes were made available on a real through the online testing portal in Blackboard software. The students were allowed to check their answers against the actual answers after everyone completed their tests.

RESEARCH METHOD

Data for the study was collected from the university's central database. Assessment marks for the years 2013 and 2014 were accessed. In 2014, 46 students were enrolled and in 2013, the enrolment numbers were 42. The assessments weights differed between the two years. In 2013, the final examination was worth 60%, the mid-term test was worth 20% (both supervised under strict exam conditions) and the group essay was worth 20% (unsupervised, take home exam). In 2014, the final examination was worth 65% (the only supervised component in the subject), the online open book quizzes were worth 15% (5% each) and the group essay was worth 20% (unsupervised, take home exam). Though the assessment weights were different between these two years, the weight was adjusted for comparability, using 2013 as the base year. Descriptive statistics, test proportions and t-tests were used to analyze the data collected for this study.

THE RESULTS

The analysis of data revealed a correlation of only 0.235 between paper based supervised mid-term test and final examination ($p=0.135$, or not statistically significant at 5% or 10% level). The analysis of data revealed a correlation of 0.373 between group essays (unsupervised) and final examination ($p=0.015$, or significant at 5% level). Surprisingly, essay marks were significantly related to mid-term examination (problem solving and theory type questions) ($r=0.365$, $p = 0.017$). Thus, the revelation is that the paper based mid-term test did not significantly engage students to learning the subject material to perform well in the final examination. On the other hand the essay assessment significantly contributed to final examination preparation.

The final examination marks were significantly correlated to average quiz marks and the essay marks. The correlation between the final exam and average quiz marks were significant at 5% level ($r= 0.307$, $p = 0.308$), and the final examination and essay marks were also significant at 5% level ($r= 0.368$, $p= 0.012$). Surprisingly, none of the quizzes had any significant correlation with the final examination marks. However, there were significant correlation between quiz one and quiz three ($r_{1,3}$ = 0.416, p = 0.004) and quizzes two and three ($r_{2,3}$ = 0.489, p = 0.001). The average quiz marks and the essay marks were not significantly correlated at $p<$ 0.05 level (r= 0.244, p=0.102).

In order to understand the impact of intervention on final exam marks in 2014, , t-test of average marks were conducted. The results revealed no significant statistically significant improvement in final exam marks in 2014 from the year 2013 (t= 0.553 and p= 0.709). However, there was a small improvement in average marks in 2014 (1.13 in absolute terms or 1.89%). The t-test also revealed a slight decline in quiz marks which is not statistically significant at 5% level (t= -0.433, p=0.3329). We have run a similar analysis of marks in essay assessment and did not find any decline in average essay marks in 2014 at 5% level (t=-0.751, p= 0.2297).

In order to determine the improvements in students' performances, we have used test of proportions for students receiving a credit or better grade. In 2014, 54.3% of students received a Credit or better grade compared to 59.5% in 2013. The test of proportions result showed a Z-Score of -0.4896 and a p-value of 0.62414. The result is not significant at $p < 0.05$. So the intrinsic motivation to engage and learn did not eventuate from a change in assessment practice. Comparisons of pass rate revealed no statistically significant improvement in 2014 over the year 2013. In 2014, the pass rate was 78.3%, a decline from 88.10% in 2013. The Z score for the change was -1.23 (p= 0.78) and was not statistically significant.

CONCLUSIONS

Two primary objectives were set for this research: if a change in assessment item can make a difference to students' performance in summative examinations and if the performance differences, measured by final exam marks and overall marks, are statistically significant.

The evidence rejected the findings in the extant literature (Aisbitt & Sangster, 2005; Greer, 2001; Hernández, 2012; Marriott & Lau, 2008) that an assessment change improves students' performance in a subject. In fact, students' performance, as reflected in the final exam marks, and the overall marks, declined slightly as a result of this change. Though students were engaged in learning and teaching through the newly adopted technology, the decline in performance did not significantly improve to justify a change in assessment. However, convenience of the teaching staff and the students may be the only positives if such a change is ever required for workload related reasons.

The study has obvious limitations of a small sample study, so the generalizations must be used with caution. The findings can be validated by repeating this study in other subjects with similar subject content, in other assessment formats and in other academic institutions. Other confounding influences such as students' perception about open book examinations, commitments of time and preparation for the online quizzes and time allocation to other subjects based on the belief that open book exams need less time, may have affected the results of this study. The inclusion of these variables in future studies may be worthwhile.

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CRITICAL THINKING SKILLS FOR BUSINESS SCHOOL GRADUATES AS DEMANDED BY EMPLOYERS: A STRATEGIC PERSPECTIVE AND RECOMMENDATIONS

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ABSTRACT

The AACSB's (international accreditation body for business schools) call for business majors to be critical thinkers (CT) is not a new phenomenon but a renewed emphasis on a skill that has been in demand for some time. Recently, the results of surveys conducted by the Chronicle of Higher Education (Supiano 2013) and by the Association of American Colleges and Universities (2013 Press Release), found that American adults (n=1000) and employers (n=263) want colleges to produce graduates who can think critically and creatively, and can communicate orally and in writing. These results suggest that faculties teaching in academia should have a clear understanding of CT so that they can teach these skills to students. There exists, however, in the literature (as well as the authors' experience) a certain level of ambiguity in the understanding of CT, and raises the fundamental question: Is analytical skill the same as CT skill? This ambiguity leads the authors to believe that, in the absence of a clear definition of CT, there is a wide difference in faculty perceptions of CT. Thus, there are two issues. First, is there a common perception of the concept of CT among business school faculty and secondly, do business students actually learn how to think critically. The authors empirically test to understand and address the differences that possibly exist with instructors' perceptions of CT. The concept of critical thinking is discussed based in the literature review. The instructors' perceptions of CT are based on a survey of their approach to teaching and defining CT in business schools. The results of the literature review and the surveys are then analyzed and compared to understand the instructors' differences in perceptions of CT. Given the result of data analysis, the authors recommend that business schools develop a common understanding of what constitutes CT skills and then provide a standard where an alignment between business schools and their faculty can focus on CT skills in addition to analytical skills.

ENHANCING STUDENT PARTICIPATION AND COURSE OUTCOMES IN ONLINE GRADUATE COURSES

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ABSTRACT

This study presents some taxonomies, frameworks, theories, and models that help us to understand various stages of learning and the changing roles of instructors and students as online instruction has become more prevalent over time. Some methods for enhancing student learning and course outcomes are presented here for online graduate courses. In particular, the authors find the use of templates, assessment rubrics, sample projects, and sample assignments as very helpful in facilitating students' learning and in improving course outcomes.

BUILDING PROFESSIONAL SOCIAL CAPITAL AMONG HBCU BUSINESS STUDENTS: A PILOT STUDY

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ABSTRACT

This paper provides a review of the social capital literature related to professional and career success. It describes an innovative class exercise where students at a historically black university (HBCU) develop their professional brand and network. In addition, it reports the results of pilot study in which student success in establishing professional linkages is compared with previously reported studies.

Scholarly interest in the concept of social capital among business researchers has been growing over the past decade. The essence of social capital is that the goodwill that others have toward us is a valuable resource. Goodwill involves sympathy, trust, and forgiveness by friends, family, and colleagues. The benefits of social capital flow from the information, influence, and camaraderie it provides. The sources of social capital lie within the social structure or community in which the individual resides. Two types of social capital have been noted in the literature: bridging and bonding. Bridging involves external linkages, while bonding refers to the individual's internal characteristics or self-identity.

The management literature has linked social capital to career success. Seminal studies suggest that social capital can be understood via the size and composition of network structures and the nature of social resources in the network. The impact of social resources on career success are thought to be related to three network benefits: access to information, resources, and mentorship.

The importance of higher education to career success is well documented, however there is a growing understanding that social capital is also a significant factor, especially in acquiring employment within a student's major. Thus, the development of professional social capital while in school is important to business students. However, it is vital for those students who come from disadvantaged backgrounds and communities with limited social capital relevant to the business world, relatively few professional networks, or role models. With rising student debt loads and default rates, as well as low graduation rates, HBCUs are facing increasing questions about the value proposition of higher education by students, parents, regulators, and the government. Hence, understanding the role of social capital in achieving "gainful employment" among their student body is critical.

Technological advances have enabled the rapid growth of social media over the past decade. As a result, most students are customers of popular social media sites such as Facebook and Instagram. These sites have changed the way students and society at large learn, communicate, and participate in the marketplace of ideas, products, and services. While students are familiar with the principles and practices of social networking in personal relationships, recent research has revealed that they are unfamiliar with the application of social media for personal branding, professional networking, and career success.

In the business context LinkedIn is the leading professional networking site used by millions of people around the world to build and maintain effective professional networks. Unfortunately, recent research shows that business students are unfamiliar with this powerful tool. Furthermore, scholarly exploration of the use and impact of social media-based professional networking in the classroom among business students has been quite limited. After completing a class assignment to develop a personal brand and professional network using LinkedIn, junior and senior business majors were surveyed concerning their network size and composition. The results revealed significant differences in the size and composition of professional networks students were able to develop when compared with a traditional state university. This suggests that much work remains to be done both in the classroom and university career centers to assist historically disadvantaged students in achieving career success.

ASSESSING STUDENT PROBLEM SOLVING USING STRUCTURED VERSUS UNSTRUCTURED

Angela Tidwell, Howard University

ABSTRACT

This paper examines student problem solving performance through the use of case study analysis in a required graduate business course. Enrolled students were divided into two groups and assigned to solve the problems of a recent case study. One group was given general (unstructured) instructions to analyze the case. The other group was given detailed (structured) instructions to analyze the case. Problem solving is defined using Bloom's Revised Taxonomy. The literature review investigates research studies that have indicated how problem solving has been defined and how case based learning is used to assess student performance. A single factor ANOVA was used to determine whether there was a significant difference between the groups. Results showed that students who received structured instructions had higher problem solving scores on various levels of Bloom's Taxonomy. The benefits and limitations of the study are discussed.

ENTREPRENEURSHIP SOCIAL COMPETENCE AND PRODUCT INNOVATION TO IMPROVE BUSINESS NETWORK AND MARKETING PERFORMANCE OF SMALL TO MEDIUM SIZED ENTERPRISES (SME) IN INDONESIA

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ABSTRACT

The purpose of this study is to investigate the influence of entrepreneurship social competence on product innovation as well as to build business network to improve the performance of Small to Medium Sized Enterprises (SME) in Indonesia. This paper uses purposive sampling as sampling technique based on certain criteria. Criteria for the selected population is SME owner which specializes in manufacture, trading and service industry. Selected respondents in this study are 200 respondents. The author uses Structural Equation Modeling (SEM) as data analyses tool by using AMOS program. Result testing shows that entrepreneurship social competence significantly influences business network development and it also has direct impact on marketing performance. Business network and product innovation significantly influences SME's marketing performance of food industry in Banten Province Indonesia. This study is expected to contribute on Resource based View Theory. An organization needs to develop its entrepreneurship social competence, which becomes tacit knowledge of an organization to build business network as well as to enlarge SME's marketing performance. Previous studies only discussed on how social competence can improve business network. There is lack of studies which investigated on how entrepreneurship social competence can improve business network and marketing performance.

Keyword: *Entrepreneurship Social Competence, Business Network, Product*

SUCCESSFUL ENTREPRENEURS: SOCIAL CAPITAL IN THE CONTEXT OF THE ENTREPRENEURIAL PROCESS

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Harry Hobbs, Florida Institute of Technology
William Morgan, Florida Institute of Technology

ABSTRACT

This paper details the importance and uses of social capital as a key element for successful entrepreneurs through discussion of how the entrepreneurial process is influenced by social capital. The strong/weak tie theory and various models of the entrepreneurial process are discussed and used as the basis for identifying, for the entrepreneur, the best business phase to focus on for maximum social capital gain.

THE IMPORTANCE OF ETHICS EDUCATION IN ENTREPRENEURSHIP PROGRAMS: A SURVEY OF DIRECTORS OF ENTREPRENEURSHIP PROGRAMS

Jacqueline Schmidt, John Carroll University

ABSTRACT

This study surveyed the directors of the top twenty- five undergraduate programs in entrepreneurship as identified by ***Entrepreneur*** *magazine on the importance of ethics education in their program and where and how ethics is taught in their program. The purpose was to provide some benchmarks both for developing programs and existing programs to review their courses, methods, and approaches to ethics education in entrepreneurship. Results show that ethics education in entrepreneurship is not as widespread as it in in business education; most directors felt it should be taught within the entrepreneurship programs; favored teaching ethics in a series of courses rather than a single course; and recognized that entrepreneurs face unique ethical dilemmas. The implications of these findings for the entrepreneurship curriculum and future research are discussed.*

THE EFFECT OF LEGISLATION ON THE INTELLECTUAL PROPERTY SUPPLY CHAIN FOR ENTREPRENEURS

Angela Tidwell, Howard University

ABSTRACT

This paper examines the effect of the Leahy-Smith American Invents Act (AIA) on the intellectual property supply chain for entrepreneurs. The legislation comprised multiple facets, the most infamous or famous, depending on perspective, is the first-to-file system that was enacted to make U.S. laws align with other competitive countries. By examining the changes in the quantity and type of patents granted to micro-entities since the implementation of AIA, entrepreneurs will have insights on how to develop their intellectual property strategies. Data from the U.S. Patent and Trademark Office is analyzed using ANOVA to compare the number of pre-AIA and AIA granted patents. The results showed that there is a significant decrease in the number of utility patents granted to micro-entities.

ASSESSING CREATIVITY IN SHARK TANK ENTREPRENEURIAL PITCH MEETINGS:

James Ward, Regent University

ABSTRACT

The present research evaluated a decision making model in entrepreneurial pitch meetings to extend the dual-process model of creativity judgments (Elsbach, & Kramer, 2003). The dual process theory was developed in Hollywood to define the creativity decision process between 'pitchers' and industry experts ('catchers') in pitch meetings (Elsbach, & Kramer, 2003). The creativity decision process of the entrepreneurial pitch meeting has not been defined in literature; it requires phenomena investigation (Carland, Hoy, Boulton, & Carland, 1984; Elsbach, & Kramer, 2003). The concept of creativity decision in entrepreneurial pitch meetings has been theorized but not proven in studies to date (Elsbach, & Kramer, 2003). The Shark Tank taped television episodes (Fox, 2012) and face-to-face interviews provided data and insights that were quantitatively analyzed using a critical lens and grounded theory. The results show that dual-process theory explains the creativity judgment process in the entrepreneurial pitch meeting. Finding an effective framework for entrepreneurial pitch decision making is important based on the large amount of capital and businesses involved. A new dimension is proposed for the dual-process model, pitcher commitment or 'skin in the game'. It is a new decision point measuring dedication and resolve. Future research is proposed to develop decision making models to address effective entrepreneurial deal making. The model proposed would allow for more effective decision making to facilitate better allocation of limited resources.

Keywords: creativity, entrepreneurial pitches, dual-process theory, decision-making

IMPACT OF ETHICS ENVIRONMENT AND ORGANIZATIONAL TRUST ON EMPLOYEE ENGAGEMENT

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ABSTRACT

Employee engagement has become a highly researched topic of late due to the belief that higher engagement translates into higher performance. To help with understanding of employee engagement, this study looks at antecedents to this engagement including ethical environment and organizational trust. This is the first empirical research effort to combine measures of Ethical Environment (EE), Organizational Trust – Human Resource Management Practices (OT-HRM), Organizational Trust – Communication (OT-C), Organizational Trust – Values and Moral Principles (OT-VM), and Employee Engagement in a comprehensive model. Currently, most related research is either theoretical or anecdotal. Many people believe operating ethically builds trust and leads to higher personal and organizational performance, but little empirical research has been conducted to prove or disprove this theory. While much research has been completed on some of the variables used, this research will break new ground in studying the impact of trust as a mediator of an ethical environment and employee engagement.

Hypotheses examined the relationships between (1) an ethical environment and employee engagement; (2) an ethical environment and organizational trust; (3) trust and employee engagement; and finally, (4) whether trust was actually a mediating factor in this relationship. Some research has suggested that when an organization creates an ethical environment it may lead to higher employee engagement (Demirtas 2015; Den Hartog & Belschak 2012; Lin 2010; Sharif & Scandura 2014). While this study does support a correlation between the two variables, it also shows this only represents a limited understanding of the relationship. To further explain this relationship, data was collected to examine these variables using organizational trust as a mediator of the two. This clearly enlightens this particular study, as the internal psychological variable, organizational trust, noticeably affects the more physical relationship between an ethical environment and employee engagement.

INTRODUCTION

Does being ethical pay? Most firms are in business to make money, but in today's society reports of unethical or illegal behavior abound. Those guilty of unethical behavior may do so in hopes of getting ahead, but does it work? Are firms that try to do the right thing lagging behind or actually building their worth? During a small lunch meeting, Ron LeMay, former COO of Sprint and managing director of OpenAir Equity Partners, was asked if ethics pays. Without hesitation, Mr. LeMay stated that ethical behavior is imperative! He believes that due to today's technology, unethical and illegal behavior is a very risky venture and will have a high cost for both individuals and organizations (LeMay, personal communication 2012). Others would agree.

Regarding the current lack of ethical behavior, Bishop (2013) stated, "Although our country has experienced such failures in the past, the advent of technology and the interconnectivity associated with globalization have provided a platform from which the world can view these debacles at the same time citizens are affected" (p. 637). This dialog led to the current research.

LITERATURE REVIEW

This study uses both stakeholder theory and social exchange theory concepts to examine the effects of an ethical environment on employee trust and employee engagement.

