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Jo Ann and Jim Carland
Co-Editors
Western Carolina University

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Proceedings of the Allied Academies Internet Conference

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Academy of Accounting and Financial Studies (AAFS)

SELF-SELECTION INTO DEGREE PROGRAMS: DIFFERENCES IN PREFERRED LEARNING STYLES BETWEEN ONLINE STUDENTS AND TRADITIONAL STUDENTS

Nicholas A. Beadles II, Georgia College and State University
nick.beadles@gcsu.edu
Christopher M. Lowery, Georgia College and State University
chris.lowery@gcsu.edu

ABSTRACT

This study is an exploratory investigation of students' propensity to self-select into web-based degree programs based on their preferred styles of learning. The learning styles of students enrolled in several cohorts of an accredited, web-based MBA program were compared with students in an equivalent traditional MBA program to determine if there were any differences in learning styles between the two groups, which might indicate that students with particular learning styles self-select into different types of programs.

In our study we used Richard Felder's Index of Learning Styles to conduct an exploratory investigation to assess whether learning style might be associated with the choice of educational delivery method. We assessed four different dimensions of learning style: active versus reflective learning, sensing versus intuition, visual versus verbal learning, and sequential versus global learning.

Much of the research on online courses show them to be as effective as brick and mortar courses and those studies often conclude that online education is a worthwhile endeavor and should be pursued. Our study shows that different students prefer different environments for learning and, consequently, it may be that the ideal solution lies somewhere between the two alternatives. Perhaps, instead of teaching either online or in a classroom, the ideal way to adjust for the varied learning styles that are represented in both environments would be to teach in a blended fashion. That is, a combination of online and classroom environments may provide a better educational experience than either alone.

This exploratory investigation to assess whether students' learning styles can predict the choice of educational delivery method indicates that learning styles may have an effect on the choice of educational approach. There appear to be differences in learning styles between students who chose to enroll in a traditional program and those who chose a web-based program. Our results indicate that students with particular learning styles may be better suited for enrolling in online courses. Considering the results of this study together with the results of previous research which shows that learning styles are correlated with performance for students in online environments, we can conclude that learning styles might be an important determinant of the choice of educational delivery method.

PHISHING, PHARMING AND IDENTITY THEFT

Richard G. Brody, University of New Mexico
brody@mgt.unm.edu
Elizabeth Mulig, University of South Florida St. Petersburg
mulig@stpt.usf.edu
Valerie Kimball
vjkimball@aol.com

ABSTRACT

Identity theft is the fastest growing crime in America, occurring when the criminal obtains confidential information from an individual or business and uses it to access private financial accounts. In today's world of information technology, many thieves prey on their victims via the internet. The level of disclosure of personal information in many of today's information age transactions is what leaves so many individuals and businesses open to identity theft. Two of the most common ways that thieves acquire personal information to aid them in identity theft are phishing and pharming. Phishing utilizes bulk e-mail messages to entice recipients into revealing personal information. Pharmers, on the other hand, cast a wide net for the unwary. There is a huge potential reward for criminals who succeed in these malicious acts.

Information indicates that U.S. losses are approximately $52.6B per year. Approximately 90% of this total is being carried by businesses and financial institutions, and consumers' cost is the remaining 10%. Another huge cost of identity theft to businesses is the loss of customer trust. Creating awareness is one of the most important tools in fighting identity theft via phishing and pharming schemes. However, it is not enough. Financial institutions and consumers need to work together to prevent future occurrences. Hopefully, with advanced technology and continued educational outreach by businesses, financial institutions and educational organizations, there will be a decline in the level of identity theft taking place on the Internet.

INTERVENTION IMPACT OF TAX REFORM ACT ON THE BUSINESS FAILURE PROCESS

Askar H. Choudhury, Illinois State University
achoudh@ilstu.edu

ABSTRACT

We study the intervention effect of Tax Reform Act on the business failures. Intervention analysis and time-series regression on the pre- and post-event periods are employed. After controlling for new businesses, we find the Tax Reform Act is instrumental in extending the memory of business failure.

WAS THE ACCOUNTING PROFESSION REALLY THAT BAD?

William Donnelly, San Jose State University
Besty Jenkins, San Jose State University
Tom Black, San Jose State University
donne_b@cob.sjsu.edu

ABSTRACT

To gain insight into the extent of malpractice in the State of California prior to the Passage of Sarbanes-Oxley, we examined the nature and magnitude of complains filed with the California Board of Accountancy (CBA) against both licensed and unlicensed accountants during the fiscal years 2000, 2001, and 2002. The CBA currently licenses and regulates over 73,000 licenses, with 1,431 complaints filed during the period reviewed.

Disciplinary actions were taken against 283 different licensees for the three fiscal years reviewed. SEC issues were involved in 19 cases, theft or embezzlement 46 cases, public accounting malpractice 146 cases, improper retention of client records 11 cases, cheating on the CPA examination 9 cases, and miscellaneous other 52 cases.

Over half of the complaints involved public accounting issues. Audit related complaints accounted for 48%, tax related complaints 36%, and compilations or reviews accounted for 16% of the complaints. These statistics were in line with the experience of the AICPA Professional Liability program.

Within the above sections, the paper contains specifics with regards to the most common problems identified as a result of this work. While a number of interesting facts were discovered, one item of particularly interest was the significant number of claims that involved non-profit organizations. CBA administrators do not believe there is any greater tendency for non profit reporting versus for profit reporting, thus appearing to indicate this is just an area that has a greater possibility of accounting malpractice.

INTERNATIONAL FINANCE AND TRADING BLOCS: THE WIDENED GAP BETWEEN DEVELOPED AND DEVELOPING NATIONS

Paulette Perry, Northern Caribbean University
Benjamin Thompson, Walden University
pamperry01@yahoo.com

ABSTRACT

This study analyzes the theoretical premises of Global trade and the capital markets and evaluates the benefits to developing and developed economies. Empirical observation and research on Globalization affirms that the gap between these trading blocs have widened though global trade have resulted in the increase in overall global wealth. The study evaluates classical theorists such as (a) Adam Smith's theory of Specialization and its impact on globalization and the capital markets, and (b) Dunning's Eclectic Theory and its role in Foreign Direct Investments and capital diffusion. The study hypothesizes that global trade has been more beneficial for developed than for developing economies. The study evaluates and highlights potential benefits to the global economy from closing the economic gap between developed and developing nations. The researchers contend that while Globalization is theoretically lauded as a prime avenue of closing the wealth gap between developed and developing nations, empirical data assert that the gap between developing and developed nations continue to widen: Per capita income of the world has grown in constant dollars from $650 in 1820 to $5150 (Firebaugh, 2000). The gap in per capita income between Western Europe and poor nations approximates to 30 (Maddison, 1995).

Academy of Commercial Banking and Finance (ACBF)

COMMUNITY REINVESTMENT ACT AND EFFICIENT MARKETS DEBATE: OVERVIEW

Kavous Ardalan, Marist College
Ann Davis, Marist College

INTRODUCTION

This paper integrates two existing lines of research. On the one hand, there is the literature on the community reinvestment act (CRA), and on the other there is the literature on the efficient markets hypothesis (EMH). The paper first provides an overview of each line of research, and then discusses how they might be related. A major portion of the paper is devoted to the introduction of the CRA, its relation to the relevant laws, its development over time. The paper reviews the phases of the CRA and the major factors which have contributed to its wide-ranging effects. Since the EMH is a relatively well-known topic, the paper briefly re-introduces the issues involved. Finally, the paper discusses what the implications of the CRA might be for the EMH. This paper sets the foundation for two other papers dealing with the theoretical debate and empirical evidence on the Community Reinvestment Act.

COMMUNITY REINVESTMENT ACT AND RELATED LAWS

The Community Reinvestment Act (CRA) was enacted in 1977 based on the concern that commercial banks and savings associations were engaging in "redlining" practices that were accelerating the decline of many inner-city urban areas. Redlining referred to the practice whereby depository institutions literally or figuratively drew a red line around certain neighborhoods on the basis of the racial composition, age of housing stock, or other factors regardless of the creditworthiness of individual loan applicants, and declined to make loans in those neighborhoods. The perception was that these practices were resulting in the disinvestment and decline of many older, central city, and typically low-income and minority neighborhoods and a shift of jobs to suburban areas. The CRA addressed this problem by requiring the banking regulators to encourage the institutions to help meet the credit needs of the communities in which they are chartered to do business. The hope was that by encouraging depository institutions to look for profitable lending opportunities in their local communities, the CRA would be helpful in revitalizing inner-cities at a time when investment was moving to distant money centers or to more affluent and outlying communities.

The extant literature reveals the following two trends. First, home mortgage lending to low- and moderate-income and minority neighborhoods during the 1990s has increased at rates that far exceed the increases in lending to other neighborhoods. These increases have been attributed in part to the influence of the CRA and fair lending laws.

Second, the CRA has helped create a community development infrastructure among the banking industry, the bank regulatory agencies, the secondary market organizations, and in inner-city communities that has increased CRA compliance. The CRA has increased collaboration among bankers, local and state governments, and community-based organizations in arrangements such as loan consortia and public/private enterprise partnerships. Further, the CRA has resulted in the creation of financial instruments designed to make the private capital more accessible to low- and moderate-income borrowers and minority neighborhood, be represented by banks as CRA commitments, and bring CRA activities into the financial mainstream.

The principle underlying the CRA, that depository institutions must serve the "convenience and needs" of the communities in which they are chartered to do business consistent with safe and sound operations, is one that federal law governing deposit insurance, bank charters, and bank mergers had included before the CRA was enacted. The Banking Act of 1935 states that banks should serve the convenience and needs of their communities. The Bank Holding Company Act of 1956 requires the Federal Reserve Board (FRB), in deciding on acquisitions by banks and bank holding companies, to assess how well a bank meets the convenience and needs of its communities consistent with safe and sound operations. Under CRA, the concept of "convenience and needs" includes the extensions of credit.

CRA and the fair lending laws, while separate, have related objectives. The primary purpose of CRA was to prohibit redlining. The Fair Housing Act (FHA) and the Equal Credit Opportunity Act (ECOA) prohibit lending discrimination based on certain characteristics of potential and actual borrowers. The FHA, enacted as title VIII of the Civil Rights Act of 1968, prohibits discrimination in residential real estate-related transactions on the basis of an applicant's race, color, religion, gender, handicap, familial status, or national origin. These actions include denying a loan or fixing the terms and conditions of a loan based on discriminatory criteria. The ECOA, enacted in 1974, prohibits discrimination with respect to any aspect of a credit transaction based on race, color, religion, national origin, gender, marital status, age, receipt of public assistance, or the exercise, in good faith, of rights granted by the Consumer Credit Protection Act.

The Home Mortgage Disclosure Act (HMDA) was enacted in 1975 to establish a reporting obligation for depository institutions in order for regulators and the public could determine whether depository institutions were serving the credit needs of their communities. It required depository institutions with total assets of more than $10 million to compile data on the number and total dollar amount of mortgage loans originated or for which the institution received completed applications or purchased during each fiscal year by geographic area and make that data available for public inspection. In 1989, HMDA was amended to require collection and reporting of data on race, gender, and income characteristics of mortgage applicants to help identifying discriminatory lending practices and enforcing fair lending laws. Amendments to HMDA in 1988 and 1991 expanded the reporting requirements to most mortgage banking subsidiaries of banks and thrift holding companies and independent mortgage companies not affiliated with depository institutions. In 1992, HMDA was amended to require the financial institutions to make available to the public, upon request, their loan application registers, which contain data for loans covered by HMDA.

HMDA is a large data source at the individual loan application level. Among data sources, it provides the best opportunity to analyze lending patterns and trends by borrower income, race/ethnicity or gender in such detail. Furthermore, the loan data are geo-coded to census tracts, allowing the analysis of the impact of CRA on lending in lower-income, minority, or other historically underserved neighborhoods.