Ethical Environment

Ardichvili, Mitchell, and Jondle (2009) cited Trevino, (1990) and others when discussing the characteristics of an ethical business culture. In their research, ethical cultures foster an environment of shared values, employees "go beyond the minimum to explore and implement ethical decisions" (p. 445), and ethical values of fairness and justice are modeled throughout the organization daily. Jondle, Ardichvili and Mitchell (2014) point out that "ethical business cultures are:…based on an alignment between formal structures, processes, policies, training and development programs, consistent value-based ethical behavior of top leadership, informal recognition of heroes, stories, and the use of rituals, metaphors and language that inspire organizational members to behave in a manner consistent with high ethical standards" (p. 30).

Organizational Trust

Integrating previous research from various disciplines, Mayer, Davis, and Shoorman (1995) developed a definition of trust which is "the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party" (p. 712). Cummings and Bromiley (1996) define organizational trust "as an individual's belief that others (individual or group) will make a good faith effort to keep commitments, be honest, and not take advantage of another." (p. 303).

Employee Engagement

According to Lockwood (2007), employee engagement is "the extent to which employees commit to something or someone in the organization, those who are loyal and productive" (p. 2). Sahoo and Mishra (2012) define employee engagement as "the level to which employees are fully involved in and committed to their work, careful about their organization and colleagues, and are willing to extend themselves and go the extra mile for their company to ensure its success" (p. 95).

HYPOTHESES

Much study of ethical leadership and its' outcome on human resource management has been completed recently (Demirtas 2015; Den Hertoz & Belschak 2012; He, Zhu & Zhang 2014; Sharif & Scandura 2014).

H1: Ethics environment directly and positively affects employee engagement.

Previous studies have examined the theoretical relationship between an ethical environment and trust (Caldwell, Hayes, Karri, & Bernal 2008; Castaldo, Premazzi, & Zerbini 2010). These and others suggest ethics is important to trust but little empirical work exists.

H2: Ethics environment directly and positively affects organizational trust.

The literature suggests that employees who have developed a high level of trust are more likely to be engaged in their work and studies have found that employees will go above and beyond their normal job duties if they trust the organization (Dirks & Ferrin 2000) or if they believe the organization cares about them (Eisenberger, Armeli, Rexwinkel, Lynch & Rhoades 2001).

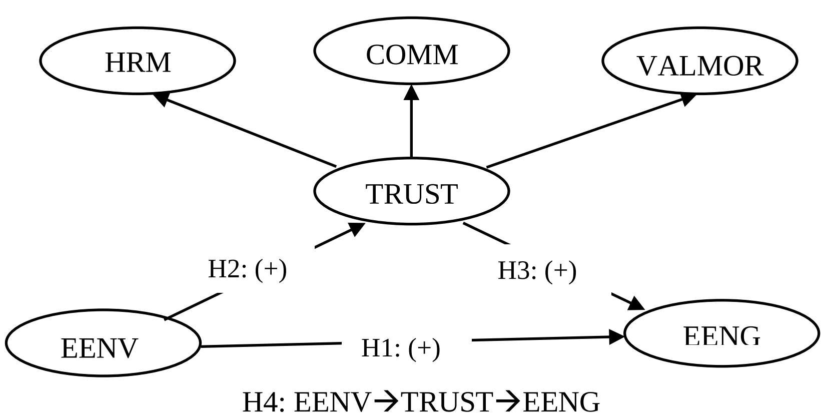
H3: Organizational trust directly and positively affects employee engagement.

Literature supports that "ethical leaders inspire high levels of commitment and trust and foster desirable behaviors among followers (Brown et al. 2005; Den Hartog & De Hoogh 2009; Kalshoven et al. 2011; Piccolo et al. 2010)" (Den Hartog & Belschak 2012, 35).

H4: Ethics environment indirectly affects employee engagement through organizational trust.

Theoretical Model

The proposed theoretical model is displayed in Figure 1. The model illustrates the theorized relationships among the study constructs: ethics environment, organizational trust, and employee engagement. Ethics environment is hypothesized as directly impacting employee engagement as well as indirectly impacting engagement through organizational trust.



Legend:

COMM	Trust – Communication
HRM	Trust – HRM Practices
VALMOR	Trust – Values and Moral Principles
EENG	Employee Engagement
EENV	Ethics Environment

Figure 1 Theoretical Model with Hypotheses

RESULTS

Some research has suggested that when an organization creates an ethical environment it may lead to higher employee engagement (Demirtas 2015; Den Hartog & Belschak 2012; Lin 2010; Sharif & Scandura 2014) . While this study does support a correlation between the two variables, it also shows this only represents a limited understanding of the relationship. To further explain this relationship, data was collected to examine these variables using organizational trust as a mediator of the two. Structural model assessment indicates organizational trust fully mediates the relationship between ethics environment and employee engagement. An ethics environment leads to organizational trust which results in enhanced employee engagement.

CONCLUSIONS

The research finds highly significant positive relationships between an ethical environment and trust as well as between trust and employee engagement. The most significant finding is that organizational trust fully mediates the relationship between an ethical environment and employee engagement. This finding is an important addition to current literature and could greatly impact performance management behavior on employee engagement. Having an ethical environment is an antecedent to organization trust. This significant positive relationship indicates employees and managers perception of how ethical or unethical an organizations environment is, directly correlates to their trust or mistrust in the organization. In addition, we show that this trust or mistrust is positively and significantly related to whether employees and managers are engaged or disengaged with the organization for which they work. This adds powerful understanding to the ethical environment – employee engagement relationship.

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FILM, FRAUD, AND FIXES: CHOOSING FILM PRODUCTION TAX INCENTIVES THAT MAXIMIZE STAKEHOLDERS' VALUE WHILE MINIMIZING FRAUD – A RESEARCH SERVICE LEARNING PROJECT

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ABSTRACT

The objective of this project is threefold. The first objective is to conduct an analysis of film production tax incentives (Film PTIs) available across all 50 states. Using this information, the second objective is to discern potential frauds for the various types of Film PTIs. The third objective is to then recommend a mix of Film PTIs that: Minimizes the potential for fraud; provides adequate incentives for film production companies; and allows states to promote themselves as supporters of in-state film productions, skilled job creation, and local small businesses.

This graduate research service learning project was conducted at Coastal Carolina University by students in Dr. Maguire's Spring 2015 ACCT 631 Fraud Examination class. The clients for this project operate in multiple sectors of the film industry. They include TLC's Trailer Park: Welcome to Myrtle Manor, *A&E's* Wild Transport, *Jupiter Entertainment, and The Weinstein Company (hereafter "The Clients"). Working in collaboration, this research aims to assist The Clients in their tax planning efforts when evaluating filming locations. Concurrently, this research aims to help South Carolina and other states demonstrate their film industry building efforts, while meeting the commitment to achieve best practices and act in the best interest of their constituents.*

With these objectives in mind, we make the following recommendations regarding a Film PTI mix:

- *Offer Film PTIs to all eligible legal production companies, regardless of the market segment (e.g., Video Games, Music Videos, etc.).*
- *No minimum spending cap, however pre-approval from the state is required.*
- *Offer film production companies sales, use, and lodging tax exemptions.*
- *Require project ending audits.*
- *Offer Film PTIs for state specific product placement (e.g., South Carolina license plates, road signs, local businesses, etc.).*
- *Offer Film PTIs for location filming during the off season and/or in smaller towns.*
- *Offer maximum "above the line" salary Film PTIs at $1 million per person (above the line salaries are for screenwriter, producer, director, and principal actors).*
- *Offer Film PTIs for post-production with in-state facilities.*
- *Refundability with a useful life/carry-forward of five years.*
- *State buyback of refundable credits below par or face value.*
- *We do not recommend brick and mortar incentives.*
- *We do not recommend transferability of Film PTIs.*

THE EFFECT OF NEW MARKET ENTRANTS ON SUPPLY CHAIN BALANCE

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ABSTRACT

This paper examines the number of four-year degree graduates by comparing the number of graduates from online for-profit institutions compared to the total number of graduates. This research identifies trends and challenges in the dynamic supply chain of four-year degree-granting institutions, then analyzes the effect of for-profit higher institutions on four-year degrees granted. Using data from the United States Department of Education (DoE), the graduation rates were analyzed using a single factor ANOVA to determine if there was a significant difference between the groups. Results showed that, the number of graduates from online for-profit institutions has significantly increased. However, the results also showed that the total four-year graduation rate has significantly declined in recent years. The conclusions and limitations of the study are discussed.

LEISURE ACTIVITY CRAFTING COURSES: CONSUMER PERCEPTIONS AND ATTITUDES

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ABSTRACT

This study focuses on the perceptions, attitudes, motives and behaviors of consumers who participate in craft classes. We also investigate the relationship between the organizations offering crafting classes and the retailers where the courses are offered. We seek to explore and investigate the interaction between consumer perceptions of retailer reputation/brand equity and that of the perceived reputation of the company offering the courses and associated products.

A review of information regarding hobby and crafting leisure activities was carried out to provide background for the study. Insights were also drawn from leisure activity and motivational literature in marketing. A subset of the crafter market was explored: cake decorating. Consumer awareness, perceptions, attitudes and behaviors were then investigated using structured scripted interviews with 227 female target market consumers. Data were collected regarding demographics, perceptions, attitudes and behaviors. Implications of the findings for crafting classes, venues and formats are presented and discussed.

THE EFFECT OF COSMOPOLITANISM ON MULTI-ETHNIC MARKETS UNDER VARYING CONDITIONS OF DIVERSITY IN ADVERTISING

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ABSTRACT

Major retailers and other marketers have long decided that ethnic-specific ads, which target the major ethnic groups in the US, are best to use in diverse markets as opposed to standardized ads, which are not tailored to any specific ethnic groups in the population. While standardized ads are more cost efficient, it is assumed that major ethnic groups in the populous are influenced more by ads which target them directly. However, these conclusions may be shifting due to the increasing levels of cosmopolitanism in young adult market segments. Cosmopolitanism, which sanctions a philosophical detachment from an individual's native culture and fosters identification with other cultures and customs, may be a potentially game changing consideration for advertisers.

This study looks at cosmopolitanism and its effect on attitudes toward ads, brands, and brand purchase intentions in multi-ethnic markets. Specifically, this study compares, across three different young adult US ethnic groups, the effects of multi-ethnic ads and ethnic-specific ads under various conditions of diversity. Data is tested via a structural equation model and results indicate that the answer to the conundrum of how to successfully advertise to shifting multi-ethnic markets (especially to the young adult demographic) may be to fully understand the target market's desire for diversity in the ad based on the direct, and indirect, influence of cosmopolitanism. Additional findings, limitations, and implications for research and practice are discussed.

SEGMENTING LOCAL FINANCIAL SERVICE MARKETS: BALANCING AN INDEPENDENT IMAGE WITH THE NEED FOR MORE BUSINESS

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ABSTRACT

Deregulation in the financial services industry has had a significant impact on the firms providing services to consumers. Increased competition has forced many traditional firms to find new ways to compete. Other firms, such as CPAs, have often been slower to accept the use of marketing techniques and have seen some of their markets erode. Accounting firms have observed that tax preparation services take a larger share of their basic tax preparation markets, while major retailers offering one-stop shopping for financial services have gained some of CPAs' more lucrative financial service customers. This article offers a methodology to examine the financial market segments that may be revealed in a regional market using service provider images and demographics to profile consumer differences.

GENDER AND PUBLICATION ACTIVITY IN TOP MARKETING JOURNALS

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ABSTRACT

This article studies the relationship between the gender of marketing scholars and their publication activity in Marketing Science, Journal of Consumer Research, Journal of Marketing Research, and Journal of Marketing within a 5 year time-frame (2009-2013). Percentages of female authors publishing either a single or multiple articles or as first-authors on multiple-authored articles or as authors in any position in multiple-authored articles were mostly less than 35%. These numbers were generally the highest, but mostly under 50%, in the Journal of Consumer Research and were the lowest in Marketing Science. Text mining of abstracts suggested that female authors were more likely to work on topics that fit better with the scope of the Journal of Consumer Research.

RETAINING TRANSFORMATIONAL JUNIOR OFFICERS

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ABSTRACT

This paper describes the importance of retaining transformational millennial generation junior officers in the U.S. Armed Forces. The millennial culture, as leaders and followers, and the transformational/transactional leadership styles are discussed as vital leadership styles in the armed forces. Current leadership styles of senior officer governance and resulting high attrition rates are presented in the context of millennial junior officers.

INTRODUCTION

The United States Military has long been faced with organizational conflicts rooted in a multigenerational gap between its members. Given the rank based organizational structure and the time and experience necessary to attain rank, senior leadership has always belonged to the prior generation, and has and will continue to present a generational gap with immense leadership implications. A social generation can be defined as the collective of all persons born in a timeframe of approximately 20 years, or approximately the length of one phase of life: childhood, young adulthood, midlife, and old age. Three criteria that serve as indicators of a single generation are age, location in history, common beliefs and behaviors, and perceived membership in that generation (Howe & Strauss, 1991). Generational theorists agree the time frame during which a person is born does affect their world view. The value system of individuals is shaped throughout the first years of life with the family, community, and significant events having a significant impact. Generation Y has been exposed to world events early on through the vast advances in technology and media, witnessing world events at a level of cognitive and emotional engagement that had not ever been possible during those early years to any other generation before.

MILLENNIAL CULTURE

The millennial generation, also referred to as Generation Y, is generally described as the generation that grew up long after the cold war and in times of increased globalization and technological advances such as wireless connectivity, sometime between 1980 and 1995 (Patusky, 2010). Hershatter and Epstein (2010) asserted that Generation Y is literally wired differently than any other generation. Millennials are individuals who were raised as an exceptional group during school years and work years, getting immense care and attention from their caretakers. This created a generation of self-confident, empowered, and optimistic individuals (Smith, 2002). In the U.S., this generation has not been faced, immediately, with life threatening events or hardships, and grew up under very protected and secure circumstances. As a result, many individuals of this generation can be characterized as confident and inquiring.

This generation was exposed to several crucial historical events such as the housing crash during the late 2000's, and social media press increasingly critical toward government and society, leading many of them to become consumers who put ethics into all life altering decisions. In addition, this generation grew up in a time of enormous global awareness. Typical characteristics of this generation include optimism, confidence, entertainment and media conscience, self-secure, diverse, and street smarts (Twenge, 2010). Many individuals of this generation are conservative, with a great emphasis on achievement, morality, and ethical consumption. Arguably the most cited authors in the field of generational theory and generational research Howe and Strauss (1999) found that millennials are "civic minded". This entails a strong sense of community and ethics, locally and globally.

Generational differences within the workplace have long been recognized. Understanding these differences can influence the senior military leader's behavior toward actions they take to lead and retain transformational junior officers (Lewis, 2004). For millennial junior officers the three main influencing factors are family, technology, and the global perspective.

The millennial generation was born after the baby boomer and X generation. As a consequence of a mixture between accumulated wealth from two working parents and parent guilt, the millennial generation enjoyed the fulfillment of most materialistic wishes and the full attention of their parents. The parental focus lied on instilling a healthy self-esteem through constant coaching and support (Hira, 2007). Rather than accepting the general mantra of children should be seen not heard, parents of Generation Y junior officers actively solicited their opinions from an early age on. These opinions were valued and acted upon by all members of the family (Reynolds, 2005). The millennial generation was also born into the new information technology age, receiving exposure to technological advances early on. This especially pertains to communication technology. In order to achieve the feeling of full connectedness, mobile and fixed technological devices have become an active lifestyle choice. This is because they are the only way to get information, play games, email, blog, and text simultaneously (Mumford, 2006). The readily available access to global information has led to an increased global awareness for the millennial junior officers. It is a mixture between this global awareness and the characteristics of the millennial generation that drives Generation Y individuals to join the officer ranks in the US Military.

In her study on the volunteer behavior of the millennial generation compared to previous generations, Patusky (2010) stated "millennials volunteer at higher rates than Americans from older generations" (p. ii). In the chapter on social contract, Levine, Flanagan, and Gallay (2008) discuss the discovery of a major shift in attitudes toward work life and volunteerism among the millennial generation. The authors point out that since 1990 perceived importance of job stability and intrinsic rewards has declined and the importance of extrinsic rewards have stayed constant. Translating both phenomena onto the millennial junior officer and servicemen means that one can expect individuals that are willing to volunteer available free time for a cause that is felt strongly about, but also expect clear paths of personal advancement at work leading to extrinsic rewards (Patusky, 2010).

MILLENIALS' LEADERSHIP AND FOLLOWERSHIP STYLES

Generation Y has gained growing attention as it became increasingly apparent that millennials show different "attitudes, values, beliefs, and aspirations in the workplace" in comparison to the generations before (Chou, 2012, p. 71). In the context of attitude, millennials tend to emphasize the social aspect of their work environment (Ng, Schweizer, & Lyons, 2010).

Millennials also have greater social needs, seek out tighter bonds with peers, and experience stronger team orientation than previous generations (Borges, 2010). Despite an increased emphasis on the social aspect at work, the work ethic exhibited by millennials is no less than that of previous generations. Gloeckler (2008) found this generation to be hard-working, team-oriented, highly altruistic, and responsible. This can be attributed to the extensive influence of families and friends throughout the lives of Millennials (Aslop, 2008).

The way millennials communicate also leads back to their early upbringing. Members of this generation expect open communication with everyone regardless of position or status and will not hesitate to engage others in reciprocal information sharing (Hartman, 2011).

In a leadership position, millennials show an inclusive leadership style with an emphasis on instant feedback (Lowe, Levitt, & Wilson, 2011). Millennial leaders are found to be more self-confident in their ability to control and manipulate their surrounding environment (Trzesniewski & Donnellan, 2010). According to Howe and Strauss (2007), Generation Y leaders continuously collect information and share it on a broader spectrum than previous generations. This shows millennial leaders are apt to a reciprocal communication style and are interested in an engaging and productive relationship with the follower. In addition, millennial leaders practice participative style of leadership, sharing organizational issues with the followers, and expect their followers to actively partake in the decision making process (Chen & Tjosvold, 2006). Millennial followers in turn expect an open door policy relationship with the leaders and understand the importance of a strong relationship with the supervisor (Martin, 2005). Aslop (2008) proposed that Generation Y is more comfortable working in a group than working alone because working in a team is considered more exciting.

Given the general characteristics of the millennial generation, millennial followers tend to think critically and independently, and express their thoughts and ideas spontaneously and regularly (Smith, 2002). Hershatter and Epstein (2010) and Howe and Strauss (1999) found millennials to be less intimidated by others' status and rank, and to display a higher need for achievement than previous generations. Additionally, these authors found that Generation Y shows more trust toward their organization, and the expectation of the organization to become an active part of the follower's personal development. With respect to the armed forces, the most notable difference of millennial followers as opposed to previous generations is millennial followers are accustomed to second guess their leaders. Mushonga and Torrance (2008) stated these followers are inclined to sub-conscientiously disregard the status, rank, title, or experience of the leader when disagreeing, because millennial followers are constantly engaged in critical thinking.

TRANSFORMATIONAL LEADERSHIP

Transformational Leadership was described by Burns, (1978) as a style of leadership that took into consideration the beliefs, attitudes, and values of the employee, aligning them with the organizations' beliefs, attitudes, and values. According to Banks, the transformational leadership model is comprised of four components working in concert to transform the employee. For leaders to begin the follower transformation process, a self-portrait must be displayed that the employee should aspire to emulate. This is known as "idealized influence". When articulating the vision to followers, transformational leaders should provide "inspirational motivation", ensuring an emotional connection is developed between leader and follower. This is especially important in engaging with Generation Y, due to the emotional connectedness with family and the world experienced throughout their entire life.

According to Avolio and Bass, (1995) transformational leaders exhibit traits that set them apart from other leaders. Transformational leaders are able to articulate their vision in such a manner that it emotionally appeals to followers, creating a need within to ensure the vison is fulfilled. They are self-sacrificing in accepting the responsibility for failure when a follower's' search for new efficiencies was proven to be unsuccessful. Also, when faced with failure, transformational leaders maintain a persona that projects confidence and optimism to the followers. When conducting division of labor, transformational leaders will attempt to show individual concern toward the followers by aligning to personalities in ways that will foster growth and professional development.

Research conducted by Shamir and Dvir, (2003) found certain criteria must be met within the follower for the transformation process to be complete. Followers must believe the traits exhibited by transformational leaders are true to their character, and their actions are in the best interest of both the subordinates and the organization. This allows the followers to develop a connection with the leader and to buy into the values of the organization.

In the military setting, the necessary intuitive decision making capabilities of the leader during desperate situations offer insights to the followers as to who the leader really is. It is during those times that followers emotionally engage with the leader and perceive the leadership style of the leader to be true to his/her character. Once the followers buy into the organizational values, they will begin to derive a sense of self-worth and self-identity from these values. This is why it is essential for the US military to focus on retaining Generation Y junior officers who exhibit transformational leadership style traits. To sustain armed forces that show the necessary levels of commitment and professionalism, future leadership has to address the needs of the new millennial soldier. Transformational leaders have the ability to articulate their vision in such a manner that it emotionally appeals to followers, creating a need within to ensure the vison is fulfilled. The junior officer will have to tend to the main motivators bringing the millennial soldier into the service; the wish to volunteer for something he/she feels strongly about, and the chances of advancement toward increasing extrinsic reward.

TRANSACTIONAL LEADERSHIP AND JUNIOR OFFICER ATTRITION

Military leadership has been known to be on the opposite spectrum of the transformational leadership style. While the goal of military leaders is to transform individuals into soldiers with a sense of purpose and unity toward the unit mission, the methods of reaching this goal are traditionally not congruent with what is known as transformational leadership. Historically, within the armed forces, leadership has been in line with the transactional leadership style. Burns (1978) reasoned that transactional leadership relies on the deterministic and reciprocal relationship between a leader and a follower. Leaders use their relative power to issue reward and/or punishment depending on the value of the followers' behavior. This style focuses on three factors, the role of supervision, the organization as a whole, and the performance of the group. Compliance is at the core of this leadership style and is enforced through punishment and/or reward. This type of leadership is often used in organizations where the main purpose of the follower is to complete a specific task successfully. In the civilian world, this type of leadership is employed by companies who are well established and whose methods have no need to change (Banks, 2003).

In the armed forces, this type of leadership has been proven effective not because there is not any need for change, but because of the extenuating circumstances under which leadership decisions are made within the military. While the military leader has solid information to make decisions such as the number of soldiers, coordinates, distances, and performance capabilities of weapons systems, leaders must frequently make decisions based on imperfect information. In this case, “experience based intuition has to compensate for gaps in available data to make reasonable assumptions about the future” (Lewis, 2004, p.63) and to find the right course of action. In comprehending the significance of intuition based decision making within the military, and in understanding millennial culture lies the path that will lead to the successful future of the armed forces. Despite the effectiveness of transactional leadership within the military, change has become an important task ahead. A number of reasons such as drastic changes in how wars are carried out, how family members integrate, economic prospects, and generational differences, call for a need to adjust. The question then presents itself, why does senior leadership still engage in a purely transactional style of leadership, holding progress to retain the millennial generation junior officers stagnant? Would a transformational approach be more effective in allowing progress to retain these junior officers required to lead the future armed forces?

Attrition statistics show junior officers are leaving the Army in alarming numbers. A comprehensive study by Lewis (2004) shows that between 1995 and 2001, junior officers in the Army exited the service in growing numbers. Although it is expected to lose some junior officers to the private sector, during those years junior officers left in such numbers that open captain positions were left unfilled. According to this study, by 2000, the army could only fill 56 percent of junior officer jobs that were laid out for experienced junior officers. Between 1989 and 2001, the attrition rate spiked from 6.5 percent to 10.9 percent. Deans (2015) states that in 2003, the Army lost 5.7 percent of its company grade officers which was the year President Bush launched the invasion of Iraq. These attrition numbers spiked to 8.1 percent in the following year and continued to increase to 8.5 percent in 2005. The rate at which attrition increased during those years rightfully provoked concern in Washington D.C. In an attempt to halt the accelerated attrition of junior officers, incentives such as added education benefits were offered across the board. According to Deans (2015), throughout 2014, the attrition rate was still at 7.9 percent.

Multiple reports from exiting junior officers suggest, while leadership is a factor, it is not the only factor influencing the decision to stay in the armed forces or join the civilian workforce. The primary reason reported for why captains are leaving is the high operational tempo experienced during their time of service, as well as the high deployment rates equaling time away from the young family (Deans, 2015)(Lewis, 2004)and (Feidler, 2009). High opt tempo and deployments are in the nature of the armed forces. However, it is the responsibility of the senior leadership to tend to the needs of the millennial junior officer in ways that originate a deep sense of purpose and self-actualization. Compatible monetary rewards and benefits that leave the young officer worriless concerning family back home are necessary, but do not suffice to retain the quality junior officer needed to lead the future armed forces.

CONCLUSION

The retention of excellent millennial junior officers is imperative to the health of the armed forces. Throughout history, the armed forces have faced challenges due to the generational gap of its members as well as the necessary rank structure of the organization. Millennials are purpose driven, seeking a challenging work environment which also offers room for personal growth. This holds true for both millennial junior officer and millennial soldier. The transformational leadership style speaks to the soldiers’ individuality and is person centered, aligning well with the millennial culture in this way. Transformational junior officers are needed to relate to the millennial force in the future, and current senior leadership should consider the unique characteristics of the current millennial force when selecting an approach to leading junior officers in order to retain them and groom them to assume senior positions.

Further research is suggested to examine the effectiveness of current retention strategy to include increased educational benefits and longer assignment periods at one duty station. In addition, a more detailed definition of current leadership styles in context to current events within the military may be effective for originating a holistic approach to leadership from a competency based perspective.

References available on request.

A STUDY ON INTERNATIONAL COOPERATION MODEL OF SHENZHEN INTERNATIONAL LOW CARBON CITY

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ABSTRACT

As the climate problem is worsening, low-carbon cities are gaining more popularity worldwide and international cooperation in low carbon cities is also gaining more momentum. One example is the C40 Cities Climate Leadership Group (C40), which is committed to addressing climate change, along with the Clinton Climate Initiative (CCI). The low carbon city development in China started later than developed countries and there is much room and urgent need for international collaboration. A number of cities in China actively participate in international collaboration for low carbon urban development with foreign countries such as United States, Canada, Germany, UK, Denmark, Sweden, Singapore, Switzerland, etc. For instance, the first batch of cities approved for China-US pilot low carbon cities include six cities. China-UK Low Carbon City Development (LCCD) dialogue since 2009 has also established a collaborative framework among governments, industries, and universities and selected a number of pilot low carbon cities. Furthermore, Europe-China Eco Cities Link (EC-LINK) project is funded by the EU and aims to provide technical assistance to Chinese cities in their endeavor to meet the targets set in the 12th Five Year Plan.

More and more countries collaboratively develop low carbon eco parks. Developed countries provide advanced technologies and development ideas while developing countries provide low cost factors such as land and labor. Currently, the main eco parks in China developed through international cooperation include Suzhou Industrial Park, Tijin International Eco City, China-Sweden Caofeidian International Eco City, Qingdao China-Germany Eco Park, and China-Finland Digital Eco City, etc. The development of eco parks involves governments and firms in both countries and the effective management of eco parks affects the healthy development of low carbon cities in the long run. However, little research thus far focuses on the model for international collaborative development of eco parks. This research is an attempt to explore the international cooperative model in Shenzhen International Low Carbon City (SZILCC).

SZILCC is located in Pingdi Street in Longgang District in Shenzhen city with a planned area of fifty-three square kilometers. As the flagship project of China-EU cooperation for sustainable urbanization, SZILCC aims to build an open platform for international collaboration.

SZILCC is an audacious and innovative attempt to promote green and low carbon development in Shenzhen city and strengthen energy and technological cooperation. This research will provide a theoretical analysis of existing low carbon eco parks and study typical cases for cross-country and cross-region cooperation in this regard. Based on the practices and lessons from other countries and the situation and needs of SZILCC, this research reviewed relevant theories, analyzed the cases of low carbon cities in China and abroad, and presents an international cooperation model that is suitable to local situations in Shenzhen. This study discussed international cooperation principles, cooperation positioning, organizational framework, cooperation platforms, and various collaborative projects in SZILCC.

DEVELOPING A FRAMEWORK OF REFLECTIVE, INTUITIVE KNOWING IN INNOVATION MANAGEMENT

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ABSTRACT

This paper draws on recent progress in the perspectives of tacit knowing and innovation management to develop a framework of reflective intuitive (R-I) managerial knowing. R-I reflects the on-the-spot way of 'thinking' more profoundly or in ways that open the world and guide managers in it. This means that innovation managers deploy R-I by their intuitive grasp and simultaneous reflection during the course of the situation which guides further action and modifies ongoing practice. As a result, this enables good decisions to be made. It is proposed that the transmutation of 'reflection' and 'intuition' into R-I-K involves the three specific, interwoven and dialogical modes (abductive, deductive and inductive) of innovation management practice. The examples in this paper refer to the practice of being an innovation manager. Such a perspective will contribute to a better theoretical understanding of the complex knowing involved in (innovation) management and an alternative sharper focus is given on how reflection and intuition can sometimes operate simultaneously and intertwined. This is one step in enhancing our theoretical sensitivity towards how the interwoven aspects of R-I can improve managerial practice and knowing. Seeing R-I knowing as an intertwined and complex phenomenon has the potential to more fully reveal its manageability.

> *"When managers act, their thinking occurs concurrently with action. Thinking is not sandwiched between activities; rather, it exists in the form of circumspection present when activities are executed" (Weick, 1984: 223)*

IS THE SUM OF THE PARTS GREATER THAN THE WHOLE? SKILL VS. SYNERGY

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ABSTRACT

While managing performance outcomes in the workplace it critical to success, few studies have sought to determine whether the presence of synergy adds a measurable increase in workgroup performance. The research on synergy is often aimed at identification and at times quantification. Professional golf events provide an opportunity to study individual, dyad, and team performance, particularly as they relate to synergy. Performance data from six Ryder Cup team competitions between the USA and Europe were analyzed. A baseline of individual performance skill was established for each player. The skill level for both dyads and teams was then established. At the dyad level, if performance was equal to or greater than the skill of the individuals, synergy was present. The overall performance outcome was then calculated to determine whether dyads with synergy outperformed the others. The results showed that the number of dyads with synergy made no significant difference between the two groups. However, at the team level, a t-test of the skill of all members of each team was calculated and compared to team performance. The t-test demonstrated that the USA had significantly more individual skill and consistency than did Europe yet Europe earned 94 points compared to the USA's 74 over the 10 years of competition. Furthermore, the European team was awarded the Ryder Cup in five of the six tournaments, demonstrating the impact of team synergy on performance.

THE ROLE OF ASSETS IN NEW PRODCUT INTRODUCTION TIMING

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ABSTRACT

Do assets play a role in helping organizations introduce new products earlier than their rivals? This study seeks to answer that question in the context of three industries using electro-photographic technology.

Innovations, of which new products are a subset, are very often new combinations or improvements of existing technologies and knowledge. Such transformations usually involve considerable invention related to components and/or the workings of these components as a system. Inventions, however, are just the first step on the path to product innovation, which, by definition, involves the introduction of new products in the market. The march of invention(s) from laboratory or prototype stage will necessitate other assets in the marketing and manufacturing areas.

Organizations differ in terms of the assets they possess and such heterogeneity may lead to some firms being better situated with regard to innovation. Innovation-related assets are hard to obtain from the market and, often, require pain-staking accumulation over time. Therefore, firms that possess or have developed more innovation related assets will be able to bring new products to market earlier than firms that did not develop such assets.

This study developed and tested hypotheses relationship between firm assets (inventive, marketing, and manufacturing) and new product introduction timing. In doing so, it drew upon literature from the strategic management, economics and innovations areas to derive the hypotheses. The empirical tests were carried out in three industries employing electro-photographic (xerographic) technology: plain paper copier, desktop printers, and facsimile. The new products focused on are full color copiers, desktop laser printers, and laser facsimile machines. Data was gathered from different archival sources on a sample of 48 firms in plain paper copier industry, 133 firms in the desktop printer industry, and 57 firms in the facsimile industry between 1980 and 1992. The hypotheses were tested using Cox's proportional hazards regression (PHR) analysis to account for the time-varying nature of the data and the entry and exit of firms over the period of the study.

The results showed that technological assets (inventive and manufacturing assets) played crucial roles in early new product introduction. More specifically, inventive assets were important for early new product introduction in the plain paper copier and desktop printer industries, while manufacturing assets from related industries were important for early new product introduction in the desktop printer and facsimile industries. Marketing assets were not found to have any role in new product introduction timing in the industries studied. The limitations of the study are discussed in the paper.

INVESTORS' RESPONSE TO THE APPOINTMENT OF A NEW CEO: THE EFFECT OF PRESTIGE

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ABSTRACT

On the day that JC Penny announced Ron Johnson, an executive at Apple, as its new CEO the stock rose by 17.5%. The day Meg Whitman, the former CEO of eBay, was announced as the new CEO of Hewlett-Packard the stock fell by 2%. Clearly, executive succession can have a significant influence on a firm's stock market valuation, and as a result, the stock market reaction to CEO succession has been of great interest to scholars from various fields, including strategy and finance. This research has found that in general, the stock market reaction to CEO succession is not significant, but the stock market does react to CEO succession in specific contexts (Davidson, Worrell, & Cheng, 1990; Warner, Watts, & Wruck, 1988).

Much of the research on how investors respond to CEO succession examines the pre-succession performance of the firm as a basis for investors' response to the succession. This research has produced mixed results. For example, Friedman and Singh (1989) found a negative relationship between a firm's pre-succession firm performance and the stock market reaction to CEO succession while Lee and James (2007) found a positive relationship. Other researchers have found that pre-succession firm performance does not significantly influence investors' response to CEO succession (Lubatkin, Chung, Rogers, & Owers, 1989; Shen & Cannella, 2003). Consequently, we have a limited understanding of how a firm's performance prior to the appointment of a new CEO influences investors' response to the new CEO appointment.

The contradictory results may be due, in part, to the lack of consideration of investors' assessments of the newly appointed CEOs' capabilities. The limited number of studies that have examined how investors respond to signals of CEO capabilities have found that the stock market reacts strongly to assessments of a new CEO's capabilities. For instance, Lee and James (2007) found that the stock market reaction to the appointment of female CEOs was negative which, they argued, was due to the assumption that female CEOs were less capable than their male counterparts because of negative gender stereotypes. Tian, Haleblian, and Rajagopalan (2011) found that the stock market reaction was positively related to the human and social capital of the board of directors. They argue that investors use directors' human capital, as well as their social capital, to make inferences about the quality of the new CEO because boards with high levels of human and/or social capital are presumed to be able to make accurate assessments of the quality of CEO candidates which enables them to appoint a highly capable CEO. These studies provide evidence that investors respond to signals of quality of the newly appointed CEO. In light of these findings the dearth of research examining the stock market reaction to attributes of the new CEO is surprising.

One especially important attribute that investors are likely to respond to is the prestige of the newly appointed CEO. Investors use an executive's prestige to infer his/her managerial capabilities (D'Aveni, 1990), especially in highly uncertain environments (Higgins & Gulati, 2003). Research on firms undergoing an IPO, a highly uncertain environment, has found that investors use executives' prestige as a proxy for his/her managerial capabilities (Certo, 2003), and thus, the greater the prestige of an IPO firm's executives, the higher its valuation (Chen,

Hambrick, & Pollock, 2008; Pollock, Chen, Jackson, & Hambrick, 2010). Given that the CEO is the most prominent member of a firm's top management team, his/her prestige is likely to be especially influential on investors (Lester, Certo, Dalton, Dalton, & Cannella, 2006).