Both HMDA and CRA were enacted to address the regulators' perceived lack of lending by banking institutions to the communities in which they were chartered to do business. Where available, HMDA data are to be used by examiners when assessing compliance with CRA, FHA, and ECOA.

Garwood and Smith (1993), and Litan, Retsinas, Belsky, and White Haag (2000) have discussed aspects of the CRA. The present study has extensively benefited from Belsky, Lambert, and von Hoffman (2000), Ford Foundation (2002), General Accounting Office (1995), and White Haag (2000),

DEVELOPMENT OF THE COMMUNITY REINVESTMENT ACT

Concerns that banks and savings institutions did not adequately respond to credit needs of the communities they served prompted the passage of title VIII of the Community Reinvestment Act (CRA) of 1977. The act mandates federal bank and thrift regulators – the

Comptroller of the Currency (OCC) for federal banks; the Board of Governors of the Federal Reserve System (FRB) for State-chartered banks that are members of the Federal Reserve System and bank holding companies; the Federal Deposit Insurance Corporation (FDIC) for state-chartered banks and savings banks that are not members of the Federal Reserve System and the deposits of which are insured by the FDIC; and the Office of Thrift Supervision (OTS) for savings associations with deposits insured by the FDIC, and savings association holding companies, to use their authority to encourage institutions to help meet the credit needs in all areas of the community the institution is chartered to serve, consistent with safe and sound operations. CRA does not cover credit unions and independent mortgage companies. According to the CRA the federal banking regulators have the primary responsibility for the examination of CRA performance and enforcement of the act.

The act requires the regulators to periodically assess institutions' community lending performance and to take it into account when evaluating an institution's application for a deposit facility. Where an "application for deposit facility" is defined as an application to the appropriate supervising regulator for (1) a charter for a national bank or federal savings and loan (S&L); (2) deposit insurance in connection with a newly chartered bank, savings bank, S&L, or similar institution; (3) the opening of a domestic branch or other facility with the ability to accept insured bank or S&L deposits; (4) the relocation of a home office or branch; (5) the merger or consolidation with, or acquisition of the assets, or assumption of the liabilities of an insured depository institution; or (6) the acquisition of shares or assets of an insured depository institution requiring approval under the Bank Holding Company Act or the National Housing Act.

Growing concern about the effectiveness of CRA's implementation and its regulatory burden on institutions led to a few revisions, and a final revision in May 1995.

CRA was amended by the Financial Institution Reform, Recovery, and Enforcement Act of 1989 (FIRREA) to require that the regulator's examination rating and a written evaluation of each assessment factor be made publicly available. FIRREA also established a four-point qualitative rating scale so that the CRA ratings would be different from the five-point numerical ratings assigned based on the safety and soundness examinations.

The Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) amended CRA to require public discussion of data underlying the regulators' assessment.

The Housing and Community Development Act of 1992 amended CRA to require that the regulators give CRA credit to institutions who cooperate in activities and investment involving minorities- and women-owned financial institutions and low-income credit unions.

The Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 amended CRA to require that depository institutions with interstate branching be assigned a separate rating and evaluation for each state and a separate evaluation where they have branches in two or more states within their metropolitan area.

According to the pre-1995 version of the CRA, an examiner is to evaluate depository institutions' technical compliance with a set of specific rules, and to qualitatively evaluate the institution's efforts and performance in serving the credit needs of its entire community. In assessing compliance with the technical requirements of CRA the examiner works through the CRA checklist. However, assessing compliance with the qualitative requirements of CRA is more difficult and subjective. The qualitative aspect of an institution's performance is to be assessed according to 12 factors. To allow examiner sufficient flexibility the regulators have not assigned a relative weighing to the factors. However, regulators have stated that compliance with antidiscrimination laws and regulations, including ECOA and FHA, is a significant factor in determining the CRA rating. Moreover, regulators have stated that examiners are to weigh CRA performance over process, i.e., how well an institution helps meet the credit needs of its community over documentation showing how the institution ensures CRA compliance.

The CRA assessment factors are grouped under five performance categories as published in the Federal Register on May 1, 1990.

A compliance examination generally results as well in a CRA rating. The CRA scale is a four-part descriptive scale as follows: "outstanding," "satisfactory," "needs to improve," and "substantial noncompliance."

FRB and FDIC also approve applications with commitments. OCC and OTS do not do so, instead they conditionally approve applications. The conditions may be similar to commitments; however, the depository institution must meet the conditions before the final approval.

Any depository institution wishing to expand must be prepared for the potential for a protest by community groups or other members of the public. Regulators must consider protests in their approval process. Historically, these protest groups have exercised their right over institutions wishing to expand. Regulators encourage the parties at odds to come together before an application is submitted to a regulator for approval. The amendments to CRA enacted by FIRREA in 1989 and FDICIA in 1991 have strengthened the public role in enforcing CRA in both the application review process and the CRA examination process.

Many community groups voiced their concern that although over 90 percent of all depository institutions receive satisfactory CRA rating or above, there are large geographic areas that do not obtain credit from these institutions. These groups demanded an examination process that is based on actual lending "performance" rather than "process." On July 15, 1993, the President called for a revision to the CRA regulation that would make CRA examination a performance-based system based on results rather than process and paperwork. Especial emphasis was placed on results in low- and moderate-income areas of depository institutions' communities.

In May 1995, FRB, OCC, OTS, and FDIC released the revised CRA regulations which had a more quantitative orientation and was based on actual performance relative to the following three tests: the lending test, the service test, and the investment test. These replaced the qualitative CRA examination system, including the 12 assessment factors. The three tests under the revised CRA regulations are as follows: lending test, investment test, and service test.

In general, the regulators rate an institution's performance with respect to each of the three tests, but the lending test rating carries more weight than the other two. An institution must receive at least "low satisfactory" rating on the lending test to receive an overall CRA rating of satisfactory. However, ratings on the other two tests have considerable effect on the overall rating.

The revised regulation allows a streamlined examination for small institutions. A small institution is defined as an independent retail institution with total assets of less than $250 million and holding company affiliates with total assets of less than $1 billion. The streamlined examination method focuses on an institution's loan-to-deposit ratio, degree of local lending, record of lending to borrowers and the geographic distribution of different income levels, and record of responding to complaints.

The revised regulation also gives all depository institutions the option of having their CRA performance examined according to a regulator-approved strategic plan. The strategic plan should be developed with community input detailing how the institution proposes to meet its CRA obligation.

The most recent changes to CRA occurred as a result of the Gramm-Leach-Bliley Financial Modernization Act (GLBA) of 1999. GLBA requires that depository institutions must have satisfactory CRA ratings before the institution, or its holding company, affiliates or subsidiaries, can engage in any of the expanded financial activities permitted under the law. GLBA's "sunshine" provision requires that agreements entered into by depository institutions and community organizations or other entities in fulfillment of CRA obligations must be publicly disclosed.

COMMUNITY REINVESTMENT ACT AND EFFICIENT MARKETS DEBATE: REVIEW OF THEORY

Kavous Ardalan, Marist College

INTRODUCTION

This paper crosses two existing lines of research. On the one hand, there is the literature on the community reinvestment act (CRA) and on the other there is the literature on the efficient markets hypothesis (EMH). The paper, therefore, first reintroduces each line of research and then focuses on the discussion of how they might be related. More specifically, this paper discusses three major different perspectives: (1) The lending market is efficient, (2) The lending market is inefficient due to illegal "discrimination," and (3) The lending market is socially inefficient as caused by "externalities." The efficient markets view regards the CRA as a "tax" on the banking system, whereas the latter two views mostly support the idea that the CRA benefits lenders as well as low- and moderate-income borrowers and their neighborhoods.

THE EFFICIENT MARKETS VIEW

According to the efficient markets view, the low number of home mortgage loans in low- and moderate-income neighborhoods is to be understood within the context of business of depository institutions, where profit-seeking institutions seek to meet the demands of creditworthy borrowers. In this view, the small population, the high proportion of renters, and the often distressed nature of the low- and moderate-income neighborhoods, with lower holdings of financial assets, the relatively small number of creditworthy borrowers, the lower demand, the lower return, and the relatively small supply of owner-occupied housing stocks together with a nondiscriminatory use of underwriting criteria that reflect the credit risk or the cost of extending credit to individual applicants translates into few opportunities to make profitable home purchase loans. In this view, as long as mortgage credit is extended in a non-discriminatory and competitive manner the market is best suited to determine which lenders and how many are needed to serve the borrowers.

In the efficient markets view, depository institutions have private incentive to seek all profitable lending opportunities; therefore CRA should have little effect on lending because depository institutions already perform the tasks that the CRA intends to encourage them to do. However, if the CRA forces lenders to make unprofitable loans, then the efficient markets view would regard the CRA as a burden on the banking system. For instance, the CRA may impose substantial compliance costs, such as the costs of training staff to become familiar with the requirements of the CRA and the costs of maintaining records of actions taken to comply with the regulation to be shown to regulators.

In the efficient markets view, any regulation such as the CRA that encourages additional lending is equivalent to a tax because it requires a depository institution to make a loan that is expected to yield a return which does not cover all expenses, including the expected return to shareholders. Further, it puts the depository institutions at a competitive disadvantage because this tax does not apply to all mortgage lenders. More specifically, non-bank depository institutions, such as mortgage companies, insurance companies, securities firms, and credit unions, compete with banks for funds and loans but are not subject to CRA requirements. In general, the effect of a tax imposed on a particular sector of the economy is to encourage economic activity to move to other, lower-taxed sectors of the economy. Thus, lending by CRA-covered depository institutions in low- and moderate-income neighborhoods will decline relative to lending by non-CRA-covered institutions, even though their lending in low- and moderate-income neighborhoods may increase.

In this view, the CRA is, in effect, a lending quota. Depository Institutions are induced to make loans to un-creditworthy borrowers, risking losses to the deposit insurance funds and, ultimately, to taxpayers.

In this view, the CRA is seen as an unnecessary and burdensome measure that limits depository institutions' flexibility in business decisions and mandates credit allocations with low rate of return and based on the volume of deposits coming from certain areas, disregarding the credit demand or the merits of loan applications. The CRA therefore disrupts the normal flow of capital from areas of excess supply to areas of strong demand and puts in jeopardy the safety and soundness of depository institutions by forcing institutions to make risky loans. The lending to low- and moderate-income neighborhoods is associated with relatively high credit risk, relatively small expected returns, and high transaction costs. The transaction costs for lending in the low- and moderate-income neighborhoods may be higher than for other commercial or consumer lending because of additional time and effort necessary to ascertain the creditworthiness of the borrower or the value of the property in low- and moderate-income neighborhoods.

In the efficient markets view, the CRA cannot be rationalized as a corrective for any market failure. Therefore, the CRA must be essentially a redistributive program that should be justified based on equity rather than efficiency considerations. Lacker (1995) argues that the CRA is actually a means for redistributing wealth, but is an inefficient vehicle for doing so. He claims that a more efficient way to deliver subsidies to low- and moderate-income borrowers and neighborhoods is to provide direct subsidies for loans to low- and moderate-income borrowers through specialized financial institutions rather than through depository institutions. (Similarly, if CRA is effectively a tax on depository institutions then it is better to pursue re-distributional goals with direct subsidies). This argument is based on the premise that CRA is intentionally redistributive. Yet, competing views state that CRA is a mechanism to correct for informational externalities and entry delay by lenders that reduce credit flows in low- and moderate-income markets. From this perspective, CRA enhances market efficiency, rather than redistribution.

THE DISCRIMINATION VIEW

Economic theory dealing with illegal discrimination, i.e., systematic differences in treatment based on race or other inherent attributes of prospective borrowers, has identified two distinct sources of discrimination: (1) prejudicial (taste-based) discrimination and (2) statistical (information-based) discrimination. In the context of CRA and fair lending laws, discrimination means discrimination against minorities, against low- and moderate-income borrowers, against neighborhoods with high proportions of minority residents, or against low- and moderate-income neighborhoods.