The future prospects of a firm undergoing a CEO succession event is also highly uncertain (Denis & Denis, 1995). Research has found that the volatility of a firm's stock price significantly increases after CEO succession, indicating that investors are highly uncertain about the firm's future (Clayton, Hartzell, & Rosenberg, 2005). Moreover, because the CEO largely determines the future strategic direction and performance of the firm (Wiersema, 2002), investors are highly attuned to the attributes of the newly appointed CEO (Fanelli & Grasselli, 2006). Thus, because investors use an executive's prestige to infer his/her managerial capabilities in uncertain environments (Higgins & Gulati, 2003), and because CEO succession leads to a great deal of uncertainty (Clayton et al., 2005), I propose that investors will react positively to the appointment of a prestigious CEO. In addition, I propose that firm performance prior to the appointment of a new CEO and the nature of succession (i.e., routine vs. dismissal) are likely to moderate investors' reaction to the prestige of a newly appointed CEO.

This paper seeks to extend our understanding of the stock market reaction to signals of the new CEO's unobservable quality by examining whether a newly appointed CEO's prestige influences the investors' response to the appointment, and whether contextual conditions may serve as moderators. By focusing on the new CEO's prestige, I move beyond a simple insider/outsider distinction (Zajac & Westphal, 1996), and extend our knowledge of whether other attributes of a newly appointed CEO influence investors. In examining how investors respond to CEO succession, I utilize CEO appointments from 2000 – 2005, a period of time in which investors were especially intense in their scrutiny of firms and top executives because of concerns about shareholder wealth maximization. I draw on a population of large, publicly traded firms that receive extensive coverage from investment analysts and the business press, and whose actions are therefore, widely and quickly disseminated to investors. Thus, this study contributes to our knowledge on CEO succession by focusing on investors' response to CEO appointments, as well as by examining whether the prestige of the new CEO influences investors' response to the appointment.

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CEO DIRECTORS: GOING IT ALONE OR CLUSTERING ON BOARDS?

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ABSTRACT

Examination of the incidence of active CEO directors serving on corporate boards as outside directors has produced conflicting findings as to whether firms have multiple CEOs serving as directors or if firms are reluctant to replicate skills of directors already on the board. This study examines this clustering effect investigating circumstances surrounding board service of active CEOs and proposes that CEO directors do indeed cluster on boards.

INTRODUCTION

CEO directors are active CEOs serving as outside directors on the boards of other firms (Fahlenbrach, Low, & Stutz, 2010). In their pivotal study of U.S. corporate boards, Lorsch and MacIver (1989) reported that 63% of outside board members are active CEOs. They are highly sought by appointing firms as a unique type of director, and active CEOs may, under certain circumstances, seek the benefits of the prestige of serving on the board of another firm.

CEO directors are of key interest to governance researchers for a variety of reasons. They are greatly prized by appointing firms for the unique and valuable ways in which they are potentially able to perform the governance functions of monitoring (Fama & Jensen, 1983), connecting the firm to vital resources (Pfeffer & Salancik, 1978), and advising and counseling the CEO (Johnson, Daily, Dalton, & Ellstrand, 1996; Zahra & Pearce, 1989). Indeed, they are a unique category of director with attributes different from those of many other director types (e.g., insiders, non-CEO outsiders, grey directors, etc.). Furthermore, they uniquely add value to the firm. For example, Fich (2005) reported a positive response by financial markets upon appointment of active CEOs as outside directors on corporate boards. In particular, he noted the value that CEOs of commercial banks bring to the appointing firm. In addition, a CEO director brings prestige to the appointing firm by "certifying" (Fahlenbrach et al., 2010) the firm to be worthy of her/his valuable time and prestige, and board service adds to the CEO director's own prestige by acknowledging the experience, knowledge, and expertise that comprise her/his human capital as a strategic leader (Horner, 2014). Finally, service by active CEOs demonstrates the functioning of the director labor market by showing how CEOs whose firms perform well are rewarded with corporate directorships.

This study investigates how the existence of active CEOs influences subsequent appointments of other active CEOs. This "clustering" effect was noted by Fahlenbrach and colleagues (2010) who reported that existing CEO directors increased the likelihood of additional CEO directors. In contrast to these findings, Fich (2005) reported an inverse relationship of CEO appointments with the proportion of CEO directors already on the board. This study examines the nature of these conflicting findings, explores the circumstances that potentially influence clustering of CEO directors, and proposes a number of relationships between contextual constructs and the tendency of CEO directors to cluster on corporate boards.

CEO DIRECTORS' CHARACTERISTICS AND CLUSTERING

CEO directors may be seen as specializing in governance by virtue of their experience-based skills. These skills can be categorized along theoretical lines associated with the governance functions of boards (Johnson et al., 1996) whereby agency theory (Fama & Jensen, 1983) emphasizes monitoring of management, the resource dependence perspective (Pfeffer & Salancik, 1978) emphasizes directors as conduits of resources critical to the firm's survival, and service emphasizes directors' advice and counsel (Johnson, et al., 1996; Zahra & Pearce, 1989). Furthermore, directors may also be classified by type along lines largely articulated by these theoretical lenses as insiders, outsiders, or grey directors. CEO directors may be considered yet another type of director, specifically as a unique type of outsider.

An active CEO may serve as an outside director on the boards of other firms driven by a variety of motives. Among these motives is the opportunity to identify and exploit new opportunities for growth (Booth & Deli, 1996). This growth motive is particularly acute when the CEO's home firm is experiencing low opportunities for growth, and the CEO is seeking information concerning new growth opportunities. Such activity is not typically focused on seeking specific opportunities with the appointing firm. Rather, the CEO turned CEO director is seeking information for growth opportunities through the enhanced general business knowledge that can develop through the network connections often occurring through the interpersonal connections made through board service.

This general business knowledge and knowledge about the corporate arena is distinct from the type of information that directors might glean about specific opportunities such as acquisition targets (Haunschild, 1993) or specific product market or geographic market opportunities. Board human capital may indeed comprise a good deal of information about specific business opportunities or threats, and CEO directors may indeed benefit from such specific knowledge. However, scholarship on boards suggests that board service and the ensuing director ties are more vital sources of knowledge concerning business models and "know-how" rather than as sources of private information (Haunschild, 1993). Thus, the expanded information network developed through corporate board service provides a general "business scan" (Useem, 1984: 45) as part of an information processing system that is an important intangible resource for the CEO director's home firm (Horner, 2006).

This information seeking by CEO directors could potentially conflict with the same activity by other CEO directors serving on the same board. CEO directors with similar skill sets may be seeking similar types of opportunities. In the event multiple CEOs serve on the same board, all may infer similar conclusions from the information gleaned in that context and develop similar strategies thereby increasing the potential for competitive intensity. Firms with low growth opportunities may be singularly vulnerable to increased competitive intensity. The tendency of CEO directors not to "cluster" on boards of the same firms could grow out of a desire not to expose the CEO director's home firm to competitive intensity, which could have negative performance consequences for the CEO's home firm. Fahlenbrach and colleagues (2010) noted that only 13% of appointing firms and source firms were in the same industry suggesting that this might be explained by "concerns about sharing sensitive business information with close competitors" (p. 18). This same concern may extend to common service on the same board when directors share similar skill sets. This provides some explanation as to why "clustering" may not occur. That is to say, the inverse relationship reported by Fich (2005) of appointment of CEO directors with the percentage of CEOs already serving as outside directors on a board may be due to the desire by CEOs to avoid situations that increase competitive intensity for their home firm.

As Fich (2005) further observed, an appointing firm way wish not to replicate existing skills brought to the board by incumbent CEO directors. One such type of skill is high performance of the CEO director's home firm where high performance serves a proxy for general strategic leadership ability leaving the specific skills unidentified. Such specific skills may not necessarily be functional experience or industry experience but more general management skills such as marshaling resources and directing the activities of top managers.

Appointing firms may wish to avoid redundancy in the skills of its directors, as redundant systems are costly and typically require trade-offs between costs and resulting benefits. Directors are key organizational resources, and the time spent in recruiting and developing directors must take into account the trade-offs of similar skill sets among its board members Nominating committees expend a certain amount of effort considering board candidates. In addition, it may often take 3-5 years for a director to "learn the ropes" (Bacon & Brown, 1975). It is in firms' (and incumbent boards') interests to balance the costs and benefits of director development.

In addition to the costs associated with similar skill sets among directors, issues of board process may also come into play. The separation of strategy decision making between managers and the board can be seen as comprising four stages: formulation, ratification, implementation, and control (Fama & Jensen, 1983). Formulation and implementation are the domain of managers; ratification and control are the domain of the board. This distinction lies at the root of the distinction between management and governance.

The multiple viewpoints accompanying such similar skill sets on the board would seem to illustrate the notion that "two heads are better than one." However, research suggests that diversity among strategic leaders can be a two-edged sword. Diversity among top management teams tends to promote more sound strategy formulation due to the richness of information and opinions but less agreement on implementation due to the multiplicity of views on how to proceed (Hitt, Ireland, & Hoskisson, 2003). Similarly, multiple viewpoints even if from a similar skill set may proceed from a more heterogeneous set of perspectives (Mintzberg, 1988). This may acutely be the case with strategic leadership skills which are very difficult to articulate and to assess. Strategy ratification by the board is a more passive process requiring a fairly forthright decision of approval or disapproval while control is a more active process requiring board action (formative or disciplinary) with respect to outcomes of specific actions by the focal firm's CEO. Hence, strategy ratification by the board is analogous to strategy formulation by managers in that it is deliberative in nature focusing on more a desired state of affairs rather than on recommended courses of action. Strategy control is analogous to strategy implementation in that it is active in nature focusing on a course of action in response to strategic outcomes. Just as formulation benefits from multiple viewpoints and implementation suffers from multiple viewpoints, ratification likewise benefits from multiple viewpoints and control suffers from them. Whereas control is a primary governance function of the board, governance quality may benefit from the potential unanimity resulting from having directors with similar skill sets such as that developed while also serving as an active CEO.

RESOLVING THE TWO CONFLICTING FINDINGS

In contrast to Fich's (2005) findings, Fahlenbrach and colleagues (2010) found that the existence of a CEO director on the board increases the likelihood of additional CEO director appointments. They reason that this finding lends support to the notion that potential directors seek prestigious appointments. Given the additional prestige that CEO directors bring to appointing firms joining a board with an existing CEO director enhances the prestige of the incoming CEO director through the new association with the incumbent CEO director.

In addition to the qualitative differences in the two studies, the samples of the two are considerably different. The sample in the study of Fahlenbrach and colleagues (2010) consists of 26,231 director appointments from 1989-2002, while Fich's (2005) sample of 1493 director appointments comes from 432 Fortune 1000 firms from 1997-1999. Hence, Fahlenbrach and colleagues' (2010) sample encompasses a broader time frame than Fich's (2005) sample, and the unit of analysis is director appointments while Fich's (2005) study derives its director appointments from a sample of firms. Fich (2005) provides strong theoretical arguments for his finding that firms avoid clustering of CEO directors, while Fahlenbrach and colleagues (2010) provide strong empirical evidence of clustering. However, Fahlenbrach and colleagues (2010) suggest that the clustering they observed supports the notion that director candidates accept appointments partially based on the potential prestige those appointments bring to the director. Furthermore, the boards literature has long supported with theory and empirical evidence this "prestige hypothesis." Hence, despite Fich's (2005) convincing argument against the clustering of CEOs, Fahlenbrach and colleagues (2010) provide stronger evidence in support of the clustering effect and demonstrate that this is consistent with scholarly theory and empirical evidence.

To summarize, the scholarly literature on boards presents strong evidence that active CEOs tend to be attracted to boards where other active CEOs already serve as directors. They are attracted to such boards by the potential growth in general knowledge of business opportunities and by the prestige associated with serving on a board along with other prestigious CEO directors (Fahlenbrach et al., 2010). The preceding discussion suggests the following primary proposition: Active CEOs seeking board service will tend to be appointed to boards with incumbent CEO directors.

SUMMARY AND CONCLUSION

The quality of a firm's corporate governance is thought to be enhanced by membership on the board of directors of active CEOs. These individuals bring unique experience as managers of an existing firm and often experience also as directors at other firms providing a both valuable and rare attribute to the governance function of the firm. Active CEOs are sought by appointing firms in the belief that they add financial value to the firm as well as non-monetary value by certifying the future prospects of the firm. Investigation of the tendency of CEO directors to cluster on boards extends scholarly understanding of boards, the directors that compose them, and the firms whose affairs they are charged with overseeing.

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STRATEGIC MANAGEMENT AND THE DISPARATE DUTIES OF THE CEO

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ABSTRACT

The role of the chief executive officer (CEO) is arguably the most important and influential in an organization. This exploratory research investigates the roles, duties, responsibilities, and nature of the work performed by the CEO. Employing both qualitative and quantitative methods, this triangulated study combines a comprehensive review of the management literature, with semistructured interviews and brief questionnaires to examine what CEOs actually do. Grounded in the strategic management objective of maximizing an organization's relative firm performance in an ever-increasing high velocity and hypercompetitive marketplace, results suggest that CEOs perform three fundamental and highly disparate functions: visionary leadership, functional coordination, and environmental scanning.

A challenge with these disparate responsibilities is that each role requires a different set of skills and capabilities. To effectively scan the marketplace for opportunity and threat signals, the CEO must be externally focused, maintain a conscious information gathering intention, nurture and expand existing information networks, and engage a search mindset. To coordinate vastly disparate functional departments in an effort to achieve synergistic productivity, the CEO must be internally focused, maintain a coordination mindset, build and promote a culture of cooperation and open communication, and remain readily available -- both physically and cognitively -- to engage and resolve emerging conflicts, disputes, and challenges. While the coordination function requires an external focus, and the scanning function requires turning one's focus inward on the organization, the visionary responsibility requires simultaneous internal and external foci. In addition, the visionary leader must apply a "fit" analysis to identify relevant market factors, and then formulate appropriate strategic alternatives, while incorporating an intuitive crystal ball when determining the organization's strategic direction.

The triangulated design and grounded theory approach (1) revealed the CEO roles of coordinator, environmental scanner, and visionary leader, (2) brought to light that chief executive officers have very evolved multiple identities they maneuver between to navigate the disparate executive duties as members of neo-tribes, and (3) underscore and reinforce previously published findings regarding the disparate, chaotic, unplanned, action-oriented, fast-paced, broad-scoped nature of executive work, characterized by a lack of routine, orderly activities, and instead dominated by unexpected and often urgent crises. What makes the CEO's job so difficult, beyond the broad and extensive knowledge and capabilities required of the position, is that the executive must perform their disparate duties simultaneously, and in circumstances characterized by uncertainty and endless interruption.

CEOs and their organizational stakeholders benefit by embracing the "multiple identities" framework to better understand the disparate nature of executive work. Armed with a renewed and deeper understanding, CEOs might consciously, and with less resistance, move between identities as needed. An improved understanding may also assist boards of directors in the CEO search and hiring process; it may also inform nascent CEOs considering a career as an executive officer. In addition, this understanding can be used in business schools and management education, in undergraduate, MBA, and executive education levels.

A LOOK AT CORPORATE SOCIAL RESPONSIBILITY AND PERFORMANCE IN LARGE U.S. FIRMS

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ABSTRACT

Corporate social responsibility (CSR) is a successful business strategy that has become popular with many firm stakeholder groups in the last few decades, due to technology advances that allow these groups to track and monitor corporate activities. CSR measures the social performance of a business along several dimensions, just as financial ratio analysis measures the profitability of a business. In this paper, a sample of large U.S. firms will be analyzed to determine if links exist between CSR and performance. It is hypothesized that CSR can be seen as a competitive advantage for these companies. Directions for future research and managerial implications will be given.

INTRODUCTION

Corporate social responsibility has become a popular term among managers, government officials and academicians in recent years. The term covers many areas of the corporate domain. The various aspects of CSR all share the same root: businesses responsibly using their resources to meet their current missions while at the same time considering the impacts on the planet and future generations. They typically also refer to some sort of self-monitoring on the part of firms. In this way, companies must answer not only to their shareholders but also to many other stakeholder groups which have an interest in the business and what it does.

As a result of these types of actions by most companies in the marketplace today, CSR is becoming an integral part of maintaining competitiveness in nearly all industries. Therefore it has become a topic of interest for managers, employees, customers, government officials and academics.

Given this focus on CSR by the media, governments and corporations, managers will need to address the question: Does CSR make a difference to the bottom line for companies? Along this line of thinking, the following research questions will be considered in this paper: 1. Is there a link between CSR activities and firm performance? 2. Does the measure of CSR affect its relationship with firm performance? 3. Do other factors impact this relationship?

LITERATURE REVIEW

International studies have documented the importance of CSR around the world. Crisostomo, De Sousa Freire, and Vasconcellos (2010) studied the relationship between CSR and financial performance. They advocate the use of the three dimensional measure of CSR. Husted and Allen (2009) found that CSR is related to value creation for firms. Ghyller (2012) illustrates that CSR can benefit firm performance.

Corporate social responsibility has gained the attention of scholars as it has also become a popular topic in the business press. Habisch et al. (2005), Windell (2006) and other scholars note that there is not one overarching and comprehensive approach to CSR, since each firm situation is different. Therefore many researchers use multiple measures to capture the full extent of CSR activities within a firm.

According to Lee, Fairhurst and Wesley (2009), firms that acknowledge CSR in their mission and vision statements are more likely to achieve CSR goals than those that do not. Several commonly studied aspects of CSR include strategy, human resource practices, environmental policies, corporate governance mechanisms, and social accountability (Kanji and Chopra, 2010). Therefore, the following hypotheses will be evaluated in the study:

> *Hypothesis 1: Higher levels of strategic CSR (SCSR) will positively impact firm financial performance.*
>
> *Hypothesis 2: Higher levels of human resource CSR (HRCSR) will positively impact firm financial performance.*
>
> *Hypothesis 3: Higher levels of environmental protection and sustainability CSR (ESCSR) will positively impact firm financial performance.*
>
> *Hypothesis 4: Higher levels of corporate governance CSR (CGCSR) will positively impact firm financial performance.*
>
> *Hypothesis 5: Higher levels of social accountability CSR will positively impact firm financial performance.*

Important control variables should be included in the analysis. The following hypotheses incorporate commonly used controls for firm performance studies (Hitt, Hoskisson and Kim, 1997).

> *Hypothesis 6: Higher levels of foreign sales will positively impact firm financial performance.*
>
> *Hypothesis 7: Higher levels of firm productivity will positively impact firm financial performance.*
>
> *Hypothesis 8: Industry effects will positively impact multinational firm performance.*
>
> *Hypothesis 9: Increased firm age will positively impact firm financial performance.*

METHODOLOGY

SAMPLE

The Fortune magazine rankings have become some of the most often cited and the most frequently used global business listings in the business literature (Sledge, 2009). This is because Fortune has been tracking firm performance using consistent methodologies since the 1980s. The Fortune 500 will be used as the sample here to assess the relationship between corporate social responsibility and firm performance. The time frame for this study will be 2005 – 2015 in order to capture the most recent decade of activity. Due to missing data, the final sample includes 310 companies.

MEASURES

In order to effectively measure corporate social responsibility, the Kanji-Chopra (2010) model of Corporate Social Responsibility was employed. This conceptualization of CSR uses a systems modeling approach which is holistic in nature, with 5 components to assess CSR including: strategic planning, the environment, corporate governance, human resources and social accountability in the community.

Each of the 5 CSR parameters was measured using a 5 point scale. This type of count measure was used by Hitt, Hoskisson and Kim (1997) to ascertain business activities. Here, the company scores for each of the 5 dimensions were made using an adaptation from the system used by Kanji and Chopra (2010). Construct validity and reliability were assessed using 2 outside assistants to the study. The results were determined to be acceptable.

Firm performance was measured as dependent variables in the models. The dependent variables are described below.

Return on Assets – This is a measure of profitability taken from the Fortune 500 survey. It was used by Grant (1987).

Return on Revenues – This is a measure of profitability taken from the Fortune 500 survey. It was used by Lancioni (1989).

The study includes 9 independent variables. Five are quantitative measures of CSR, and the rest are control variables.

Strategic based CSR – This is a count measure of activities in several areas. George and Jones (2008) note the importance of including CSR in company literature and policies in order to promote its importance within the organization.

Human Resources based CSR – This is a count measure of activities in several areas. These practices are key for companies that want to involve all employees in CSR actions, according to the Society for Human Resource Management (www.shrm.org)

Environmental based CSR – This is a count measure of activities in several areas. These actions were noted as important environmentally by Green Biz (www.greenbiz.com).

Governance based CSR – This is a count measure of activities in several following areas. Hall and Jones (1999) advocate using these actions.

Community based CSR – This is a count measure of activities in several areas. The organization CSR Quest (www.csrquest.net) uses this approach to determine if firms are responding to community needs in an appropriate way.

Foreign Sales – This measure was the percentage of firm sales outside of the headquarters country location. This measure was used by Sullivan (1994) to determine the degree of internationalization among firms.

Productivity- is a measure of competitiveness. A common determinant of productivity is sales per employee. This measure was following Nobeoka, Dyer and Madhok (2002).

Industry – Industry participation was taken from the Fortune 500. This variable was employed by Tarzijian, Brahm and Daiber (2008).

Age of Firm- Age of the firm has been used in performance studies in the business strategy literature (Ling, Zhao and Baron, 2007). Firm age likely affects strategic firm decisions, such as CSR.

RESULTS

Descriptive statistics for the sample were calculated and no violations of normality were detected by outliers on the residual plots and normal probability plot. No violations of the assumptions of regression were observed. Both dependent variables exhibited a binomial distribution and the independent variables exhibited a normal distribution with the exception of the dummy variables. Examination of the pairwise correlations showed that the correlations among the variables were relatively low.

The results for the ROA model provide confirmation for all of the hypotheses in the expected directions at statistically significant values, with the exception of the control variables for industry and age of the firm. The predictive values of the model was good, with an adjusted R^2 of .385 and an F value of 5.129.

Similarly, the results for the ROR model also provide positive support for each of the hypotheses in the anticipated directions with statistically significant numbers, save the control variables for industry and age of the firm. In total, this model had an adjusted R^2 of .390 and an F value of 6.487.

DISCUSSION

Using multiple measures of CSR, large U.S. firms exhibit statistically significant relationships with organizational performance. Thus the data exhibit linkages between firm social performance and firm financial performance. All of the findings were in the hypothesized directions, indicating positive relationships among the variables. However, each independent variable did not show identical relationships across the sample, indicating that the measures of performance may have impacted the results. Additionally, the measures of CSR chosen here may have affected the outcomes. Nonetheless, it is important to note that each of the 5 prongs of CSR: strategic, human resources, environmental, governance and community showed a statistically significant relationship with Return on Assets and Return on Revenues for large U.S. firms during the time period 2005 – 2015.

LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

One possible limitation of the study would be the timeframe. The period of study included the global recession of 2008 – 2009, and related events reduced economic growth around the world, business activity and most likely CSR actions from firms. Additional research could incorporate a different time period to determine if these findings are generalizable.

CONCLUSION

This paper demonstrates the fact that CSR is a multifaceted concept where each of the five prongs of CSR exhibits a statistical relationship with firm performance among MNCs. In a related study, Fernandez-Kranz and Santalo (2010) evaluated firm social performance and competition. They discovered that businesses in more competitive industries enjoyed better social reputations and above average environmental performance. They also noted that firms in industries with more competition had greater CSR variance within the industry, and thus concluded that CSR is related to firm strategy. Hence, it is important for CEOs and other top executives to understand that CSR strategy should be a part of the overall firm strategy, and that it can be used as a competitive advantage.

REFERENCES AVAILABLE UPON REQUEST

AN EXPLORATION OF THE SPORTS BLOGOSPHERE

Charlotte Allen, Stephen F. Austin State University
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ABSTRACT

The purpose of this study is to provide primary research regarding how sports blogs utilize social media and generate revenue. This study begins with a literature review and then is followed by a discussion of the research method of content analysis, which was employed to examine the selected sports blogs. Furthermore, recommendations are made concerning sampling methods and how future sampling of the sports blogosphere could proceed to improve the representativeness of samples and data collection.

INTRODUCTION

A great deal of research has been conducted by marketing researchers and business and computer trade publications concerning the reasons as to why someone would decide to start and maintain a blog. Blogs are essentially online publications, designed to be read by someone, whether it be a large global audience or only an audience of a few people who are interested in the blogger's topic (Editors *et al*, 2002). Studies by Technorati and AOL's Digital Marketing Services shed light on some of the main reasons why people write blogs: to establish themselves as authorities or experts in a field, to create a public record of one's thoughts and opinions, to keep in touch with other people online, especially friends and family, and to use writing as kind of a tool for therapy or self-help (Ingram, 2007).

Blogging has also had a major impact in the media and news business as well. Many bloggers see it as part of their jobs to "fact-check" mainstream media (or MSM as it is abbreviated in the blogging world) and to push certain news stories that the bloggers feel that the MSM has either ignored or not given enough attention to (Hewitt, 2005). Blogging is "confronting journalism, with the rise of current-events blogs that deconstruct news coverage, spew opinion and even scoop the big media from time to time" (Palser, 2002). Blogs are also allowing ordinary people's voices to have an impact in a way that was only possible in the past for those who had access to large media outlets, such as newspapers or televised news shows (Hewitt, 2005; Pierro, 2007). Currently, businesses are using blogs to communicate with consumers and as a marketing tactic. Some of the possible benefits to a business blogging are that blogging can help to increase profit, increase website traffic and improve search engine rankings, recruit new employees, and communicate with coworkers (Ellsworth, 2007).

THE ONLINE BLOGGING WORLD

In June 2003, over four million Americans went online and accessed blogs to find out breaking news and information about the war in Iraq (Rainie *et al*, 2003). In November 2004, Pew Internet studies reported that 8 million Americans (or 7% of the 120 million US adults who use the Internet) said that they had created a blog; however, at that time 62% of US adult Internet population did not know what a blog was (Rainie, 2005). By February 2005, over 32 million

Internet users were also blog readers (Rainie, 2005) with the blogging world almost doubling in size about every 6 months (Sifry, 2006). So, what is a blog and where did it come from? In 1998, Jesse James Garrett, the editor of Infosift website, began to compile a list of other Internet sites that were similar to his own site. He then sent that list to another website owner who sent it to another website owner and so forth, forming a communication network (http://rebeccablood.net, 2003). As of early 2006, there were at least 27 million active blogs online, with more blogs in inactive status (Sifry, 2006). Technorati's State of the Blogosphere Report showed there to be approximately 72 million blogs in 2007. While the growth rate of blogging in the US is slowing, the growth of blogs outside the US is rising at a much faster rate than in the US. Since most of the main business trade publications are blogging (e.g., Wall Street Journal, Business Week, Advertising Age, to name a few.), it is ironic that there is such a lack of research in the academic world of business disciplines.

While there have been a number of news articles and online discussions concerning blogs (especially among bloggers, the people who run the blogs), there has been little academic research on this topic, with most of the research being done in the management information systems, communication, and political science areas, rather than in the marketing arena (Lee *et al*, 2006; Wagner, 2006). One of the few marketing studies is Holzwarth, Janiszewski, and Neumann (2006) who discussed avatars (graphic representations of users or other people online) and their impact on shopping and browsing habits on websites, including blogs. Singh & Singh (2008) also analyzed how entrepreneurs could use blogs as part of their marketing effort while Pan *et al* (2007) covered how blogs were being used as marketing tools in the travel industry. In the last few years, there have been multiple academic papers published concerning blogs and politics. Current major academic studies include Wallsten's (2007) analysis of the relationship between the blogging world and mainstream media and Hayes *et al.'s* (2007) study on the impact of blogging and the credibility of journalists. From a public relations perspective, Trammell (2006) outlined the integration of blogs into presidential candidate websites, Davis (2009) discussed how political journalists use blogs to inform their readers, and Schoroeder (2006) discussed the dilemma of whether an employee should or should not blog about work. Herring & Paolillo (2006) also examined content on blogs in terms of gender stylized writings of the blog authors. There does exist a rising trend of academic research dealing with consumer behavior and blogging: Huang (2015) provided research into consumer perceptions of product review blogs, Lu *et al* (2014) researched the impact of blog recommendations on purchase intentions, and Dooley *et al* (2014) discussed targeting the medical community via blogging.

THE SPORTS BLOGOSPHERE

While there has not been a tremendous amount of research conducted in the business disciplines on blogging, the same cannot be said of the sports arena, although some of the research falls into the medical area (example: how blogging and news reporting has impacted the awareness of concussions received by athletes). Much of the research has concentrated on specific sports incidents and case research. Norman *et al* (2015) outlined the issues and controversy around the proposed move of the New York Islanders of the National Hockey League while Merrill *et al* (2015) provided a case study on the alleged harassment by the New York Jets Football team along with the role of sports blogs and the media in the situation. McCarthy (2013) wrote a very interesting piece analyzing the creation and relationships between sports blogs run by "fans" versus those run by professional media companies. Many of the research studies tend to be conducted from either a psychological or sociological perspective, e.g. Clavio & Eagleman's 2011 study of gender bias based upon the presence of sexually suggestive photographs in sports blogs or Antunovic & Harden's 2013 descriptive study of women bloggers in the sports industry.

There also exists a great deal of content specializing in the growing popularity of Twitter (and other microblogging platforms) in the sports field. Brown & Billings (2013) detailed a case study of the use of Twitter by sports fans in reaction to the University of Miami NCAA investigation from a public relations viewpoint of handling a media crisis. Football (Soccer) clubs research into how their fans react and use Twitter and how the clubs could use that information for media purposes to build relationships with their fans was outlined by Price and Hall (2013). Certainly many pro athletes have jumped on the Twitter bandwagon in the last few years prompting most professional leagues to issue guidelines on the use of social media by athletes (Ortiz, 2011). The rise in popularity of SB Nation (Sports Blog Nation) online network, averaging nearly 50 million unique visitors per month, points to the fact that not only is the sports blogosphere here, but it is here to stay (Orlando, 2013) and is deserving of our time and effort to research..

PURPOSE OF RESEARCH

The purpose of this study is to provide primary research regarding how sports blogs utilize social media and generate revenue. The study utilizes content analysis to address and answer this research objective. The next section of the paper will discuss the data collection method used for the research and provide the results of the study, along with the limitations and applications of this research. While content analysis is a standard data collection tool used in advertising, it is only recently that this technique has been applied to websites (Macias & Lewis, 2003-4). Content analysis was also used by Bichard (2006) to investigate communication framing dimensions of time, space, tone, and topic on the official blogs of presidential political candidates in 2004 election. Macias & Lewis (2003-4) studied what information was presented on prescription drug websites. This research will extend the use of content analysis further into the world of the Internet, specifically targeting sports blogs.

Content analysis (sometimes called textual analysis in the social sciences) is a standard methodology for studying communication, especially in print and visual media. Holsti (1969) offers a broad definition of content analysis as "any technique for making inferences by objectively and systematically identifying specified characteristics of messages." Content analysis has been used to study advertisements, interviews, brochures, and websites, to name a few. Topics that can be addressed can vary from an analysis by gender and race of spokespersons in print and television advertisements during a set time period to whether prices are given in numeric or general terms in newspapers ads. Content analysis is a very flexible form of data collection, which is why is has expanded to the Internet and why it was used as the data collection method for this study.

CONTENT ANALYSIS PROCEDURE

First, a sample of the top 250 blogs was generated based on Internet traffic statistics. Then, a screen capture of each blog was saved for coding purposes. The screen capture contained the blog's complete postings along with advertisements and any other data for a 24-

hour day. A printed copy of the screen capture was made as well for back-up purposes. While most blogs contain archives of previous posts, these archives cannot be used for this data collection, since they usually contain only the postings for the day and not the advertisements nor the links, which are some of the important variables that data will be collected about in this study. Then, each blog was analyzed for content. Out of the 250 blogs sampled for the data collection, twenty four of them predominantly featured sports content. It is this extracted sample of twenty four sports blogs that were used for data analysis.

A coding guide was created to analyze the data on each of the blogs. A coding guide is similar to a survey used in research except that the researcher will fill in the coding guide with information pulled from the blog instead of information given to the researcher over the phone or in person. The coding guide contained places to record the following information: major blogging topic, revenue information (donations asked for, form of donation, onsite store, allow advertisements, how many advertisements, sponsorship by a media group, and membership in a blogging network), use of social media (post sharing, use of various social networking sites like Facebook, MySpace and twitter, posting of video or audio, photo sharing, RSS feeds, and games), and audit information (name of blog and web address, blog ranking, date blog sampled, and coder).

REVENUE GENERATION BY SPORTS BLOGS

This study looked at four major means by which a blog could generate revenue: donations, selling, advertising, and network support. Only three of the sports blogs accepted donations of any kind to support the blog and used PayPal or Amazon Payments as their broker; this is a lower percentage than the overall statistics for the complete sample size (for reference, blogs that were political in content had the highest percentage of donations at nearly sixty percent). Three of the blogs sampled had premium content that could only be accessed via a subscription. Half of the blogs had an online store set-up that sold items that were usually related to sports or the blog, e.g. coffee cups emblazoned with blog logo or name. All of the sampled sports blogs used advertising to help support the blog with a majority of the blogs (58.3%) having three or less advertisements embedded in the site. However, five of the blogs contained anywhere from six to thirteen advertisements during the twenty four hour period in which sampling was conducted. Nineteen of the blogs were either connected to one of the traditional mainstream media sites (ex. ESPN) or were part of a blogging network (predominantly SBNation).

SOCIAL MEDIA AND SPORTS BLOGS

While blogging itself is a social media, the study was also interested in how much the sports blogosphere employed the other social media within their blogging sites. Seventy five percent of the blogs used some form of social media with their posts to share those posts with other blogs or readers. Nearly forty percent of the blogs used a Twitter account along with their blog; this is an area that was surprising to the researchers since our expectation was that the percentage would be much higher due to the popularity of posting on Twitter while sports events are happening. A minority also used MySpace (5%) and Facebook (33%) accounts to tie in with their blog posts. None of the sports blogs used LinkedIn, which is not surprising due to its use as a recruiting and networking tool for more business to business situations. A majority (54.2%) of the blogs used at least three of the social bookmarking services to share posts with other websites, while two of the sports blogs used flickr to share photographs and images with their readers. Over sixty percent of the blogs contained embedded video or a link/embed to YouTube, normally highlighting an outstanding or controversial play or using a video to support a perspective being discussed on the blog. Nearly all of the blogs (91.7%) utilized RSS (Really Simply Syndication), while two of the blogs contained podcasts as a regular feature of the blog.