The prejudicial (taste-based) discrimination exists when some individuals or firms are willing to forgo profitable opportunities to satisfy a "taste for discrimination" against a specific group. In the housing market, real estate brokers may discriminate against minorities to protect their own reputation and with the hope of future business with an established white community. Moreover, because mortgage lenders often work closely with real estate brokers, the real estate brokers' incentives may carry forward to lenders. That is, lenders may discriminate against minority borrowers, at least in certain neighborhoods, to protect their own reputation with the real estate brokers who send them prospective white borrowers.

The statistical (information-based) discrimination exists when the lender believes that the loan applicant's group membership provides valuable information. More specifically, lenders use an applicant's ethnic or racial status or residential neighborhood as an indicator of risk and the expected return on a loan. Thus, lenders require applicants with certain racial or ethnic identities or residing in certain neighborhoods to meet higher underwriting standards to qualify for credit.

It is important to note that statistical discrimination is illegal, even though it is based on profit-maximizing behavior by lenders. It is legitimate to consider the observable characteristics of a loan applicant that are related to his or her ability to pay back a loan, but it is illegitimate to use the average observable characteristics of a group to make inferences about the unobservable characteristics of an individual associated with that group.

THE EXTERNALITIES VIEW

An externality is a source of market failure. An externality in the lending market may affect lending in low- and moderate-income neighborhoods. The CRA may work to eliminate this market failure. That is, the CRA-induced lending may be socially desirable even though banks would otherwise find it unprofitable.

An externality exists when the decisions and actions of an individual affect the well-being of another without the decision-maker's either incurring the full costs of, or receive the full benefits from, those decisions and actions. For instance, in the housing market, if some homeowners do not maintain their properties there will be spillover effects on the prices of surrounding, well-maintained houses and properties. The homeowners who do not maintain their properties suffer only some of the costs of their actions but their neighbors suffer some as well. Similarly, those homeowners who maintain their properties do not receive all the benefits of their action but their neighbors receive some benefit as well.

In the externalities view, a lender's assessment of the risks of and the return to mortgage lending in a neighborhood is dependent, in part, on the conditions of surrounding properties. If other lenders are lending in the same neighborhood at the same time, each lender may have greater confidence in positive externalities because the lender knows that other lenders and borrowers are committed to maintaining or improving property values. Thus, a regulation, such as the CRA, that encourages more concerted or coordinated lending in a particular neighborhood may raise the profitability of all lending in that neighborhood.

Low- and moderate-income housing markets are frequently characterized by "spillover effects" because the physical condition and appearance of one property affect the desirability of properties in the same neighborhood. This leads to a strategic interaction among property owners; improvements to a property in a well-maintained neighborhood are worthwhile but have little value if the rest of the neighborhood is not well-maintained or vacant. It may be socially desirable to renovate a run-down neighborhood, but no single property owner may have an incentive to do so. This strategic interaction applies to potential lenders as well. Each lender judges a mortgage loan applicant in isolation and ignores the effect of properties in the same neighborhood. Taking the poor condition of neighboring properties as given, the loan might appear to be a poor risk and unprofitable, even though simultaneous loans to improve all properties might be worthwhile. In this case, everyone would be better off if lenders could coordinate their decisions and agree to lend, since those loans would be profitable. However, when there is no coordination, each lender's reluctance to lend translates into other lenders' reluctance to lend and the process becomes a self-fulfilling prophecy of neighborhood decline. This constitutes a genuine market failure.

Spillover effects seem quite important in affluent property markets as well. However, they do not seem to cause any serious market failures in affluent real estate markets. This is because private market mechanisms seem quite capable of coordinating investment decisions. Suburban housing development is coordinated by a single entity who builds all the homes and enforces homogeneity through building restrictions and deed covenants.

There are several differences between the suburbs and low-income, inner-city neighborhoods which might explain why coordinating investments in inner cities are more difficult or costly. Low-income inner-city neighborhoods tend to be older, higher-density areas, while development in the suburbs is often on tracts of undeveloped land. The formation and enforcement of the requisite property rights is probably less costly for the latter. Another factor affecting the difficulty of assembling property rights is the higher incidence of governmental levies such as rent controls or taxes in inner cities. The greater incidence of crime in inner cities also slows development by making it more costly to provide residents with a given level of security.

The relatively lower volume of loans in lower- and moderate-income neighborhoods has been due to many factors. But, a consequence of the lower volume of loans is that lenders tend to have less experience, and thus higher costs, when evaluating the risks of lending in lower- and moderate-income neighborhoods. If the acquisition of the necessary information to assess the risks of some borrowers is costly, and the benefits of acquiring the information accrue only partly to the lender who acquired the information, then lenders are less likely to invest sufficiently in acquiring the information. This is because the benefits of acquiring information accrues partly to competitors who do not pay for the costly information and therefore have, other things being equal, a lower cost structure. In other words, an information externality exists.

Information externality may also arise from the low rate of real estate transactions in the low- and moderate-income neighborhoods. This affects lending in these neighborhoods. If these neighborhoods have fewer homes, fewer sales, and a more heterogeneous housing stock than do upper-income neighborhoods, then establishing the value of homes for use as the collateral for mortgage will be more difficult. Lenders may decide not to invest in learning fully about the market value of homes in these neighborhoods because it may be difficult to keep such information from their competitors.

The precision of appraised value of real estate depends on the frequency of previous home-sale transactions in the neighborhood. A low rate of real estate transactions makes appraisals imprecise. This increases mortgage lending risk in the neighborhood, reduces mortgage supply, and thereby reduces the frequency of transactions. The neighborhood can be trapped in a self-reinforcing condition of restricted mortgage lending and low housing stock turnover. The proponents of the EMH, on the other hand, state that the key impediment to efficiency in this case is the failure of lenders and homebuyers to account for the social benefits of their transaction on others' ability to make accurate real estate appraisals in the future.

Another source of information externality may be limited knowledge about government and other nonprofit programs for promoting lending in low- and moderate-income neighborhoods. These subsidy programs can be used effectively to mitigate risk.

CONCLUSION

The debate preceding the enactment of CRA has continued to this date. The evidence on efficient markets in bank lending seems inconclusive. The controversy will continue for the foreseeable future. An observer with a strong prior belief in the ability of market forces to take advantage of profitable opportunities can easily remain unconvinced by the evidence on the effects of the CRA. On the other hand, an observer with a strong prior belief in the prevalence of market failures in lending will find striking confirmation in such evidence. Between these two extremes lie a range of reasonable assessments.

COMMUNITY REINVESTMENT ACT AND EFFICIENT MARKETS DEBATE: REVIEW OF EMPIRICAL EVIDENCE

Kavous Ardalan, Marist College

INTRODUCTION

This paper crosses two existing lines of research and reviews the relevant empirical research. On the one hand, there is the literature on the community reinvestment act (CRA) and on the other there is the literature on the efficient markets hypothesis (EMH). The debate is based on three major different perspectives: (1) The lending market is efficient, (2) The lending market is inefficient due to illegal "discrimination," and (3) The lending market is socially inefficient as caused by "externalities." The empirical evidence is reviewed for the evaluation of the relative merit of these perspectives.

EMPIRICAL EVIDENCE

The empirical evidence is reviewed for the evaluation of the relative merit of the different perspectives. The empirical evidence is divided into two categories: (A) The evidence on discrimination and (B) The evidence on CRA impacts. Due to space limitations a portion of the empirical work with respect to discrimination will be reviewed.

The legal definition of discrimination is reflected in existing laws against discrimination in mortgage lending, namely the Fair Housing Act of 1968, the Equal Credit Opportunity Act (ECOA) of 1974, and the Civil Rights Act of 1866. The principal law against this type of discrimination, the ECOA, reads in part: "It shall be unlawful for any creditor to discriminate against any applicant, with respect to any aspect of a credit transaction . . . on the basis of race, color, religion, national origin, sex or marital status, or age, provided the applicant has the capacity to contract."

The 1977 Community Reinvestment Act defines discrimination in terms of the flow of funds to different types of neighborhoods, as well as in terms of decisions on individual loans. Barth, Cordes, and Yezer (1979) and Bradbury, Case, and Dunham (1989) thoroughly discuss this topic.

In the past, mortgage lenders discriminated against some groups of borrowers based on their policy guidelines. For instance, before the passage of the Equal Credit Opportunity Act in 1974, banks often followed explicit policies to treat women less favorably than men. Lenders often discounted a woman's income by 50 percent or more when evaluating mortgage applications and lenders were more likely to discount the woman's income if she was of a child-bearing age or had pre-school children. Since the Equal Credit Opportunity Act of 1974 prohibited sex-based classifications and income discounting, the change seems to have had a noticeable effect on bank lending policies toward women.

Listokin and Casey (1980) note that discrimination in mortgage lending is the most dramatic type of discrimination, with the most obvious consequence for access to housing. In their defense, lenders stress the hegemony of economic criteria, while community activists argue that lenders are guided by racial as well as economic policies.

The empirical research on discrimination may be divided into three categories (1) Earlier redlining studies, (2) Later redlining studies, (3) Default rate studies, (4) Discrimination in other aspects, and (5) Discrimination by other participants.

The earlier redlining studies use the “old” HMDA data. The 1975 Home Mortgage Disclosure Act (HMDA) initially required a variety of depository institutions to disclose the number and dollar amount of both home mortgage and home improvement loans on a calendar year basis and by census tract or county name. The Act has exempted depository institutions with less than $10 million in assets, or covered by equivalent state laws, or located outside metropolitan statistical areas.

The redlining studies analyze the distribution of lending within metropolitan areas over time, focusing on the relative allocation of credit to whites versus blacks in suburban versus central city neighborhoods.

The most famous analysis of “old” HMDA data is the report entitled “The Color of Money” by Bill Dedman, which was published in a four-part series in May 1988 by the Atlanta Journal – Constitution. The study used the data for Atlanta and found that mortgage loans were made in predominantly white middle-income census tracts at approximately five times the rate in predominantly black middle-income neighborhoods.

Canner (1982) argues that these studies failed “to incorporate information on mortgage demand, loan risk, and mortgage contract characteristics, which substantially weakens their usefulness for assessing the redlining issues.” Others argue that a variety of supply and demand factors should have been incorporated in these studies including lack of demand for mortgage loans in the area; adequate measures of equity; external risks that threatened property value or increased the chance of nonpayment; and decisions by entities outside the control of lenders, such as real estate agents and appraisers. Jaffey (1976) and Listokin and Casey (1980) discuss these issues.

Early HMDA studies also did not analyze the extent to which home purchase credit needs in minority and low- and moderate-income neighborhoods were met by non-HMDA covered lenders.

In the later redlining studies a different data was used. Financial Institution Reform, Recovery, and Enforcement Act of 1989 (FIRREA) amended the HMDA in a major way. It required that information be reported on the race, gender, and income of mortgage loan applications completed after December 31, 1989. It also required expanded coverage of large mortgage lenders not affiliated with depository institutions, such as mortgage companies.

The major methodological problem that any study of loan acceptance confronts is not having adequate controls. Studies with inadequate controls may conclude that there is discrimination or redlining where in fact there is none or may overstate the magnitude of the discrimination. Galster (1991, 1992) argues that the HMDA studies cannot establish evidence of mortgage credit discrimination without having substantial additional information on the lending or underwriting criteria of the bank; the wealth/debt levels of applicant; the credit history of the loan applicant; and the property serving as collateral.

The most well-known study in this line of research is the 1992 Federal Reserve Bank of Boston research known as the Boston Fed study on mortgage lending (Munnell et al. 1996, which originally appeared in 1992). This study improved on earlier ones by including a more comprehensive list of applicants and property characteristics and by expanding the coverage to all types of lenders, rather than a restricted set.