THE ONLINE COMMUNITY AND SPORTS BLOGS

Over sixty percent of the blogs were run by a group of bloggers with the remaining thirty percent run by an individual. Nearly seventy percent of the blogs had nine or less posts in a twenty four hour period, with an average of 11 posts per day for the sample. Five of the blogs sampled had over twenty posts per day, which raised the overall average of the group. It is not surprising that given the time and effort needed to find or write content for the blog that those blogs with a high number of posts per day were normally run by a group of bloggers and not by an individual. Over eighty percent of the blogs had a featured post of the day, which was either pinned to the top of the blog for the day or emphasized by the design of the blog. Most of the blogs did not use Trackback or Permalink features, but only two of the blogs did not allow comments by readers of the blogs. Given the passionate nature of many sports fan, it would seem logical to allow comments and even encourage comments by the readers of the blog. Most of the blogs did not have a mobile app for their blog- the five blogs which did have a mobile app were on the higher end of the rankings of blog traffic. Thirty percent of the blogs features either a game or content or poll on the blog; polling was the most prevalent of the three items on sports blogs. Polls consisted of topics such as what round of the draft a certain player might be selected or what was the best play in a game. Only two of the blogs contained widgets and none of the blogs featured online radio. Over half of the blogs had fifty or more links to other blogs or Internet sites, while twenty percent of the blogs having eighty or more link contained in the blog. A strong (and logical) correlation existed (Pearson's R=.432, significance=.035) between the number of links the blog possessed and the amount of traffic to the blog itself. Half of the blogs sampled had been established between one and four years at the time of data collection.

RESEARCH LIMITATIONS

The sports blog dataset was pulled from a much larger data set of 250 blogs that contained many blogs that were not sports themed, for example a tremendous number dealt with political issues or were focused on technology. From this experience to obtain a larger sample size the sampling set would need to feature only sports blogs and not be a subset of a larger database of various types of blogs. The sample of sports blogs used in this study was done in the spring, which meant that most of the blogs featured in this study were either focused on baseball or basketball with a few discussing the pro football draft or the Super Bowl. In the future to have a true representative sample of sports blogs, the sampling time period would need to be longitudinal encompassing the whole calendar year. The exception to this being if one desired to focus on a specific sport, then the sampling timeframe could be narrowed down to a smaller time period. This sample did not deal with looking at the actual content of microblogs (e.g. Twitter) as the content analysis would be better served sampling web based blogs and noting the absence or presence of Twitter account and feeds on those blogs as opposed to the limited information that would be found on a Twitter account. A completely different sample along with an abbreviated and revised observation form would need to be utilized for a microblog sample. A concentrated sample of sports blogs would also allow for more specific coding dealing with the various sports versus just an overall label of being a sports themed blog. Furthermore if a blog also contained posts covering more than one type of sport, then that information could be coded as well, e.g. a majority focus on college football, but an occasional focus on pro football or a specific team.

IMPLICATIONS AND CONCLUSION

This research study illustrates the characteristics that currently compose the most popular sports blogs in the Internet realm. This is useful information for anyone, or any company, who wishes to enter the blogosphere to know the tools that the currently successful blogs are utilizing. For those blogs that currently exist, it gives a snapshot as to what tools competing blogs are utilizing. Overall, the blogging world is a highly networked place with a majority of the tools geared to either linking other sites to the blog or to reaching new markets (readers) to pull into the new blog readership. The new blog readership will increase circulation figures for the blog making the blog more valuable to advertisers and to other related blogs and blogging networks. The social media will continue to play an important role in the blogosphere helping to either add a multimedia flavor through video or audio or to add another communication channel, like twitter or tumblr, into the mix to draw blog traffic and interest. Overall, like its varied fan base, the sports blogosphere is a very diverse place of opinion and tools with each blog having its own unique flavor of technology and communication to offer its audience.

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PRIVATE COLLEGE ENROLLMENT IN THE MIDWEST: AN EXPLORATION OF SIGNIFICANT GROWTH WITHIN A 10-YEAR PERIOD

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ABSTRACT

Strategic enrollment management is a process where desired enrollment outcomes are achieved through the orchestration of several core functions of an institution including marketing, recruitment, admissions, pricing and aid, retention programs, academic support services and program development. The problem is that small private colleges may face significant demographic and economic challenges that could negatively affect future enrollment levels. The purpose of this qualitative study was to explore how three small private institutions in the Midwest increased full-time undergraduate enrollment by more than 100% within a 10-year period. Those colleges were Aurora University, Benedictine University, and Notre Dame College. The enrollment growth strategies utilized at each institution were examined in an attempt to combine various strategies to develop a model for enrollment growth that might be used by other small, private colleges and universities. The institutions in this study implemented several parallel strategic initiatives including those that focused on athletics, campus building investments, financial aid, academic programs, admissions recruiting, and pricing that yielded significant enrollment gains over a ten-year period. This research project achieved its purpose as the results of the study led to the development of a model of enrollment growth strategies that may be utilized by other small private institutions to explore future potential enrollment growth strategies. Recommendations for additional research include a) enrollment growth strategies at other small private institutions in different areas of the United States, b) enrollment growth strategies at larger institutions, and c) institutions that experience enrollment growth within a future ten-year period.

This research project added to the current literature on strategic enrollment management and the achievement of enrollment growth in the following ways: by identifying that higher education institutions must implement and embrace a business model approach; by classifying common enrollment growth strategies that were used at three small private institutions in the Midwest that achieved significant enrollment growth; through the common observation that significant enrollment growth at a small private institution requires a culture where everyone is a recruiter; by highlighting athletics as the first enrollment growth strategy small private institutions should consider; through the outlining of the importance facility improvement has on increasing enrollment; by confirming that presidential leadership has been vital to the achievement of overall enrollment growth; by categorizing additional enrollment growth strategies not identified in the literature review; through the confirmation that small private institutions increased enrollment with the adoption of a low price strategy; by reaffirming the importance of strategically utilizing financial aid resources to maximize enrollment; by establishing the importance to sustained enrollment growth by constantly assessing and implementing new enrollment pipelines; and, through the development of a model of enrollment growth strategies that may be utilized for exploration of potential enrollment growth strategies by other small private institutions.

AN EXAMINATION OF DAILY PRICE CHANGES IN THE REAL ESTATE MARKET

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ABSTRACT

Daily price changes are generally missing from data used to investigate the real estate market which leads to an incomplete picture of the market. This paper examines the daily price changes of over 11,000 properties from 2004-2011, providing nearly 13,000 price changes. The results suggest that there is a marginal benefit in timing a price change as gauged by time on market and discount from last list price. However, while previous observational analyses have made a case for Friday being a superior day to list these findings indicate that Wednesday may be the optimal day to initiate a change.

ACADEMIC DISHONESTY IN AN ACCOUNTING ETHICS CLASS: A CASE STUDY IN PLAGIARISM

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ABSTRACT

This case addresses the issue of cheating in the form of plagiarism and the broader context of ethics. It is based on a real event in which a student in the accounting ethics course taught by one of the authors plagiarized on his assignments. The names of the participants and the location have been changed. Given the ease with which students can copy and paste from electronic resources, plagiarism has become a major problem in colleges. Suggested questions are included which provide the instructor with a tool for educating the student regarding what constitutes plagiarism, including the school's and instructor's policy regarding plagiarism; the CPA exam and professional requirements regarding ethical behavior; and ethical values. The discussion questions provide students "food for thought" and the basis for written assignments as well as in-class discussion of both the actual and potential consequences of cheating. While this incident involves plagiarism in an accounting ethics class, it can easily be used in any business course that addresses ethics including professional ethics.

BUNDLING, CORD-CUTTING AND THE DEATH OF TV AS WE KNOW IT

Dmitriy Chulkov, Indiana University Kokomo
Dmitri Nizovtsev, Washburn University

CASE DESCRIPTION

This case describes the changing landscape in the paid-television industry and provides an opportunity to review the underlying principles of bundling, price discrimination, a-la-carte pricing, and other pricing strategies. The case is designed to cover a number of learning outcomes in a managerial economics course at the M.B.A. or upper undergraduate level and has been tested in M.B.A. economics courses at two business schools over several semesters.

CASE SYNOPSIS

Firms in the paid-television industry, in particular cable TV companies, have relied heavily on the practice of bundling, selling only packages of channels to consumers. This pricing strategy is challenged by recent developments including the shift to internet streaming of television programs as well as rising costs of television programming content. Consumers respond to increasing options for obtaining video content as many of them abandon the traditional cable TV companies and "cut the cord". Consequently, the pay-TV industry is considering whether the ability to offer TV channels individually in an "a-la-carte" format is viable.

This case provides an opportunity to review the conditions for successful implementation of bundling and a-la-carte pricing strategies. An examination of the current industry trends also leads to the discussion of cable companies' optimal responses to higher costs of programming content and increased number of substitutes for consumers.

CASE BODY

The pay-TV industry faces a revolution both in the US and world-wide. On the one hand, the popularity of pay-TV programming is at an all-time high as pay-TV networks such as HBO and Showtime invest in lavishly produced programming that is well-received by both viewers and critics. Pay-TV providers reach over 130 million households in the US and an average household spends seven hours a day watching TV (FCC, 2013). On the other hand, consumers who have long been at the mercy of cable and satellite TV providers are now finding a variety of new ways to get their favorite TV content. New entrants in the pay-TV market including Netflix and Amazon provide alternatives to the traditional cable TV at a significantly lower cost. More consumers choose to "cut the cord" and receive their video programming on demand from a free or a paid subscription service. Some industry observers have even proclaimed "the death of TV as we know it" (Yarow, 2015).

The rising price of traditional pay-TV offerings is noticed by consumers and regulators alike. According to the Federal Communications Commission (2014), the average cost of a monthly expanded basic cable subscription rose from $27.88 in 1998 to $64.41 in 2013. Figure 1 compares the growth in the price of cable TV and the inflation rate measured by the CPI. Over this period, cable TV prices have been rising at four times the rate of general inflation. A research report from NPD Group states that the average cable TV monthly bill in the U.S. rose from $40 in 2001 to $86 in 2011, and is projected to rise to $123 per month in 2015 (Kritsonis, 2013).

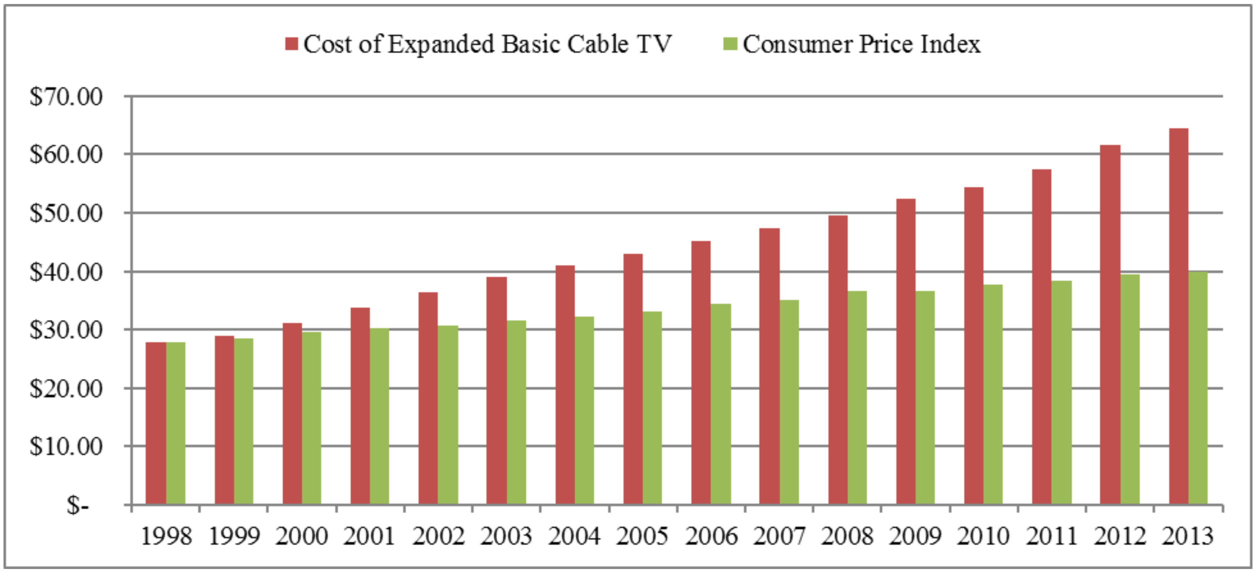

Figure 1. Cost of Expanded Basic Cable TV Bundle
Source: FCC (2014)

As prices of traditional cable and satellite TV access continue to increase, there is an emerging narrative suggesting that the best way to cut those bills down and encourage more competition from providers is to offer consumers the opportunity to select individual channels they purchase. This model is known as “a-la-carte” pricing. Recently, Republican Senator John McCain and Democratic Senator Richard Blumenthal sponsored a bill that would require pay-TV operators to offer a-la-carte pricing. McCain asserts that special interest groups have “stacked the regulatory deck in favor of preserving an outdated business model” and advocates the benefits of a-la-carte selection of channels (Kritsonis, 2013). In Canada, broadcasters are now required to offer a low cost base package of local and educational channels to consumers. Beyond the base service, Canadians are now able to subscribe to individual channels or small bundles of channels that, by law, must be "reasonably priced." The Canadian system came to be known as "pick and pay." (Lazarus, 2015)

This push to a-la-carte pricing represents a major departure from the traditional pricing model in pay-TV. For many years, the pay-TV market in the US has been dominated by providers bundling the individual channels they offer into packages. Despite increases in the number of channels offered to consumers in these bundles, a typical consumer only chooses to watch a few channels on a regular basis. In 2013, a typical consumer only watched 17 channels out 189 available in the programming bundle.

While bundling is common in many product markets – with McDonald’s Happy Meals and the Microsoft Office software suite providing two of the better-known examples – it has become pervasive in the pay-TV industry. Most consumers see no other option but to purchase their TV channels in a bundle. Bundling may help the firm realize economies of scale and economies of scope in product delivery. Proponents of bundling suggest that it is essential for the survival of niche channels that cater to specific interests or minorities and will not have sufficient support to be offered in the a-la-carte environment.

Critics of bundling claim that it forces consumers to buy channels that they never watch. Academic studies that compare bundling and a-la-carte pricing of TV channels (Crawford and Cullen, 2007; Crawford and Yurukoglu, 2012) suggest that consumer surplus will be higher with a-la-carte pricing. Even with a higher price per channel, a consumer may choose to purchase a smaller number of channels and focus only on the channels they are interested in.

The environment in which pay-TV companies make their pricing decisions is changing quickly. Cable TV companies face a declining customer base. Consumers have a greater number of options in accessing video content than ever before. As of 2015, Netflix and Hulu Plus offer on-demand monthly subscription plans that allow access to many of the popular TV shows and movies for under $8 per month ($96 per year). Amazon Prime offers access to hundreds of thousands of movies and TV shows for one annual fee of $99. All of these services are now available on Smart-TV and Blu-ray devices, as well as on tablets and mobile phones.

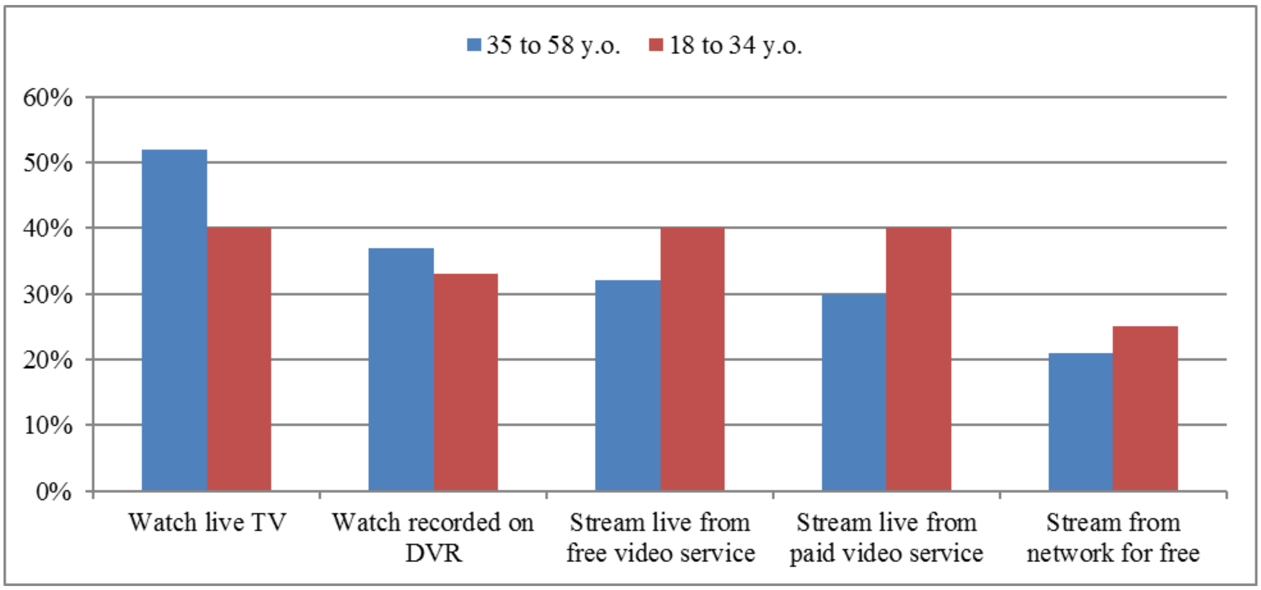

Figure 2. Ways Consumers Access TV Programming
Source: Forrester Research, Edwards (2013)

The increased choices for consumers fuel a generational divide. Millennials – the generation of 18- to 34-year-olds – access video content in a different way than their predecessors. Figure 2 reports survey data on video viewing behavior and demonstrates that the over-35 generation is still more likely to watch TV either live or recorded on a DVR, while millennials are more likely to utilize a streaming service. There is a greater share of "cord-cutters" among millennials, and many of them have never had a cable or satellite TV subscription. Furthermore, many cord-cutters do not even have a high-speed internet subscription that has been a requirement for using online streaming services until recently. In some of the larger cities, there is sufficient penetration of free wi-fi internet that allows a consumer to access the network and stream video content without any subscription fees (Edwards, 2013).