Munnell et al. (1996) supplemented the new HMDA data with 38 additional variables to account for the omitted-variable bias. The additional variables were selected based on numerous conversations with academics, lenders, underwriters, and others familiar with the lending process about what they believed were important. Tootell (1996) notes that “It is difficult to find a variable systematically related to the mortgage lending decision and collected by the lender that the Boston Fed did not gather.” Their list of controls is more extensive than that in any earlier study. Their data set includes variables in four categories: probability of default, costs of default, loan characteristics, and personal characteristics.

For their data collection, Munnell et al. (1996) asked banks and mortgage companies for detailed information from the loan applicant files for a sample of Boston HMDA data for 1990. They obtained data on housing expenses, total debt payments, net worth, credit and mortgage payment histories, appraised property values, whether properties were single- or multi-family dwellings, whether applicants were self-employed, and whether applicants were denied private mortgage insurance. Combining this information for a sample of 3,062 individual applicants with applicant race and the unemployment rate in the applicant's industry, they estimated the probability of a particular mortgage loan application being denied.

Munnell et al (1996) found that the probability of loan denial is 8.2 percentage points higher for blacks and Hispanics than for whites, controlling for the probability of and costs of default and for loan and personal characteristics. This result is statistically significant. Their finding is consistent with the view that lending discrimination is common in housing markets.

Boston Fed study suggests that discrimination takes place in a subtle form. Mortgage loan applicants of all races with good credentials were almost certain to be approved. However, the study found that the vast majority of applicants had some imperfection. Consequently, lenders have had considerable discretion to weigh different factors in evaluating creditworthiness. The Boston Fed researchers suggest that mortgage lenders seem more apt to overlook deficiencies for white applicants than for minority applicants.

Munnell et al. (1996) also estimated various specifications of their model to determine the robustness of their result. These alternative specifications had remarkably little impact on their result that discrimination exists. Carr and Megbolugbe (1993) and Glennon and Stengel (1994) also estimated various model specifications using the Munnell et al. (1996) data. None of these alternative specifications altered the conclusion that minority applicants face discrimination.

The Munnell et al. (1996) study has received much scrutiny. Liebowitz (1993) and Horne (1994) have claimed that the data used for the study are full of errors and that the results are not reliable. Browne (1993) and Browne and Tootell (1995) provide detailed explanations of the data-checking procedures conducted by Munnell et al. (1996), along with a response to Liebowitz (1993). Munnell et al. (1996) and Browne and Tootell (1995) provide a detailed response to Horne (1994). They pointed out that virtually all of the errors discovered by Horne (1994) are either misinterpretations by Horne, are small in magnitude, or are applicable to variables not included in their regression analyses. Moreover, they use a statistical procedure to show that possible (but unverified) errors in the dependent variable (loan rejection) do not influence their results. Moreover, Carr and Megbolugbe (1993) and Glennon and Stengel (1994) provide independent examinations of the Munnell et al. (1996) data that include detailed error-checking procedures. Both of these studies support the principal conclusions of the Munnell et al. (1996) study. Glennon and Stengel (1994) emphasize that some data and specification issues in the Munnell et al. (1996) study cannot be resolved without further research. Overall, Munnell et al. (1996) paid a great deal of attention to their data and no one has provided credible evidence that the results of the study are influenced by data errors.

Zandi (1993) claims that Munnell et al.'s (1996) finding of discrimination is nullified if one more variable is added, namely whether the applicant conforms to the lender's credit guidelines. That is, even though the set of control variables used by Munnell et al. (1996), which includes every factor that lenders mentioned to them, appears to be complete, according to Zandi (1993) perhaps some variables that influence the return on a mortgage and that are correlated with minority status are still omitted. Additional studies with additional control variables would strengthen Zandi's confidence that the Munnell et al. (1996) results are not influenced by omitted-variable bias. As Carr and Megbolugbe (1993) note, lenders who discriminate are likely to rationalize their behavior by claiming that minority applicants do not meet their guidelines. As it appears, Zandi (1993) simply estimated a model in which discrimination appears in his credit variable rather than in the minority status variable.

Lacker (1995) argues that variables in the Boston Fed study measuring creditworthiness are imprecise or incomplete and therefore do not capture completely the judgment of an unbiased loan officer. Measurement error is a serious problem in statistical inference. If true creditworthiness is associated with applicant's race, the model will indicate that race affects the probability of loan denial, even if race plays no direct causal role. In regression analysis, if the true explanatory variable is measured with noise, its regression coefficient will be biased toward zero. In that case, any other variable correlated with the true explanatory variable will be significant in the regression, even though it may play no direct causal role in explaining the behavior in question. Johnston (1963) discusses measurement error and Cain (1986) discusses the implications for detecting discrimination.

Tootel (1996) investigates whether lending patterns in Boston resulted from discriminatory practices based on borrower or neighborhood characteristics (i.e., 'redlining'). He found that lenders were "reluctant to make loans to minorities wherever they apply, and the discrimination is not reflective of a reluctance to extend credit in poor areas that happen to be minority."

Tootell (1996) rules out the possibility that statistical discrimination caused the Boston Fed's results. Lacour-Little (1999) claims that studies relating to these issues, such as Board of Governors of the Federal Reserve System (1993), and Canner and Passmore (1995, 1997), have been inconclusive. Reviews of the most recent literature and audit studies, such as Yinger (1998) and Urban Institute (1999), conclude, however, that whatever motivates market participants, market forces have not yet been sufficient to eradicate mortgage lending discrimination. Moreover, these academic findings are often supported in the statistical evidence presented in court cases that document that despite substantial progress, various forms of discriminatory practices still persist in mortgage and housing markets.

Munnell et al. (1996) is an important study of discrimination in mortgage lending with adequate control variables. It would be valuable to know whether results that hold in Boston also hold in other metropolitan areas or nationwide. Avery, Beeson, and Snidermann (1996) address whether there are similarities in racial differences in lending across the country. They fully use the "new" HMDA data and find racial differences in denial rates across all markets and for all loan types, even after controlling for lender, neighborhood, and applicants' economic characteristics. They note that these differences are not due to property location or neighborhood. Thus, causing them to wonder whether differences in how lenders act toward minorities could be an important explanation.

Overall, Munnell et al. (1996) is an excellent study and has advanced the state of the art considerably, though it is not the last word on this topic. There may be several important methodological issues which have not been addressed by this or any other research on mortgage discrimination, but the Munnell et al. (1996) study establishes a strong presumption that lenders discriminate against blacks and Hispanics in providing mortgage loans.

MINORITY OWNED COMMUNITY BANKS: 1995-2004

Jennifer Echols Birmingham-Southern College
Sara Robicheaux, Birmingham-Southern College
srobiche@bsc.edu

ABSTRACT

This paper documents the changes in minority ownership of banks over the past decade, 1995-2004. The number (26 to 62) and percentage (.93% to 1.78%) of minority owned banks has increased from 1995 to 2004. The Asian and Hispanic groups experienced the most growth while the African-American group experienced the least. We segment our sample of community banks over the past decade into minority owned banks (MOB) and non-minority owned banks (NMOB). We find significant differences in the bank characteristics MOBs versus NMOBs. We also examine each minority group separately and determine that there are unique characteristics exhibited by each group.

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CAN PERSONALITY DIMENSIONS INFLUENCE ENTREPRENEURIAL OCCUPATION PREFERENCE? AN EXPLORATORY STUDY OF DISPOSITIONAL INFLUENCES ON COGNITIVE PROCESSES

Jeff Brice, Jr., Texas Southern University
bricejx@tsu.edu

ABSTRACT

This study seeks to discern if there is a significant dispositional foundation for occupational preferences. Specifically, this paper seeks to determine if personality dimensions have any effect on an individual's cognitive expectancies (concerning perceived intrinsic and extrinsic occupational rewards) when considering an entrepreneurial career. Personality dimensions composing the Five-Factor Model of Personality are applied in this study and include Conscientious, Agreeableness, Extraversion, Neuroticism, and Openness to Experience. Conscientiousness determines responsibility versus inconsistency, Agreeableness measures sociability versus detachment, Extraversion determines assertiveness versus timidity, Neuroticism measures self-assurance versus insecurity, and Openness to Experience involves uniformity versus self-determination. Each of these dimensions is related to occupational preference for an entrepreneurial career and examined utilizing the Valence Model of the Expectancy Theory. The model consists of two variables, Instrumentality and Valence. Instrumentality (I) concerns the belief that the attainment of work-related goals will lead to rewards; and, Valence (V) refers to the value of those rewards to the individual.

Results indicate that individuals who are highly Conscientious are significantly attracted to an entrepreneurial career due to the intrinsic rewards of independence and a satisfying way of life. Further, individuals who are highly Open also prefer an entrepreneurial career due to the perceived satisfying lifestyle.

INTRODUCTION

The purpose of this paper is to try to determine if there is a significant relationship between any of the personality dimensions in the Five-Factor Model of Personality and an individual's preference for an entrepreneurial career based on their cognitive estimation of perceived intrinsic and extrinsic rewards of the occupation.

LITERATURE REVIEW

Personality Dimensions and Entrepreneurship

Personality traits have routinely been studied as possible differentiators of entrepreneurs from other individuals. The most common include a high need for achievement (McClelland, 1961), internal locus of control (Brockhaus & Nord, 1979), and risk taking propensity (Brockhaus, 1980; Sexton & Bowman, 1985). Unfortunately, the inconsistent results of trait-oriented research did not lead us to an authoritative conclusion of what encourages individuals to initiate entrepreneurial behavior (Shaver & Scott, 1991; Ripsas, 1998). However, the psychology literature has identified over 18,000 individual personality traits that can be used to explain human expression (Cattell, 1947). Over time this massive list has been compiled and reduced through the use of assumptions, factor analysis, and cluster analysis to as few as three higher-order personality dimensions (Buss & Finn, 1987). Personality dimensions represent distinct groupings of individual personality traits that network with each other and are expressed by repetitive patterns of human behavior. This study applies the Five-Factor Model of Personality (Fiske, 1949) as a basis for examination because it is the most broadly endorsed model in personality research (Barrick & Mount, 1991).

The Five-Factor Model of Personality (commonly called the Big Five) is a descriptive representation (typology) of the five major dispositional dimensions that encompass human personality. It has been used extensively in industrial psychology as a basis to measure job-related attitudes, person-organization fit, and other human resource inquiries. The personality factors comprising the Big Five are (1) Extraversion, which represents the inclination to be sociable, assertive, dynamic, and directive, (2) Agreeableness, representing the tendency to be friendly, cheerful, accommodating, and supportive, (3) Conscientiousness, comprised of two major subfactors, achievement and dependability, (4) Neuroticism, (also called Emotional Stability) which is the tendency to exhibit poor emotional adjustment and experience disparaging effects such as fear, anxiety, and rashness, and (5) Openness to Experience, which is the propensity to be inquisitive, creative, nonconforming and independent (Judge & Cable, 1997). Each dimension is scaled from high to low with high scores being representative of the most positive aspects of the dimension's characterization while low scores signify the reverse.

Staw, Bell, & Clausen (1986) showed that dispositional measures of personality significantly and reliably predicted occupational attitudes and employment behavior over a span of fifty years. This evidence should allow us to apply the Five-Factor Model of Personality to identify enduring occupational preferences for groups of individuals within the populous.

Expectancy Theory and Occupational Preference

It is proposed, in this study, that the cognitive process of forming occupational preferences outlined by the valence model of Vroom's (1966) expectancy theory of motivation most closely identifies that which is practiced by prospective entrepreneurs. Entrepreneurs make rational assessments, based on the satisfaction of their needs and potential outcomes of their efforts, which result in a decision whether, or not, to initiate entrepreneurial behavior or to seek safer, more traditional employment means.

Expectancy theory and parts of the expectancy model have a long history of having been used to explain the occupational preferences of individuals (Campbell, Dunnette, Lawler, & Weick, 1970; Lawler & Suttle, 1973; Mitchell, 1974; Wanous, Keon, & Latack, 1983; Baker, Ravichandran, & Ramarathnam, 1989; Van Eerde, & Thierry, 1996). As it relates to this study, preference for an entrepreneurial career is defined as the attractiveness of the possible rewards of entrepreneurship and the magnitude of one's belief that these rewards can be obtained (Vroom, 1964; Mitchell, 1974). Therefore, the valence model (*summation* VI) is a multiplicative function of the valence of possible entrepreneurial outcomes and the instrumentality that the occupational choice (entrepreneurship) will lead to these valuable outcomes.

HYPOTHESES

Hypothesis 1: There will be no significant relationship between any of the Five-Factor Personality dimensions and Preference for an Entrepreneurial Career based on the extrinsic occupational reward of profit.

Hypothesis 2: Conscientiousness is positively related to the Preference for an Entrepreneurial Career based on the intrinsic occupational reward perceptions of (a) Independence and (b) a Satisfying Way of Life.

Hypothesis 3: Agreeableness is negatively related to the Preference for an Entrepreneurial Career based on the intrinsic occupational reward perceptions of (a) Independence and (b) a Satisfying Way of Life.

Hypothesis 4: Extraversion is positively related to the Preference for an Entrepreneurial Career based on the intrinsic occupational reward perceptions of (a) Independence and (b) a Satisfying Way of Life.

Hypothesis 5: Neuroticism is negatively related to the Preference for an Entrepreneurial Career based on the intrinsic occupational reward perceptions of (a) Independence and (b) a Satisfying Way of Life.

Hypothesis 6: Openness to Experience is positively related to the Preference for an Entrepreneurial Career based on the intrinsic occupational reward perceptions of (a) Independence and (b) a Satisfying Way of Life.

METHODOLOGY

Sample Description

Approximately 404 students from a large southeastern university participated in this study on a voluntary basis utilizing an online, self-report data collection methodology. Subjects consisted of upper-level business undergraduates and Master of Business Administration (MBA) students in the concentrations of marketing, management, and accounting and professional-degree students from the College of Veterinary Medicine (CVM). After exclusion of subjects with duplicate submissions and those whose survey questionnaires were only partially completed, the final sample totaled 351 individuals.

Measures

Five Factor Model of Personality. Conscientiousness, Agreeableness, Extraversion, Neuroticism, and Openness to Experience was assessed with the 60-item measure of the NEO Five Factor Personality Inventory-Form S (NEO-FFI-S)(Costa, McCrae, and Dye, 1991).

Preference for an Entrepreneurial Career. Preference for an entrepreneurial career is defined in this study as the attractiveness of the possible rewards of entrepreneurship and the magnitude of one's belief that these rewards can be obtained as an entrepreneur. As such, this multidimensional construct is represented by the extrinsic reward of profit, and the intrinsic rewards of independence and a satisfying way of life. These perceptions are envisioned within the valence model of the expectancy theory (Vroom, 1964; Mitchell, 1974), which has been validated for use to discern occupational preferences. The three scales that represent the multidimensional construct were examined in a pilot study that was conducted prior to the main analysis. Since the scales were developed from new measures, there exist no historical reliability indices to report. However, the pilot study demonstrated that the Cronbach's alpha reliability estimates of .78, .76, and .83 were reported for the rewards of profit, independence, and a satisfying way of life, respectively, for an unrelated sample of 349 business school students.

Valence of Outcomes. Second-level outcome valence is defined as the strength of the individual's affective orientation (positive or negative) toward the outcome (Mitchell, 1974). Eleven potential rewards (second-level outcomes) of an entrepreneurial career were measured on a 5-point Likert scale ranging from extremely undesirable (-2) to extremely desirable (+2). The list of potential second-level outcomes was adapted from previous research (Teas, 1981; Bartol, 1976) and theory (Longenecker, Moore, & Petty, 2000).

Instrumentality. Instrumentality pertains to the degree to which the occupational choice alternative is instrumental in leading to, or detracting from, a second-level outcome. According to Vroom (1964) this variable can range from fully negative to fully positive. Consequently, this variable was measured by eleven items on a 5-point Likert scale ranging from extremely unlikely (-2) to extremely likely (+2).

Demographic and Background Information. Information pertaining to each respondent's age, gender, ethnicity, and class was obtained to use as control variables in the analysis. Each of these control variables was recorded as noncontinuous, categorical predictors.

Hierarchical Regression Analysis

The hierarchical regression procedure was used to test the research model in three separate phases. The first phase concerned the relationship between the dimensions of the Five-

Factor Model of personality and preference for an entrepreneurial career based on the extrinsic reward of profit. The second phase included the relationship between the dimensions of the Five-Factor Model of personality and preference for an entrepreneurial career based on the intrinsic reward of independence. The final phase specified the relationship between the dimensions of the Five-Factor Model of personality and preference for an entrepreneurial career based on the intrinsic reward of a satisfying way of life. In all phases, gender, race, class, and age were included as the first step in the procedure to control for any effects they may have had on the proposed relationships. Principally, it was expected that some of the Five-Factor personality dimensions would predict an individuals affection for the intrinsic occupational rewards of independence and a satisfying way of life and none would predict an individuals preference for the extrinsic reward of profit.

ANALYSIS AND RESULTS

Hypothesis H1 was examined in Phase One of the analysis and predicted that none of the Five-Factor personality dimensions would predict preference for an entrepreneurial career based on the extrinsic occupational reward of profit. The resultant relationships were not significant and produced no significant change in R^2. Thus, H1 is supported by demonstrating that personality dimensions have no relation to an individual's preference for the extrinsic reward of profit.

The results of Phase Two tests indicated that individuals who are highly reliable performers (Conscientious) and those who appreciate new experiences (Open) are attracted to entrepreneurship as a plausible career choice because they are attracted to the intrinsic reward of independence. It is possible that Conscientious individuals don't believe that they need supervising and Open individuals probably prefer to be free to make their own decisions, including making potential mistakes, as part of the learning process. Thus, H2(a) and H6(a) are supported.

The results of Phase Three tests indicated that individuals who are highly Conscientious are attracted to entrepreneurship as a probable career choice because of the perceived exciting and challenging lifestyle. Since Conscientious individuals are strong performers, they would likely be discouraged performing remedial or monotonous day-to-day tasks. Thus, H2(b) is supported.

DISCUSSION AND CONCLUSION

The results of the current study provide practitioners, such as entrepreneurs, vocational educators, and public policy administrators, a number of practical implications that may assist in the expansion of the entrepreneurship agenda. By discerning how entrepreneurial career preferences are formed, policy makers may be able to form programs that take advantage of robust interest in entrepreneurial rewards to help promote new business creation initiatives.

The current study demonstrated that the value that people designate to these potential rewards was shown to be strongly influence by some of their personality dimensions. Better education to enhance knowledge about the likelihood of realistically attaining these rewards should provide valuable perspective from which to form career-related judgments. Essentially, the more that people understand that entrepreneurial work requires long hours and dedicated effort (Chandler & Jansen, 1992) instead of focusing, solely, on potential rewards and accolades should help to decrease the notoriously high failure rates of new ventures (Cromie, 1994) that are initiated by unsuspecting entrepreneur novices. For example, the results suggest that people who Conscientious and Open to Experience may attracted to the independence and challenges that are an entrepreneurial reality. Therefore, any entrepreneurial training that Conscientious or Open individuals receive should include in-depth analyses about which rewards may reasonably be attained and in what timeframes for particular types of businesses. In this manner, prospective entrepreneurs can develop realistic business plans based on pragmatic working lifestyles and realistic compensation expectations.

These indications suggest that one way to identify people who are compatible, and those who are incompatible, with the prospect of becoming entrepreneurs is to locate individuals who are open and conscientious. It is suspected that some may doubt the practical feasibility of utilizing personality tests to discriminate between potential, and improbable, entrepreneurs. This reservation is particularly understandable when one reasons that much of the past entrepreneurship research failed to find consistent relationships between personality and behavior (Gartner, 1988; Shaver & Scott, 1991; Ripsas, 1998). However, the results of this study may provide some new insights for the development of inventive approaches to vocational counseling. Given that personality dimensions are related to entrepreneurial career preference and potential entrepreneurial behavior, efforts in this direction are warranted.

A CROSS-CULTURAL EXAMINATION OF PAY SATISFACTION AND PAY FAIRNESS AMONG FAMILY BUSINESS OWNERS FROM BRAZIL, CHINA, ITALY, NEW ZEALAND, NIGERIA, NORWAY, AND THE UNITED STATES

Shawn M. Carraher Cameron University
Vida Scarpello University of Florida
Sarah C. Carraher Consolidation Enterprises
scarraher@cameron.edu

ABSTRACT

Compensation has long been a topic of interest to employers and employees alike. The concept of an employment relationship implies that employees work in exchange for some reward, and this reward is typically monetary compensation. Thus, pay satisfaction has emerged as a popular variable for use in organizational research (for reviews, see Carraher, Mulvey, Scarpello, & Ash, 2004 and Rynes & Gerhart, 2003). Pay satisfaction exhibits significant relationships with organizationally important outcomes such as absenteeism, turnover intentions, perceived organizational attractiveness for job seekers, organizational citizenship behaviors, and job performance (Carraher, Franklin, Parnell, & Sullivan, 2006).

The purpose of this research was to test the extent to which pay satisfaction is equivalent to perceptions of pay fairness. Results indicate that pay satisfaction shares the same construct space for the majority of 2,134 family business owners tested. However, a large minority is less satisfied with their pay than would be indicated by their perceptions of the fairness of their pay. The results suggest that researchers studying the antecedents of pay satisfaction and pay fairness should not confound their measurement instruments with items that differ in frames of reference (satisfaction or fairness). Future research is needed to further examine the situations that influence whether or not the constructs are perceived to be equivalent.

THE COMPENSATIVE RELATIONSHIPS OF EAST ASIAN ENTERPRISES IN CHINA, JAPAN, TAIWAN & SOUTH KOREAN: FAMILY BUSINESSES & BEYOND

Shaw-Foong Chan, Cameron University
foong0731@hotmail.com
Shawn M. Carraher, Cameron University
scarraher@cameron.edu

ABSTRACT

The economic center moved from the ancient Asian civilizations, particularly in the ancient China, to the Western world which had been dominating the world in politic, economic, and diplomatic for more than 175 years, since the Western industrialization took place from the year of 1770 in British Empire. Recently, the economic center is moving back to Asia, especially the newly industrializing economies (NIEs) of South Korea, Taiwan and China. China is now playing an important role for economic growth of South Korea, Taiwan and Japan. Their economic growths depend upon mainly China market demands.

Countries are rising one by one in different time periods at East Asia; Japan is a technological advanced country that is industrialized earlier (dated back to 1950s) than South Korea (dated back to 1960s), Taiwan (dated back to late 1960s), and China (since 1979). Since they are so close to each other in the region, disregarding political factor and focusing on the commercial activities, what interception do they have between them? They cannot commit commercial activities without each other; in other words, we examine their compensative relationships in this paper. We believe the compensative relationships they have between them are depending on the commercial activities their entrepreneurs engage in whether family business or not a family business.