TV providers must also come to grips with the rising costs of their programming content. Improved production values led to the creation of many award-winning TV shows by pay-TV networks, as well as by recent entrants to the pay-TV industry such as Netflix and Amazon. However, the actors in these TV series now command salaries in the millions of dollars, and the rising quality of production also contributed to rising costs.

The financial performance of cable and satellite TV companies, however, has been exceptionally strong over the recent years as described in Figure 3. Over the period from February 2012 to February 2015, the stock price of Time Warner Cable rose over 92%, Comcast went up 111%, and Dish network showed 164% growth. By comparison, the Dow Jones index rose only 39% over this time.

Figure 3. Cable and Satellite TV Company Stock Price Performance

Investors seem to believe that there is no substitute to the revenue streams traditional cable and satellite companies tend to provide. Even as the number of households that subscribe to cable TV declines, the increased prices they pay for their TV packages contribute to stronger revenues (Edwards, 2013). Many advertisers still focus on the large, mass audiences that are difficult to access with any other kind of media, mobile or otherwise. The Super Bowl match watched live on TV is still the only media property than can reach over 100 million people in the US for a three-hour time period. The scarcity of such large audiences outside of live TV events makes even declining audiences of the cable and satellite TV providers valuable to advertisers.

Traditional TV providers are not oblivious to change. The satellite company Dish network announced in 2015 its plans to offer a package of channels that are streamed over the internet for only $20 a month. The new service from Dish does not require any kind of cable or satellite TV subscription, and may even be used with free wi-fi internet. At the time of its launch, it has 10 channels, including TNT, TBS, CNN, Food Network, HGTV, Cartoon Network, Adult Swim, the Disney Channel, ESPN, and ESPN2 (Yarow, 2015).

Other cable companies such as Comcast and Time Warner Cable now offer TV packages based on internet streaming to accompany their high-speed internet services. None of these providers seem willing to abandon the bundling strategy that has worked so well for them over the years. In fact, the basic access options for all of these new internet-based TV offerings are only available in packages.

CASE QUESTIONS

1. Explain the essence of the bundling and a-la-carte pricing models. What conditions are necessary for the implementation of these two pricing strategies?
2. Is the pricing power of pay-TV companies greater or smaller today compared with fifteen years ago? What implications does this have for their ability to experiment with bundling and other non-trivial pricing strategies?
3. Does bundling always produce higher profits than traditional monopoly pricing?
4. Does the a-la-carte pricing model always lead to higher price per TV channel?
5. What is the optimal pricing response of pay-TV companies when they face decreasing demand and increasing costs of content? Is it accurate to say that the events observed in the pay-TV market indicate that demand is decreasing (shifting to the left)?
6. Can you suggest an alternative pricing strategy for maximizing profit (other than bundling or a-la-carte pricing)? In your answer, discuss the conditions for implementing your alternative strategy and the mechanism for implementation.

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MANAGEMENT CHALLENGE: OBAMACARE

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CASE DESCRIPTION

The Patient Protection and Affordable Care Act (Obamacare) became law in 2010 and the changes forced on the medical community are creating managerial headaches that are not easily resolved. While the general population focuses on health insurance, in the medical community anxiety and trepidation persist over increasing capitation and loss of revenues. Many medical practitioners are abandoning the profession. Those that remain are tightening their belts and preparing for lean times. Wage freezes and reductions in forces are two common strategies for reducing expenses. These strategies harshly impact the lowest paid members of the medical community which includes the receptionists, schedulers, file clerks, insurance clerks, medical assistants, and some nurses. Medical managers are being challenged to attract, motivate, and retain employees that can provide superior patient service under these conditions.

CASE SYNOPSIS

Rachel, the office manager for a multi-million dollar pediatric practice in Longview, Texas, is facing escalating employee problems as the doctors withhold raises and promotions. The doctors contend that revenue losses are an imminent result of the Affordable Health Care Act and have staunchly resisted most pleas for pay increases for deserving employees. Rachel has implemented a number of creative managerial initiatives in hopes of motivating and retaining valuable human assets. Despite her efforts, annual employee turnover in the clinic has jumped from 10 percent historically more than to 60 percent in each of the last three years.

INTRODUCTION

Angie and Rachel hugged for a long time and both were teary-eyed as they said good-bye. Angie's last day of work at the clinic, where she had spent the past fifteen years, ended with cake and a small gathering of the few remaining long-time employees, two of the doctors, and Rachel.

Rachel had been an insurance clerk when Angie was hired and had been responsible for showing her the ropes. Soon after Rachel completed her degree in Management, she was promoted to Assistant Office Manager and eventually to Office Manager. Meanwhile, Angie had been a solid employee and ran the insurance department. Angie had been one of the few employees that Rachel could depend on to do the right thing, the right way, every time.

Now Angie was gone and the young and inexperienced workforce that remained would be even more difficult to manage. Rachel grabbed her purse and headed to her car thinking that this weekend wouldn't be long enough to prepare for the weeks ahead.

OBAMACARE

The Patient Protection and Affordable Care Act was signed into law by President Obama in March 2010. Its major provisions go into effect in Jan. 1, 2014, although significant changes went into effect before that date and will continue in years to come (Affordable Care, n.d.). While the uninsured public celebrated in the hope of affordable healthcare, the medical community had grave concerns for the future. A sweeping survey of 13,575 doctors released in September 2013 by the Physicians Foundation found that 77 percent were pessimistic about the future of medicine. The main reason: malpractice lawsuits, which the president’s law did little to address. After that, the top factors cited were “Medicare/Medicaid/government regulations,” “reimbursement issues” and “uncertainty/changes of health reform” (Richardson, February 7, 2013). Physicians are fearing the onset of Obamacare, with many of them believing they won't be able to make enough money to remain in practice (Moran, October 19, 2013). In California, where 70% of the 104,000 physicians are refusing to participate in ObamaCare, practices stand to lose millions of dollars under the state's bargain basement insurance rates.

Other facilities are opting out for the same reasons doctors are -- lower reimbursement rates (Perkins, December, 2013). In addition to capitation payments, which are used by managed care organizations to control health care costs by putting the physician at financial risk for services provided to patients (Alguire, n.d.).

Doctors worry they won't get paid by some patients because of an unusual 90-day grace period.

"This puts the physician and their patients in a very difficult situation," said Dr. Ardis Dee Hoven, president of the American Medical Association. "If a patient is being treated for a serious illness that requires ongoing care, the physician is having to assume the financial risk for this," she said. "That's the bottom line." (Rabin, March 19, 2014).

LONGVIEW PEDIATRICS

Dr. Bernhard Smoot had no plans to visit Texas, let alone open a practice there, when he began his residency at Johns Hopkins Children’s Hospital. In fact, Dr. Bernie planned on staying in the northeast and joining a lucrative practice on Long Island. But he hadn’t counted on meeting Lynda Mae Pearson, another pediatric resident, who three years later became his wife and together they opened the Longview Pediatric Clinic in her hometown of Longview, Texas in October of 1982.

Longview is the county seat of Gregg County and is located 125 miles east of Dallas and 60 miles west of Shreveport, Louisiana. The population of Longview is a little over 80,000 and more than 120,000 in Gregg County. Since Gregg County is very small by Texas standards, the clinic draws patients from more than 400,000 people living in the surrounding counties of Harrison, Panola, Rusk, Smith, and Upshur. Annual wages per employee reported in 2012 for Gregg county area was about $45,000 (Quarterly Census of Employment and Wages, 2012). While the region’s median household incomes are lower than the statewide average, such measures do not take the cost of living into account. A person earning an annual salary of $45,000 in Longview has the equivalent purchasing power as a person living in Dallas earning $56,343, or 25 percent more (Cost of Living Comparison, 2015).

Drs. Bernie and Lynda Smoot earned the reputation as the best pediatric doctors in the area and their practice flourished. Dr. Bernie was also an astute business man and by 2010 the practice saw patients in 5 locations and employed 55 full-time staff and 12 part-time staff. Two more doctors held junior partnership with the Smoots and two more provided contract services. Six Nurse Practitioners were the primary providers in the satellite clinics.

Most of the staff are in positions such as receptionists, file clerks, schedulers, and insurance clerks with wage rates ranging from $8.50 to $12.50. A dozen medical assistants earn around $16 and the eight Registered Nurses earn around $30 per hour. The employer offers an insurance plan and pays 70% of the employee's premium. After one year, employees are eligible to participate in a 401 retirement plan with an employer match of 3%. Employees have six paid holidays plus their birthday and they earn PTO at the rate of 2 hours per 40 hours worked. Children of employees have insurance co-pays waived and are seen for free if the employee is uninsured.

TROUBLES BREWING

In a September of 2009 monthly business meeting the doctors lamented the threat to revenues should pending legislation pass through the US Congress. Once The Affordable Health Care for America Act (or HR 3962) bill was crafted by the United States House of Representatives in November 2009 the doctors informed Rachel that wage and hiring freezes would be in effect until further notice. Rachel had a meeting afterwards with all staff and informed them of the decision.

The first few months after the wage freeze decision were uneventful, but when annual performance review periods for employees came and went without any raises, slowly but surely the reality of no raises began to sink in and Rachel could see morale crumbling and heard rumors that some employees were looking for work elsewhere. To make matters worse, one of the doctors parked his brand new $180,000 sports car outside the clinic and while another doctor took off for a month to vacation in Europe.

As employee attitudes slowly gave way to misery, the number of patient complaints began to rise. After six months, the increase in tardiness and absenteeism put a strain on those employees who dutifully showed up to work. After nine months several experienced personnel had given their notice and left for other jobs. As experience walked out the door, training new employees became a huge burden for Rachel and the remaining experienced staff, further increasing the burden on providing patient services. On top of all of these things, the worse flu season in years hit the area and the all the clinics were flooded with sick children.

SWIMMING UPSTREAM

Rachel had anticipated the deterioration in attitude and workmanship. Almost immediately she began to lobby the doctors to institute a longevity bonus. She created spreadsheet models to provide the doctors with several what-if analysis options. Her efforts paid off and the employees received a bonus just in time for Christmas. The next year she encouraged the doctors to give the bonus in November so that employees could have that money to buy gifts for Christmas. The next year she was able to have the cap on the bonus lifted which gave a few long-time employees a few dollars more.

Although raises were off the table, Rachel was able to purchase a variety of gift cards with values from $5 to $50. She used these to reward employees who performed a commendable act such as coming up with a good idea or going the extra mile to make a patient comfortable.

On days that seemed unusually busy, Rachel would try to do something to lift everyone's spirit. Often she would order milk shakes for everyone that wanted one. Sometime she would order pizza for lunch, or surprise everyone with breakfast treats. Rachel did something for each holiday including hiding prize filled eggs throughout the clinics for Easter.

Her efforts helped maintain morale and excellent customer service but it couldn't hold people in their jobs. One by one she watched employees leave. After eighteen months the front staff was brand new and every other area had many new faces. Employee training was an everyday event. Interviewing new applicants two or three times per week was commonplace. Now Angie, her best employee and good friend of fifteen years, was calling it quits.

Rachel is dreading Monday and the prospect of replacing another employee.

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FROM GP TO LLC: MAKING THE RIGHT CHOICE OF ENTITY DECISION

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CASE DESCRIPTION

This case requires students to explore the relative advantages and disadvantages of the various forms of business entities through the application of those options to a hypothetical case study. Secondary issues examined include contractual obligations of a business before it is legally formed and raising capital in a start-up business. The case is appropriate for undergraduate juniors (difficulty level: 3) in business law or entrepreneurship classes. It may also be used in a class on partnership and corporate taxation as it explores both federal taxation of business entities and the impact of a state limited liability entity tax. The case is designed to be taught in one to two class hours and is expected to require three to four hours of outside preparation by the average business student.

CASE SYNOPSIS

Peter and Ann Northcutt have an opportunity to open a bed and breakfast on Kentucky Lake, fulfilling Ann's life-long dream of owning such a business, provided that they are able to finance the purchase of the house and initial business expenses with a bank loan. In order to complete necessary renovations on the home, the couple enter into a contract with J.T. Allen, a general contractor. A close friend, Alex Lane, who owns and operates a waterpark in western Kentucky, has suggested that the couple could also convert an adjacent piece of property into a waterpark, increasing interest in the bed and breakfast. In order to open the waterpark, the couple will need additional funds, including investments from Lane and potentially others. However, the Northcutts want to maintain control over the business. The case is designed to explore the (1) advantages and disadvantages of the various forms of business entities given the original owners objectives, (2) contractual obligations entered into prior to entity formation, and (3) issues related to raising capital in a start-up entity.

EQUATORIAL GUINEA: THE KING'S CATTLE

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Robert M. Crocker, Stephen F. Austin State University

CASE DESCRIPTION

The project described in this case is the result of a political leader in a small, yet significantly petroleum rich African country, seeking to improve economic conditions and agricultural infrastructure for people in his country, Equatorial Guinea. The leader has hired a project director from Texas. As the project builds in momentum, an additional director steps in to assure that the cattle in the transaction meet required health standards and currency is exchanged based on appropriate United States currency value.

A small country and a large order of cattle create the setting that enables students to be able to apply knowledge of supply chain management on an international basis, develop an understanding of international trade and think beyond the immediate transaction and into customer relationship management (CRM).

CASE SYNOPSIS

A seasoned veteran of raising commercial cattle on the Texas Gulf Coast, Mavis Martin is somewhat of a fledgling to the world of registered Brahman cattle and their popularity throughout the world. She is the reporter in the case, learning as she goes with the help of a new friend, Harry Hudson. Through Harry, Mavis learns of the demand for Brahman cattle throughout the world, economic infrastructures that develop from agriculture, and how efficiently a large, international order for cattle can be filled.

The entire process of responding to the requests of a leader in a small, African nation may meet with failure unless creative thinking takes over and saves the transaction.

INTRODUCTION

What seems to be another, yet somewhat important, cattle show, presents a backdrop to a blend of international demand and supply of a breed of cattle that is perhaps the oldest breed known to civilization. The setting is in Dallas, Texas at the Pan American Brahman Cattle Show. Many ranches throughout the United States show Brahman cattle at this particular show.

Beef

As of January 1, 2015, there were 89.9 million cattle in the United States with Texas the largest herd of cattle and calves with 11.8 million head. This number is up 1% from January 2014. The value of beef exports from the United States in totaled $5.711 billion (2013), up from $3.839 billion in 2010. The top export markets are Japan, Canada, Mexico, and South Korea (Beef Industry Statistics, n.d.).

Over the last three years drought throughout parts of the United States, especially in Texas, urban expansion and fewer young people returning to the ranch are driving forces in the downward trend in numbers of beef cattle. To address the challenges of exporting beef cattle during times of declining numbers of actual cattle, many ranchers use technologies such as embryo export (Davis, n.d.) see Appendix A.

Equatorial Guinea

Slightly smaller than Maryland in the United States, Equatorial Guinea has been a constitutional democracy since 1991. Legislative elections in Equatorial Guinea have been constantly flawed and in question. The president of the country actually seized power in a coup, and exerts almost total political control over the country—much like that of a king. Equatorial Guinea has experienced rapid economic growth due to the discovery of large offshore oil reserves, and in the last decade has become Sub-Saharan Africa's third largest oil exporter. Despite the country's economic windfall from oil production, resulting in a massive increase in government revenue in recent years, improvements in the population's living standards have been slow to develop (The World Factbook, n.d.).

WHEN HARRY HELPS MAVIS

“Hey,” Harry called out to Mavis, “I want you to meet someone who wants to buy cattle!”

Mavis Martin raised commercial cattle all her life, yet she was very new to the show circuit for American Brahman cattle. She was constantly surprised by how much she did not know about the very cattle that she grew up with on the salt grass pastures in Galveston County Texas. She and her dad raised cattle on the range, then took them to the sale barn—that was all the marketing they did.

So, when Harry Hudson called out to her about someone who is genuinely interested in buying show cattle, Mavis perked up.

“Harry, send them to our stalls, I want to talk with them. By the way, who are these people who want to buy Brahman cattle?” she queried.

“He says he’s from Trophy Hunt, Texas. I think he’s buying cattle for other people. Talk to him and find out. His name is Robert Rhine,” and Harry trails off to his own cattle.

INTERNATIONAL VISITORS

A few minutes later several people came to Mavis’ stalls, mentioned Harry as an introduction, and begin to talk about their mission.

“My name is Robert Rhine, and I am here with a few ambassadors for the country of Equatorial Guinea. We want to purchase American Brahman cattle to improve the local cattle in their country,” Robert continues as he gestures toward the entourage of people accompanying him. “May I introduce Nancy Tames, her husband Jose and the consulate, Fernaso Vila, from Houston representing Equatorial Guinea,” Robert concluded.

Mavis was impressed by the introductions, as she began to sort through the new names. She quickly determined that Robert Rhine was definitely the person from Trophy Hunt, Texas that Harry had mentioned earlier. She could only wonder why he was escorting these people from Africa around the National Show to buy cattle to ship to Africa. “Why didn’t he just go to some of the ranches?” she wonders.

Robert Rhine continues, “Harry mentioned that you have Brahman cattle for sale. Please tell us about them, how many do you have to sell, and if you do, then how much are they?”

Somewhat hesitant, Mavis replies, “I am just getting started in this registered Brahman business, I have a bull for sale, that one over there.”

She pointed in the general direction of the bull in the last stall, and said, “I will take $5,000 US for him today.”

Robert and the people with him looked puzzled, he replies, “Oh, he is not nearly enough, we are seeking to buy 3,000 head of Red Brahman, 2-year-old heifers.”

“Wow,” Mavis thought, “Why did Harry even send him to me. So much the kidder, Harry probably wanted to have a laugh at my expense,” Mavis digests the situation so that she could get back to Harry.