WORKPLACE ENGLISH-ONLY RULES AND BUSINESS JUSTIFICATION

John Hoft, Columbus State University
hoft_john@colstate.edu

ABSTRACT

Nowadays many employers have bilingual workers whose primary language is not English and who speak a foreign language on the job. For a variety of reasons, some employers have enacted speak-English-only rules for their workplaces. Workplace English-Only rules may violate Title VII of the Civil Rights Act and may be challenged as a form of national origin discrimination. The EEOC has declared that some workplace English-Only rules are presumptively discriminatory. The courts, however, have decided that there is nothing presumptively discriminatory about a workplace English-Only policy when applied to bilingual employees where the policy is enacted for a legitimate business reason. Most courts require the complaining worker to first prove that a challenged English-Only policy has a discriminatory effect. Despite this requirement, at some point, an employer will probably be obliged to express a legitimate non-discriminatory business need for its English-Only rule in order to avoid liability for discrimination. The EEOC and the courts have identified a number of circumstances that have been deemed to be proper non-discriminatory business justifications for workplace English-Only policies. This article will discuss the legal status of employer mandated English-Only rules and identify a series of non-discriminatory business justifications for them.

INTRODUCTION

Hispanics constitute the nation's largest and fastest growing minority group according to the U.S. Census Bureau. In 2004 the Hispanic population comprised 12.5 percent of the U.S. population and grew again by 3.3 percent from July 2004 to July 2005. The Census Bureau also reported that Spanish speakers increased 62 percent in the decade of the 1990's from 17.3 million in 1990 to 28.1 million in 2000. These statistics show that the face of America is changing and the American workplace is changing with it. The authorities discussed in this article show that changes in workplace demographics can cause tensions. Sometimes workers conversant only in English are offended when bilingual employees speak a foreign language in front of them. Some employers have instituted "speak-English-only" rules to foster harmony. Bilingual workers have complained that forbidding them from conversing in their primary language is unfair and instead creates an atmosphere of inferiority. The question presented by this clash of viewpoints is whether workplace speak-English-only rules constitute unlawful employment discrimination. The Equal Employment Opportunity Commission has determined that some English-Only rules are presumptively discriminatory. Unfortunately, the U.S. Supreme Court has not directly addressed the issue. As a result, court decisions about this topic are quite diverse. All courts agree, however, that it is Title VII of the Civil Rights Act that governs the propriety of workplace English-Only rules.

STATUTORY BACKGROUND – TITLE VII

On July 2, 1964, Title VII of the Civil Rights Act of 1964 became law. The Act proscribed discriminatory employment practices and states in pertinent part that it is an unlawful employment practice for an employer to discriminate against any individual with respect to his compensation, terms, conditions, or privileges of employment, because of such individual's race, color, religion, sex, or national origin (Civil Rights Act, 1964).

THE EQUAL EMPLOYMENT OPPORTUNITY COMMISSION GUIDELINES

Congress charged the Equal Employment Opportunity Commission (EEOC) with the interpretation, administration and enforcement of Title VII of the Civil Rights Act (EEOC v. Synchro-Start Products, Inc. 1999). The EEOC has promulgated regulations relating to English-Only workplace policies (Guidelines on Discrimination Because of National Origin, 1980). The EEOC Guidelines are directed towards two different scenarios. One: an employment rule that requires employees to speak only English at all times is presumed by the EEOC to constitute national origin discrimination (Tran v. Standard Motor Products, Inc., 1998). Two: a workplace English-Only rule when applied only sometimes is permissible if based on business justification (Barber v. Lovelace Sandia Health Systems, 2005). Most courts have not embraced the Guidelines and as a result the applicability of the Guidelines in court proceedings is "unsettled" (EEOC v. Beauty Enterprises, Inc., 2005).

For example, In Garcia v. Spun Steak Company (1993) the court refused to entertain the EEOC presumptions and ruled that Garcia could not merely assert that Spun Steak's English-Only policy was discriminatory but must actually prove the existence of the adverse effects of the policy. Upon a review of the evidence, the court held that Garcia failed to prove a prima facie case and gave judgment for Spun Steak without requiring proof of business justification.

By contrast, in a case decided January 11, 2006, the Tenth Circuit Court of Appeals held that the EEOC Guidelines, while not controlling by reason of their authority, were entitled to respect as an indication of what a reasonable person might think about the impact of an English-Only work rule on minority employees. The court held that a showing by the employer of a "business necessity" for its English-Only rule was the very "touchstone" for such cases. "Business necessity", the court said, meant that an English-Only rule must be justified by showing that it is related to job performance. Unfortunately, the court did not further clarify the nexus between the Guidelines, business necessity and job performance but opined that the EEOC Guidelines constituted a body of experience and informed judgment to which courts may properly resort for guidance. The court returned the case to the district court for trial (Maldonado v. City of Altus, 2006).

THE NECESSITY FOR ARTICULATING A BUSINESS NECESSITY

While most courts require an employee challenging an English-Only rule to first prove that the rule had a discriminatory impact upon him, many courts considering requests for summary judgment without a trial "concede in the abstract" that the complainant has proved a prima facie case and look immediately to the viability of the employer's justification for its English-Only rule (EEOC v. Sephora USA, LLC, 2005). Moreover, in all cases where the complainant has proved a prima facie case of discrimination, the burden shifts to the employer to justify its English-Only rule by showing a business necessity for it (Barber v. Lovelace Sandia Health Systems, 2005). Finally, in the few cases where the court has deferred to the EEOC presumptions, the employer will be required to show that its English-Only rule is justified by business necessity (EEOC v. Premier Operator Services, Inc., 2000). Therefore, its is likely that an employer that enacts an English-Only policy will, at some point, be required to justify it upon grounds that are founded upon the specific needs of the enterprise and not are motivated by discriminatory animus. To show a "business necessity" for a workplace English-Only rule the employer must answer two questions: (1) whether the policy was implemented in response to a legitimate business need (Long v. First Union Corp., 1995) and; (2) whether the policy was job related or related to job performance (Maldonado v. City of Altus, 2006).

VIABLE BUSINESS JUSTIFICATIONS FOR ENGLISH-ONLY POLICIES

A review of the authorities reveals that there are several categories of business justifications for English-Only rules that have been held to be legitimate non-discriminatory reasons for enacting such a policy. A discussion of the reasons often held to constitute appropriate "business necessity" follows:

The EEOC and the Compliance Manual.

The EEOC has promulgated a Compliance Manual for its Guidelines on Discrimination Because of National Origin that contains a section relating to English-Only rules. The Compliance Manual recites that "An English-only rule is justified by 'business necessity' if it is needed for an employer to operate safely or efficiently". The EEOC manual provides that English-Only rules are proper for situations involving communications with English-speaking coworkers, supervisors and customers; for cooperative work assignments; for responding to emergencies; and to enable English-speaking managers to supervise the work of subordinates (Guidelines on Discrimination Because of National Origin, 1980).

Interpersonal Relations-Harmony.

The business need to promote harmony and reduce tension in the workplace has frequently been found by the courts to be a legitimate business necessity for enacting an English-Only policy (Tran v. Standard Motor Products, Inc., 1998). For example, an English-Only policy adopted to improve interpersonal relations and to prevent bilingual employees from alienating other employees has been held to be properly justified and not unlawfully discriminatory (Kania v. Archdiocese of Phila., 1998). Long v. First Union Corporation (1995) is a typical case. In Long, the English-Only policy was implemented "to alleviate the tension in the workplace" after management received complaints from English-speaking workers that bilingual employees were making fun of them in Spanish. The court held that an English-Only policy enacted to prevent bilingual employees from using their fluency in Spanish to isolate and intimidate members of other ethnic groups was founded upon a legitimate business need. In sum, when an English-Only policy is implemented in response to complaints from monolingual employees that bilingual employees are creating workplace angst by speaking a foreign language in front of them the courts have found the policy met the business necessity requirement ((Barber v. Lovelace Sandia Health Systems, 2005).

Supervision.

An English-Only policy enacted to ensure that management understands what is being said in order to evaluate employees in all work related communications has been held to be a valid business justification for the speak-English-only rule (Prado v. L. Luria & Son, Inc., 1997). An English-Only policy has also been upheld on the grounds that it provided English speaking supervisors with the ability to manage the enterprise by knowing what is being said in the work area (Gonzalez v. The Salvation Army, 1991). In a broader context, an English-Only rule that was enacted to assure that both supervisors and employees alike understand what is being said has been deemed to be a valid business necessity for the rule (Tran v. Standard Motor Products, Inc., 1998).

Customer Service.

Described as a common sense rule against offending customers, a rule that English be spoken exclusively in the presence of customers was held to be founded upon a proper justification and that this English-Only rule was job related for sales staff and consistent with the business needs of politeness and approachability (EEOC v. Sephora USA, LLC, 2005). Moreover, an English-Only rule enacted to encourage store employees to speak English among themselves to facilitate the practice of approaching customers first in English was held to be a legitimate non-discriminatory reason for the rule (Prado v. L. Luria & Son, Inc., 1997). In addition, an English-Only policy enacted in response to customer complaints or objections has also been deemed to serve a legitimate business purpose (Gloor v. Garcia, 1980).

Safety.

An English-Only rule enacted to prevent injuries through effective communication on the production floor was held to be nondiscriminatory and based upon a sufficient business justification (Tran v. Standard Motor Products, Inc., 1998). Moreover, the EEOC has recognized that English-Only rules enacted for safety considerations to enable employees to understand what is being said when performing sensitive work such as surgery, drilling oil wells, dealing with emergencies and handling volatile materials are permissible (EEOC Compliance Manual, 2002).

CONCLUSION AND BUSINESS IMPLICATIONS

The EEOC has declared generally that English-Only rules can be justified by an employer’s need to operate safely and efficiently. The courts have ruled that English-Only rules enacted to promote workplace harmony and to alleviate tension, especially rules enacted in response to specific complaints, serve a legitimate business need and do not amount to unlawful discrimination. Therefore, an employer contemplating a speak-English-only policy can reduce exposure for liability by assiduously founding its rules upon proper business needs such as those identified by the courts and the EEOC. Conversely, English-Only rules enacted in a cavalier manner and administered laissez faire will likely increase exposure for discrimination liability. Additionally, employers can reduce liability exposure by providing that English be spoken in the context of work assignments and job duties and by permitting employees to speak the language of their choice during breaks. In all cases, however, the parameters of the policy must be communicated to employees and the consequences of breach clearly identified.

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SMALL BUSINESS GROWTH: EXPANSION OF THE WORKFORCE

Jack L. Howard, Illinois State University
jlhowar@ilstu.edu

ABSTRACT

While growth of sales, profits and geographic expansion of small businesses have been examined in numerous studies, little research exists examining when a small business should increase the size of its workforce. The present study attempts to address this gap in the literature by examining if organizational planning, communication, human resource management problems, and trusting employees might indicate when a small business should increase its number of employees. The findings indicate that as human resource problems begin to emerge, increasing the size of the workforce might begin to resolve some of these problems.

INTRODUCTION

The present study attempts to extend the research to date by attempting to identify factors that might indicate when a small business should consider expanding its workforce. Recently, scales designed to measure organizational planning, communication, trust and human resource management problems have been developed specifically for small business (Howard, 2006). These scales will be used to determine the influence of these concepts as antecedents of small business growth.

SMALL BUSINESS GROWTH

There exist many different definitions of small business. The definition to be used in the present study is "one that is independently owned, operated, and financed" (Hatten, 1997, p. 5). Additionally, the business is one that would not be dominant in its field of operation, having little impact on its industry (Hatten, 1997; Hodgetts & Kuratko, 1995). Finally, the following criteria are also considered as they pertain to the present study (Hodgetts & Kuratko, 1995):

Manufacturing firms employ fewer than 250 employees;
Annual sales of less than $22 million in the wholesale sector;
Annual sales of less than $7.5 million in the retail sector;
Annual sales of less than $10 million in the service sector.

The growth of small businesses has been studied and modeled for a considerable time, with books dedicated to the process that firms go through as they grow (e.g., Flamholtz, 1990). Much of the research has focused on firm growth based on sales, revenues, profits and market share (Roper, 1999). Over the years, there has been increasing interest in the growth of small business in areas other than sales and profits. Recently there have been attempts to examine the growth of the organization specifically in terms of the number of employees (Howard, 2001).

As organizations grow, it is common for the organization to develop plans (Flamholtz, 1990). In some cases these plans will be formalized, while in others the plans will be informal. Small business research has begun to incorporate human resource management concerns into the research issues, such as planning in small business (Howard, 2006). Specifically, it has been found that in order to successfully expand the workforce in small businesses, planning for growth needs to be undertaken carefully, so that human resource practices and policies are adjusted appropriately, and in some instances formalized (Kotey & Slade, 2005). Given this, the following hypothesis is proposed:

H1: Planning in small businesses will exhibit a positive relationship with growth of the number of employees.

Communication within an organization is essential if the organization is going to survive. Quality communication in organizations has been found to influence the empowerment of employees, job commitment, and the ability to achieve organizational goals (Brunetto & Farr-Wharton, 2004). As a result, effective communication can enable employees to better assist the organization as it grows. Thus, the following hypothesis is proposed:

H2: Communication in small businesses will exhibit a positive relationship with growth of the number of employees.

Trust has been found to have a number of positive effects on organizations, to include increased productivity among employees with managers who trust them (Ferres, Connel, & Travaglione, 2004). Trust also has been found to have a positive relationship with profits (Howard, 2001). While no research has examined the potential influence that trust might have on increasing the number of employees, it is plausible that as small business owners and managers increase the trust in their employees, these owners and managers might be more likely to increase the size of their workforce, given that employee productivity benefits from trusting owners and managers. Given this logic, the following hypothesis is proposed:

H3: Trusting employees in small businesses will exhibit a positive relationship with growth of the number of employees.

Some small businesses have been found to proactively address human resource management concerns as they grow, formalizing human resource policies and increasing their recordkeeping of human resource management issues as they grow (Kotey & Slade, 2005). It is possible that as small businesses grow some of the challenges they face will be associated with human resource management. Problems can develop, and have been found to center around having the right number of people for the job, having employees with the right skills for the job, as well as being able to provide salaries high enough to attract quality employees (Howard, 2001). This might indicate that the number of human resource challenges or problems facing organizations might possibly indicate that the organization is in need of increasing the number of employees, since there might not be enough employees to do the job, or employees might not have the right skills. Thus, the following hypothesis is proposed:

H4: Human resource problems in small businesses will exhibit a positive relationship with growth of the number of employees.

Growth in sales, market share and profits have all been found to be related to firm growth in terms of the number of employees (Kuratko & Hodgetts, 2001). Unless goods or services are sold to consumers, organizations cannot survive, let along grow. Given the historical data supporting this relationship, these three variables will be controlled for when examining the hypotheses presented in this study. The size of the organization will be controlled for as well.

METHOD

In order to test the proposed hypotheses, a systematic, random sample was drawn from a 10 county area in the Midwestern section of the United Sates. Two thousand small businesses were sampled from a list of 4000 small businesses that was obtained from the State of Illinois

Department of Commerce and Community Affairs. Of the 2000 surveys mailed to small businesses, 154 usable surveys were returned, resulting in a 7.7 percent response rate.

Participants evaluated several statements associated with their small business concerning planning, communication, trust and human resource problems (Howard, 2006). These scales ranged in size from 3 to 9 items, and participants rated these items on 5-point scales, ranging from 1 (strongly disagree) to 5 (strongly agree). The organization's size was measured based on information provided by the survey respondent. Growth in the number of employees, profits, sales and market share over the past 5 years were all measured using a 5-point scale.

Hierarchical regression was utilized to test the influence of planning, communication, trust and human resource problems on the growth of the number of employees over the past 5 years. In order to determine the influence of these variables on the increase of the number of employees over a five year period, the organization's size, growth in sales, growth in profits and growth in market share were all entered into the regression equation in the first step.

Planning, communication, trust and human resource problems were all entered in the second step in order to determine the additional influence of these variables in explaining the variance of the dependent variable, as well as which independent variables significantly influence growth in the number of employees.

RESULTS

The organization's size, growth in sales, growth in profits and growth in market share were entered in step 1 of the hierarchical regression to control for the amount of variance explained by these variables, and these variables explained 45 percent of the variance in growth of the number of employees ($\Delta R^2 = .45$, $\Delta F = 27.41$, $p = .000$). Planning, communication, trust and human resource problems were entered in the second step in an attempt to determine the additional amount of variance explained by these variables ($\Delta R^2 = .04$, $\Delta F = 2.57$, $p = .041$). Human resource problems was found to significantly influence the growth of the number of employees ($b = .31$, $p < .01$), supporting hypothesis 4. These two findings indicate that these four variables collectively provide additional variance explained beyond the control measures of organization size, growth in sales, growth in profits and growth in market share, providing evidence of the influence of planning, communication, trust and human resource problems. Additionally, human resource problems exhibited a significant positive relationship with the number of employees, supporting the hypothesis that the presence of human resource problems in a small business is an indication of the size of the organization in terms of the number of employees.

DISCUSSION

Hypothesis 4 received support, indicating that as human resource problems associated with staffing and compensation increased, so did the number of employees. This might indicate that small business owners and entrepreneurs understand that in order to accomplish organizational goals in a manner that supports the survival and success of organizations, these same organizations need to consider investing in their workforce by increasing the number of employees in the organization. This is an important finding for both small business and entrepreneurship researchers and practitioners, since in many instances small businesses struggle with determining when they should expand the workforce (Howard, 2001). Often times the perception is that in order to expand the workforce, the organization needs to bring in additional capital to support such expansion. However, the results of the present study might indicate that when struggling with human resource problems, such as not having enough people to complete the job or not having the right number of people with the right skills in the right place at the right time, might indicate a need to increase the size of the workforce. It could even be the case that if the workforce is expanded, then the resulting increased efficiency of production might eventually lead to increased sales and profits. This is an interesting and important finding, since it could become an indicator of when to expand the workforce for small business owners and entrepreneurs.

Clearly, human resource problems and its significant relationship with the size of the organization represents a contribution of the present study. However, human resource problems was only one of four variables entered into the analysis during the second step. While this variable supports hypothesis four and is the only variable that is individually significant, it is the combination of this variable, along with planning, communication and trust that explained an additional four percent of the variance in employee growth in the organizations studied. While this is not a large amount of variance, it does indicate that this combination of independent variables does influence employee growth in organizations, and is worthy of additional examination in future research. For example, human resource problems may influence the planning, communication and trust in organizations. Furthermore, this might indicate the need to further refine the scale items in order to better identify the constructs of planning, communication and trust, so that the influence that these variables have on employee growth in organizations might be more fully understood (Howard, 2006). Another option would be to conduct a study that examines the influence of these variables on actual growth in small business, focusing on the numerical increase in employees in small business. While obtaining this type of data would be challenging, it would provide a more complete picture of the processes that are occurring in small business, benefiting both researchers and practitioners at the same time. Because of these possibilities, these variables deserve additional attention in order to determine the amount of variance that can be explained by them. This could reveal much about what influences growth in small business.

A third significant contribution of the present research is that employee growth can effectively be measured on a scale that requires small business owners, small business managers and entrepreneurs to make a judgment regarding how much they agree or disagree with the item. While the ideal situation would be to measure actual growth in terms of number of employees, as suggested in the previous paragraph, by utilizing a Likert-type of instrument, it is anticipated that small business owners and entrepreneurs will be more likely to complete and return surveys to researchers. Measuring actual growth in terms of numbers of employees over a specific time would require small business owners and entrepreneurs to know specifically what the change was for the time period, possibly reducing the number of returned surveys, since some small business owners and entrepreneurs would need to research these numbers, imposing additional work on them. By being able to have small business owners and entrepreneurs use their judgment to indicate employee growth, the likelihood of returned surveys is increased. Additionally, the results of the study indicate that Likert-type items can begin to reveal the relationships influencing employee growth in small business, providing another avenue for which to study workforce expansion in small business.

CONCLUSION

The present study demonstrates that researchers and small business owners might have available to them indicators of when small businesses should consider expanding their workforce. Human resource problems in small business, such as not having enough employees, might indicate when small businesses need to expand their workforce. This provides valuable information to both researchers and small business owners, and should be studies further to better identify the specific conditions that might indicate when a small business owner should expand his or her workforce.

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CORPORATE ENTREPRENEURSHIP AND INTRAPRENEURSHIP: AN EXAMINATION IN CHINA, ITALY, JAPAN, THE UNITED KINGDOM, AND THE U.S.A

Carrie Karsteter, Cameron University
carriepatrick2000@yahoo.com
Shawn M. Carraher, Cameron University
scarraher@cameron.edu

ABSTRACT

Corporate entrepreneurship is a new concept in many corporations. In this paper we explore the definitions of entrepreneurs and intrapreneurs as well as what qualities these individuals possess and how they fit and transform the ever-changing corporate world. We are also explore what makes them successful and how intrapreneurship and corporate entrpreneurship work together. Furthermore we will examine what inspires intrapreneurial innovation, how corporations foster intrapreneurship, how management can kill the intrapreneurial spirit, how corporations can maintain their competitive intrapreneurial advantage and lastly, how to reward employees. Exploration and research have shown that there are various steps in creating innovative and intrapreneurial organizations. These are some of the steps in the long journey any corporation seeking to succeed in today's turbulent and ever competitive times must take.

CURRENT BARRIERS TO INTERNATIONAL ENTREPRENEURSHIP

Emmanuel Narvaez, Cameron University
William Robison, Cameron University
Melanie Stock, Cameron University
Shawn Carraher, Cameron University
Alvin J. Jackson, Jr., Centurion American
alvin@dfwdevelopment.net

ABSTRACT

International entrepreneurship came about through the merging of entrepreneurship and international business. International business is that of conducting business beyond the boundaries of ones' own country. An entrepreneur is a person, who organizes, manages, and assumes the risks of a business or enterprise. One could assume that a combination of these two definitions would result in the perfect description of international entrepreneurship, but that is not the case.

Entrepreneurship alone is a new and developing area of research. Low (2001) argued that entrepreneurship is still in its adolescence, and it is a field for in which research still continues to develop. International entrepreneurship is even more in its infancy, and in fact has many definitions that the academic area is still trying to pinpoint. McDougall and Oviatt (2000) define international entrepreneurship as a combination of innovative, proactive, and risk-seeking behavior that crosses national borders and is intended to create value in organizations. Their study of international entrepreneurship includes research on such behavior and research comparing domestic entrepreneurial behavior in multiple countries.

George and Zahra (2002) defined the international entrepreneurship as the process of creatively discovering and exploiting opportunities that lie outside a firm's domestic markets in the pursuit of competitive advantage. McDougall and Oviatt (2005) seek to expand their previous definition to include the discovery, enactment, evaluation, and then exploitation of opportunities across national borders to create future goods and services. Common themes to these definitions are discovering and taking risks to exploit competitive advantages for the firm outside national borders. Thus, risk, competitive advantage, and acting beyond national borders are at the heart of international entrepreneurship.

In delving into international entrepreneurship, there are many problems that can arise. Entrepreneurs seeking a competitive advantage beyond national borders face challenges in the many areas. The purpose of this literature review is two-fold. The first objective is to explore the current barriers to international entrepreneurship. The second objective is to discuss ways entrepreneurs can overcome these obstacles. This paper examines the areas of: information and knowledge, language/communication barriers, war, entry mode selection, e-commerce, supply chain, taxes/tariffs, corruption, product/service selection, and developing competitive advantages around the product, strategy, and team members. Each section examines the problems entrepreneurs face in the global market and also what scholars propose as solutions for them to be successful.