Finally, Mavis replies to Robert, “Well, the bull is the only animal I have to sell. I’m glad to meet you folks, but it appears that we have no further business to tend to today.”

Robert thanks her for her time, they part with, “Glad to meet you,” and continue strolling through the stalls of Brahman cattle.

SO MANY CATTLE SO FAR AWAY

Mavis remained curious about the whole situation, intrigued by the idea that somehow 3,000 head of two-year-old Brahman heifers would be traveling to West Africa within the year.

She knew that she had to use this opportunity to learn more about these exotic cattle and the world’s demand for them.

To settle the score with Harry, Mavis goes directly to his stalls. “What do you mean sending those people to talk to me about buying 3,000 head of heifers?! Harry, you were wasting our time. Really? Is this the way you break in the new comers like me to the show circuit?” Mavis questions.

Harry chuckles a bit, then replies, “Well, it’s gonna take a lot of us to fill that order. If this guy is serious, then we will all need to plan how to get that order filled and those cattle delivered. We’re talkin’ about a lot of money here. Think about it. He is talking about spending $5,000 per head for 3,000 head. Do the math. Everyone here will want a piece of the action.”

“Yeah, I wish I had at least one red heifer to sell, but I am totally raising greys. The size of the order and the amount of money and transportation challenges intrigue me. I want to stay in the loop just to learn more about these cattle and how they travel.”

“I’ll keep you posted,” Harry says as Mavis walks back to her stalls.

THE DEVIL’S IN THE DETAILS

As the Pan American Brahman Show concludes, several ranchers from Texas, Louisiana, Mississippi and Alabama complete preliminary plans for the project, they now call “The Red Heifers to Africa Project” (RHAP) that Robert Rhine is directing for the African leader. Mavis learns that the project will be orchestrated by Lydia and Noel Vego, owners of a Red Brahman ranch with headquarters in Venezuela and a location in South Central Texas. When the cash transfer for the 3,000 Red Brahman heifers is complete in United States dollars, Lydia will notify each rancher to prepare health papers for all the cattle to be included in the project.

When a specific ship is about two days away from docking at the Port of Houston, Lydia will notify all the ranchers involved to transport their cattle to her ranch in Texas.

Throughout the southern United States, cattle would then be transported by truck and trailers to Lydia and Noel's ranch in Texas.

From their ranch, after all the health papers are checked, the cattle will be shipped via railcar to the Port of Houston. At the port, the cattle will be loaded on board ship. They will travel through the Gulf of Mexico and across the Atlantic Ocean to the port at Malabo, Equatorial Guinea.

Only one person stood in the way of the transaction taking place as described, Johnny Hughes. Over the 40 plus years of raising and judging Brahman cattle, Johnny has been to nearly every country in the world, including Equatorial Guinea. He spoke to the ranchers, including Lydia, just before money and papers started being transferred. "Before we leave Dallas today, we all need to consider how to make the RHAP successful." Johnny continues, "Let us suppose that all the 3,000 Red Brahman heifers arrive at the Port of Malabo alive. Only about 60% of them will survive in that country—in about two months they will succumb to all the native cattle diseases there. That country is hot and humid all year long—nothing kills out any disease carrying insects there. Do we want to set ourselves and the king up for failure?"

One rancher voices, "Well, if we have their money, what will we care?"

Johnny replies, "This is bigger than just you selling some individual a cow. This sale is large enough to get attention from our buyers in Brazil and Australia. They need to be assured that we stand behind our transactions. We must think beyond just the sale. We want to continue doing business with these people."

Another rancher speaks up, "Well, how will we fill this order. This is just too much money to leave on the table. If we don't sell to them, then they may go to Brazil or Australia to fill the order."

Mavis listens intently as she tries to take in all the information that she never had to know when life was so simple, before she got into the international cattle business. She and her dad never really thought about the cattle they sold after the sale. They were headed to feedlots in South Texas and that was that.

Thinking beyond the sale and always keeping an international presence seems to be a demanding dimension to the cattle business. Keeping a ready market for United States beef is something that every beef rancher thinks about now. The idea of staying on the good side of the customer is becoming first and foremost to everyone in the business.

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APPENDIX A.

An Excerpt from "Embryo Transfer in Beef Cattle" by Dr. Roger L. Davis DVM

Retrieved from http://www.davis-rairdan.com/embryo-transfer.htm on June 24, 2015

Embryo Export:

Embryos are an efficient, cost effective and safe way to move genetics throughout the world. Thanks to cutting edge research, embryos that are processed according to the International Embryo Transfer Society (IETS) standards by certified and accredited embryo transfer practitioners can be exported to most countries around the world. IETS washed embryos pose zero risk for the transmission of any known disease, including BSE and foot and mouth. The washing of the embryos with outer shells (zona pellucida) that are intact with an enzyme called trypsin, removes any potential viral and / or bacterial agents. Only embryos that are processed in approved laboratories (mobile or fixed) by ET practitioners that are CETA certified and approved by CFIA can be exported. I recommend that all embryos be washed by approved ET teams to ensure that they will qualify for future export in case markets become available in the future. To maintain export status, the embryos must be stored under the direct supervision of an approved ET practitioner. Embryos stored on farm with your semen will lose their qualification.

If embryos are produced for a specific market, you should have your ET practitioner check on specific requirements such as donor testing and special semen qualification. Although most countries accept washed embryos, some such as China, Russia, New Zealand, Australia and Japan have additional requirements.

Marketing features of exporting embryos to foreign countries compared to live cattle include:

- Economic means of transporting genetics versus live animals on planes
- Zero risk for disease transmission
- Rarely subject to health restrictions due to disease outbreaks (BSE)
- Offspring adapt better to new environments when born and raised there
- Offspring born with immunity to local disease (from recipient)
- Buyer can purchase genetics from elite cow that are not for sale
- Improved technology world-wide means good results

Marketing Tips:

- Get good quality photos of all potential donor cows on pasture when lactating (preferably not a dry fat cow)
- Write a short history and production record for each cow including EPD's
- Qualify embryos for export even if not exporting and keep them stored correctly to maintain status
- Keep a listing of embryo inventory and qualifications
- Post your donor(s) on your website if you have one.

BIG DREAMS AND LITTLE MONEY FOR SPEECH RECOGNITION: REVENUE GENERATION BY OUTSOURCING RESEARCH AND DEVELOPMENT.

Rebecca Martin, McNeese State University
Christophe Van Linden, KU Leuven

CASE DESCRIPTION

This case concerns revenue recognition of software licenses. In particular, students play the role of a financial audit senior who must evaluate audit evidence concerning a licensing scheme of speech recognition technology. Based on the evidence in the audit file, students should draw a conclusion about whether revenue is materially misstated in the financial statements of the IT company according to International Financial Reporting Standards (IFRS). The case also illustrates the importance of independence during the audit. The case will expand students' understanding of risks related to revenue recognition and the implications and limitations of the concept of professional skepticism during a financial audit. The case also provides students with a perspective as to which challenges they will face once they are employed as an auditor. The case requires students to have an introductory knowledge of accounting and auditing and is appropriate for senior level students in accounting or auditing. The case is designed to be taught in 1-2 class hours and is expected to require 3 hours of outside preparation by students.

CASE SYNOPSIS

The case is based on actual facts and chronicles the transformation of an IT company from a small local private company to a global player publicly traded on NASDAQ. The company was founded by two businessmen who envisioned transforming the world with speech recognition technology. Due to its fast growth, investor interest, and the complexity of the business, the auditors considered the company a high risk client. The financial audit was conducted by a Big 4 audit firm with affiliates in several countries, and the company falls under IFRS for financial reporting purposes.

Since research and development costs are a financial burden for the IT company, management decided to start outsourcing developed speech recognition technology to interested parties overseas to further develop the technology into different language modules. The company record the license fees paid by overseas entities as revenue in the financial statements. Audit evidence related to this licensing scheme has been collected during the financial audit. The audit senior has to evaluate the audit evidence documented in the audit file and conclude whether the evidence provides sufficient assurance regarding the revenue recognition practices, whether additional evidence should be obtained and whether revenue is materially misstated or not.

Additionally, during the current year audit the lead engagement partner leaves the audit profession and starts to work for an entity related to the IT company. Consequently, the audit senior has to report possible independence threats into an independence reporting template and must decide whether it is suitable for the audit firm to continue performing the audit of the IT company.

SEXUAL HARASSMENT ON CAMPUS: "HE'S JUST A PERVERT AND EVERYBODY KNOWS IT!"

Federickia Washington, Stephen F. Austin State University

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CASE DESCRIPTION

Sexual harassment seems to never go away. Most colleges now require all faculty and staff to participate in training regarding identification and prevent sexual harassment, yet example after example continue to permeate the internet, The Chronicle of Higher Education and many other journals and papers. Each week articles about sexual harassment flow through traditional media, such as radio and television news and talk shows.

The case presented here describes the subtle undertones of sexual harassment in a collegiate setting. The main characters in a small university somewhere in the United States are: "Bob Mayberry, Ph.D.," a tenured, male professor and director of graduate studies in the College of Liberal Arts; "Mary Robin," a female graduate student that earned her bachelor's degree at that university in the College of Business and is completing her master's degree at the same university in the College of Liberal Arts; "Caroline Wallace, Ph.D." a tenured, female faculty member in the College of Business in which Mary works; and, "Allen Goodnight, Ph.D." a tenured, male department chair in the College of Business.

This case recreates a student's experience and compresses a series of events into a shorter time frame in an attempt to capture the more subtle aspects of sexual harassment. It also demonstrates the vulnerability of a student who is too dependent on a senior tenured faculty member who holds the keys to her future.

This case also offers insight into the politics of an organization where many people, for a variety of different reasons, choose to look the other way or to completely ignore the perverted behavior of a faculty member.

What better setting can be used in the classroom to encourage discussion of sexual harassment in higher education and elsewhere? Many juniors and seniors in college, both female and male, have probably had at least one encounter that they thought might have been sexual harassment. Since students are not required to take "training" in the subject to continue pursuing their degrees, discussions regarding sexual harassment should take place at least once in a semester to heighten their awareness of the topic and prepare them for life after college.

CASE SYNOPSIS

A small university with post graduate programs provides the setting for the scenario. The key player in the case is the female graduate student, Mary.

She confides in a faculty member that she has known for some time about the awkward, uncomfortable encounter she had just experienced with the director of the graduate program is which she participates.

Mary also tells Dr. Wallace of the other things she has heard about the director of her program, Dr. Mayberry.

Both Dr. Wallace and Mary go to the next level in determining what to do, if anything, about the situation that Mary experienced that morning with Dr. Mayberry.

The "gray" element of sexual harassment is to be determined as students and professors review the case and discuss it in class. It will be useful in Human Resource Management programs.

INTRODUCTION

Mary enters Dr. Wallace's office as she has so often done. The two have become close friends over the past four years and enjoy mutual respect for each other.

Today Mary is not her usual cheerful self and appears withdrawn. She stares out the window and pauses too long in responding to the niceties of the day offered by Dr. Wallace.

"Dr. Wallace," starts Mary, "who do you know in the graduate office in Liberal Arts?"

"I haven't thought about it, I guess I may know a few people in Liberal Arts. Whether they work in the graduate office, I do not know," responds Dr. Wallace. "Why do you ask? You know more people over there than I do."

"You have always encouraged me to get my Ph. D., and I plan to, I really do. But, right now, I may have to switch to another college," Mary trails into thought, still gazing out the office window.

"What do you mean?" exclaims Dr. Wallace, "You are doing so well in your courses. Wow, your graduate degree coupled with your B.B.A. will help you get into any program you choose. Didn't you tell me last week that you only have nine more hours and your research to complete the program?" Dr. Wallace questions.

"I know, and yes, I did tell you that about being so close to completing my research and my course work," Mary hesitates, then continues, "But, I may need to either transfer to another department or change degree or something, I just don't know what to do."

"What's happening to make you so rattled?" Dr. Wallace asks directly.

CREEPY

"You know that I am putting together my committee as part of the requirements for the degree. Dr. Mayberry is helping me select the people to be part of my committee, and he asked that I meet him in his office this morning to discuss my progress," Mary continues, "When I arrived his door was open and he asked me to come into his office. Neither the administrative assistant nor the student worker were in,"

"He's my committee chair. I kept an appointment with him to discuss progress with my research study, too," she continues.

"You know, he saw me at the rec center the other evening. He came over and made a few coy comments about working out with me. I couldn't believe what I was hearing and ignored him," Mary added. "I was afraid to say much of anything, thinking that maybe he had been drinking and didn't realize what he was saying."

“When I entered his office this morning, he seemed even sleazier than the evening before,” she sighs. “What I am going to do? I’ve just got to talk with somebody, and you are it.”

“And now Dr. Wallace it seems my troubles have exploded. Get this! He has a string on the inside door knob to his office so that when he heard me arrive he did not get up to open the door, instead, he remained seated, pulled the string just enough to let me enter. Then he started talking about working out at the rec center. He said that he saw me working out earlier in the week, and he thinks that we should work out together. Just talking about it makes me feel dirty. And what has he actually said or done? Nothing. I just feel dirty after listening to him,” Mary continues. “It’s the way he says, ‘work out together,’ that really gets to me, the tone, the look he gave me when he said it, all of it makes my skin crawl,” she states.

“I left his office as quickly as I could once he started talking about ‘working out.’ He directs graduate studies for my program. He confirms the members of my committee. I need only one more committee member. I still have to talk to Dr. Mayberry,” Mary thinks aloud.

“I know that I can do this, just telling you about it makes me feel a little better, I only need to meet with this guy two more times at the most,” she continues.

“Well, you’ve talked with me about something that bothers you deeply and could affect the completion of your program. Now, you and I need to do something. Come with me to Dr. Goodnight’s office. You really need to tell him what has happened and how it makes you feel,” encourages Dr. Wallace. “And, as part of protocol, we are required to take this to the next level. And that is Dr. Goodnight,” states Dr. Wallace.

“I’ve heard about Dr. Mayberry from the girls that work in his office. They joke about it, they even say he is a pervert out loud while he is in the office. How do they put up with the comments? I guess they want to keep their jobs, so they make it seem like a joke,” concludes Mary.

“I also heard about him from another graduate student. This girl is in the same program as me and she said that the same thing happened to her while working in the rec center. She said he came over to where she was working out, made some comments about working out with her, and asked her if she wanted to drink from his soda. Yuk. Why did I even repeat that? Yuk,” Mary grimaced as she walked with Dr. Wallace to Dr. Goodnight’s office.

LOOKING FOR HELP

“Knock, knock. Got a moment, Mary and I need to talk with you,” Dr. Wallace announces as she and Mary enter his office.

“Sure thing. What do y’all have for me this morning?” Dr. Goodnight asks.

As Dr. Wallace closes the door behind her and Mary, she introduces the situation, and Mary completes it.

Dr. Goodnight listens as Mary tells him of the actual encounter in Dr. Mayberry’s office and the rec center and the other graduate student’s encounter with Dr. Mayberry in the rec center.

APPENDIX A: WHAT IS SEXUAL HARASSMENT AND REPORTING IT

It is in accordance with federal and state law to prohibit unlawful discrimination as outlined in university policy (Discrimination Complaints/Sexual Harassment). Sexual harassment is a form of sex discrimination.

What is Sexual Harassment?

Sexual harassment is described as unwelcome sexual advances, requests for sexual favors and other verbal or physical conduct of a sexual nature even if carried out under the guise of humor. These actions constitute sexual harassment when:

Submission to or tolerance of such conduct is made either explicitly or implicitly a term or condition of an individual's employment or education;

Submission to or rejection of such conduct by an individual is used as the basis for academic or employment decisions (including admissions and hiring) affecting that individual; or

Such conduct has the purpose or effect of unreasonably interfering with an individual's academic or professional performance or creating an intimidating, hostile or offensive employment, education or living environment.

Physical conduct that, depending on the totality of circumstances present, may constitute sexual harassment includes but is not limited to:

- Unwelcome intentional touching;
- Deliberate physical interference with or restriction of movement; or
- Sexual violence.
- Verbal conduct, defined as oral, written or symbolic expressions (regardless of the method of communication) that, depending on the totality of circumstances present may constitute sexual harassment, includes but is not limited to:
    - Explicit or implicit propositions to engage in sexual activity;
    - Gratuitous comments, jokes, questions, anecdotes or remarks of a sexual nature about clothing or bodies;
    - Gratuitous remarks about sexual activities or speculation about sexual experiences;
    - Persistent, unwanted sexual or romantic attention;
    - Subtle or overt pressure for sexual favors;
    - Exposure to sexually suggestive visual displays such as photographs, graffiti, posters, calendars or other materials; or
    - Deliberate, repeated humiliation or intimidation based upon sex.

Reporting Sexual Harassment

A member of the university community who wishes to file a complaint regarding sexual harassment by an employee or student of the university should take the following action:

- If the alleged harasser is a faculty or staff member, the complaint should be made to the alleged harasser's supervisor and/or the director of human resources.
- If the alleged harasser is a student, the complaint should be made to the dean of student affairs.

- If the alleged harasser is a third party, neither an employee nor a student, the complaint should be made to the director of human resources.
- Any complaint also may be made to the university's Title IX coordinator

Since the University can only take corrective action when it becomes aware of problems, the university encourages individuals who believe that they have experienced sexual harassment to come forward with their complaint and seek assistance.

Reports of sexual assault and other crimes should be directed to the university police department, regardless of whether the matter also is being reported and investigated as sexual harassment. Those making a criminal complaint will be informed of their option to also make a sexual harassment complaint under the university's Discrimination Complaints/Sexual Harassment policy.

The university can most effectively investigate and respond to alleged sexual harassment if the complaint is made as promptly as possible after the alleged harassment occurs. Complaints must be made in writing and must be filed within 180 calendar days of the alleged violation.