INTERNATIONAL ENTREPRENEURSHIP AND WOMEN ENTREPRENEURS

Melissa Regis, Cameron University
melissa_regis@hotmail.com
Shawn M. Carraher, Cameron University
scarraher@cameron.edu

ABSTRACT

This paper focuses on international entrepreneurship. This article is divided into three categories namely: female entrepreneurs and novices in the global economy, the entrepreneurial process in international markets, and environmental factors affecting the global economy. It suggests that women are making an identifying mark in international entrepreneurship and that there is still much to be learned about the international realm. Much research is necessary particularly in the areas of crossing national boundaries, and market penetration in order to better understand and define international entrepreneurship.

SMALL-SCALE BUSINESS ENTERPRISES IN THE PHILIPPINES: SURVEY AND EMPIRICAL ANALYSIS

Maria Claret M. Ruane, Alfred University
ruane@alfred.edu

ABSTRACT

This paper is a two-part study of small-scale business enterprises in the Philippines: survey and empirical analysis, both of which are combined in an attempt to understand what determines entrepreneurial motivations and success in the Philippines. The survey was conducted in order to study entrepreneurship development and motivations in the Philippines and also to understand the challenges and sacrifices faced by Filipino entrepreneurs. In particular, this survey is quite comprehensive in scope and comprised 202 questions. Aside from data on the general characteristics of the business enterprise and the entrepreneur, the survey also asks questions about important issues in the study of entrepreneurship such as entrepreneurial intensity, sacrifice, motivation, business plans, the business' effect on the entrepreneur's quality of life, the entrepreneur's personal beliefs and attitudes, and difficulties and problems that the entrepreneur encountered at different stages of operating the business enterprise. This study also presents an empirical analysis of the determinants of success by Filipino small businesses. This analysis made use of the survey data and is based on the estimation of a regression model using Ordinary Least Squares technique.

WHAT MAKES AN ENTREPRENEUR: AN EXAMINATION OF WOMEN AND FOREIGN ENTREPRENEURSHIP

Amena Sediqi-Aini, Cameron University
asediqi@sbcglobal.net
Merita Tyrell, Cameron University
mt05321@wolverine.cameron.edu
Shawn M. Carraher Cameron University
scarraher@cameron.edu

ABSTRACT

Society is rediscovering entrepreneurship and innovation through the growing participation of small businesses in the economy. Research in entrepreneurship originates in economics. The earliest interest in entrepreneurship was expressed by Richard Cantillon and Jean Baptiste, and during the 20th century Joseph Schumpeter (Johannison, Bengt, Landstrom, Hans, Rosenberg, 1998). Society's concern changed from trying to explain the role of entrepreneurship in economic development to developing entrepreneurship itself. Research has designed an understanding of who the entrepreneur is and why he/she executes.

What is entrepreneurship? Aside from a general consensus among researchers and practitioners there is an elusive and protean concept with little or no argument about its key attributes (Rosen, 1977). The entrepreneurship literature is characterized by a proliferation of theories, definitions and taxonomies which often conflict and overlap leading to a miasma of confusion that threatens the coherence and legitimacy of the entire field. Despite the dramatic increase over the twenty years in research dedicated to answering the question, there appears to be very little progress towards understanding the essence of the concept. However, before research in entrepreneurship can be brought to a mature stage, one must be able to answer two simple yet critical questions; who are entrepreneurs and what do they do that makes them unique.

The classic conception of entrepreneurship is that of the individual independent entrepreneur who assumes financial and other risks in order to exploit a new idea or product possibility. This paper explores entrepreneurship research examining women entrepreneurs and foreign entrepreneurs exploring the challenges that each group has to overcome, as well as the opportunities for each group. This paper also provides insight into the historical perspective of entrepreneurship and will briefly examine the different avenues of entrepreneurship.

SUCCESSION PLANNING FOR FAMILY-OWNED BUSINESSES

Justin Slack, High Point University
jslack28@aol.com

ABSTRACT

Family-owned businesses are an integral component of the United States' economy. Family-owned or managed companies represent 75% of the total businesses in America and account for half of the country's gross domestic product (O'Rourke, 2003). In 2006, a quarter of the entire United States' population, almost 76 million people, will turn 60 years old (Maples and Abney, 2006), many of whom considering retirement. The large amount of retiring executives is creating a shortage of managerial talent in the United States. Unfortunately, McIntyre-Smith (2005) uncovered a study conducted by the CICA that suggests 99% of sole practitioners have no succession plan at all. The aging trend of America's small business owners expresses an imperative need for succession planning. For baby boomers, or any entrepreneurs, who wish to continue their businesses, and more specifically, keep the businesses within their families, the need for extensive succession planning is inevitable.

This fact is made evident in the case of the Murphy family and the Big Brother Embroidery Company (BBE). BBE was founded in 1960 by Dale Murphy, and he has been president since the business was conceived. The company is a family-owned sewing and stitching firm located in the southeast region of the United States. The company embroiders clothing for large textile manufacturers. Since its formation, BBE has experienced relative success, realizing quality annual growth in revenues and profits. BBE has a total of 60 employees, two of which are Dale's children. Tragically, Dale was incapacitated by a major stroke in January 2006. For Big Brother Embroidery to survive this traumatic event, the company's succession plan must be immediately and successfully implemented.

Succession planning can be difficult and laborious however, especially for small businesses. Generally, small businesses do not have a board of directors or any similar group to assist in the process of succession. However, succession planning is inherently important because "only one in three family businesses succeeds in making it from the first to the second generation" (Perman, 2006). Fortunately, BBE took the necessary time and effort to develop and maintain their succession policy.

NEW BUSINESS START-UPS WITH FAMILY BUSINESSES AND ENTREPRENEURIAL VENTURES: SUCCESS FACTORS FOR EACH

Jamie Spatola, Cameron University
js106590@wolverine.cameron.edu
Steve Holley, Oklahoma State University
steve.holley@okstate.edu
Ginger Veal, Cameron University
gv029156@wolverine.cameron.edu
Shawn M. Carraher, Cameron University
scarraher@cameron.edu

ABSTRACT

Family businesses are a vital part of the economy of the United States, representing 29 percent ($2.6 trillion) of the gross domestic product and 27 percent (36 million people) of the nation's workforce (Kurtz, 2005). In short, the economy needs family entrepreneurialism to exist, and success stories like Wendy's and SC Johnson will continue to inspire families to strive to achieve "the American Dream."

The keys to ensuring the success and long term survival of a family business are communication, formalization, and planning. In family business, it is difficult to operate in a formal manner and to force the establishment of written documents and agreements; it can make being a member of a family feel like a business transaction rather than a relationship based in love and trust. However, as a family business founder and owner, the formal, strategic steps that you take to ensure the success of the business are an act of love for the family in that they ensure that future generations will have opportunities that are both financially rewarding and personally gratifying.

Family-owned business can be an invigorating and satisfying endeavor, not to mention a lucrative one. Such businesses appeal to families because they combine home-life and work-life, granting the luxury of comfortable surroundings, loved ones as co-workers, and the ability to determine one's own schedule. The drive to "be one's own boss" coupled with the prospect of controlling 100% of the business's earnings is the American dream come true for many entrepreneurs. However, the idealized notion of the functional family operating the profitable business is often frustrated by the innate problems that exist among family members. Conflicts and rivalries may be more apt to grow among family members competing for their stakes in an effort that is both financial and personal. There is a different set of rules governing the life-cycle of a business whose employees share more than merely office space and there are particular managerial steps that must be taken as family businesses develop. Managers must carefully monitor and nurture the business throughout each stage of its development. Family entrepreneurs can survive, thrive, and nurture their business beyond its perilous first-generation when they understand the unique structure of a family business and apply the necessary strategies and tactics to manage each stage of its development. In the current paper we examine the processes of how to start a family business and compare this with starting a traditional business.

SOCIAL ENTREPRENEURSHIP: AMERICAN & INTERNATIONAL PERSPECTIVES

Andrew Svilokos, U.S. Army
andrew.svilokos@us.army.mil
Shawn M. Carraher, Cameron University
scarraher@cameron.edu

ABSTRACT

Entrepreneurs of the past have greatly impacted societies, economies, and industries into what they are today. The mission of the entrepreneur has been to create wealth and business growth. Accomplishments of these missions result in additional benefits to members of society, whether intended by the entrepreneur or not. For instance, customers benefit because they are able to fill a need through the purchase of a product or service. Second, venture capitalists, lenders, and shareholders benefit by attaining returns on investments or interest through the entrepreneur's business. Third, employees benefit by earning income through the business's growth and prosperity. As a result, employees then become customers that have purchasing power to buy goods and services that entrepreneurs produce. Over time, many entrepreneurs began to focus on a new, specific mission towards improving society. This new mission helped to develop and define social entrepreneurship. Although social entrepreneurship is virtually a new concept with no clear and concise definition, Johanna Mair and Ignasi Marti (2006) propose a broad, working definition: Social entrepreneurship is a "process involving the innovative use and combination of resources to pursue opportunities to catalyze social change and/or address social needs" (p.37). In today's society, the role of social entrepreneurship is vastly increasing through both, nonprofit and for-profit businesses. Society's desire for philanthropy has created many new opportunities for entrepreneurs. Ethics and a focus toward the common good are key concepts that are vital in today's business world.

As we enter into a new hypercompetitive global economy, there becomes a greater need to focus on society. The fast pace of the business world has left behind much of society with unyielding hurdles and relentless struggles. Furthermore, the gap has widened between those that have wealth and those that do not. The intention of social entrepreneurship is to aid in solving such problems with a direct approach. Social entrepreneurs pursue goals and objectives that relate to solving specific problems within the social economy. Although they possess similar characteristics to conventional entrepreneurs, they are more concerned with satisfying social needs rather than commercial needs (Roberts & Woods, 2005). Similar to conventional entrepreneurs, social entrepreneurs must be innovative, creative, and motivated to pursue their venture. Characteristics between the two types of entrepreneurs are very similar; however, differences fall in the purpose and motivational aspects. While the conventional entrepreneur is concerned with making money and growing their business, the social entrepreneur is concerned with satisfying a social need and helping society to be better than it was yesterday. Social entrepreneurs believe there is more to life than business and making money. Caring for people and providing them opportunities are critical components towards the progression of a better world. In the current paper we examine American and international perspectives on social entrepreneurship.

Academy for Economics and Economic Education (AEEE)

THE CASE OF SIMULATING THE CHOICES OF MONEY MANAGERS BY APPLYING MODERN PORTFOLIO THEORY USING REAL STOCK PRICE DATA

Lihui Bai, Valparaiso University
Lihui.bai@valpo.edu
Benjamin Dow III, Southeast Missouri State University
bdow@semo.edu
Paul Newsom, Valparaiso University
Paul.newsom@valpo.edu

ABSTRACT

Time constraints, as well as ignorance of other business disciplines, often preclude instructors from properly incorporating illustrations from outside their area of expertise into their courses. This can result in students having difficulty in applying skills learned in one course to other courses. We show how the skills and concepts that students are learning in an introductory Excel spreadsheet class can be applied to modern portfolio theory by using real data from Yahoo! Finance without mathematical and statistical complexity. By using a finance illustration in an information systems course, students are better able to understand the value of the skills they are acquiring now and how these skills will help them solve real-life problems. Moreover, business students who subsequently take an introductory finance course will be familiar with one of finance's most important theories.

WAL-MART AS AN ECONOMIC INDICATOR

Donn R. Pescatrice, Iona College
dpescatrice@iona.edu
Andrew W. Braunstein, Iona College
abraunstein@iona.edu

ABSTRACT

The objective of this study is to extend a historically perceived relationship between big business and the overall aggregate economy. The purpose is to determine if the sales trends of the Wal-Mart Corporation can serve as a credible indicator of the general direction of the U.S. economy. Is Wal-Mart's business a direct or contrary indicator? Does it reflect the properties of a coincident, leading, or lagging indicator? Preliminary results (after the data has been adjusted for trend) suggest strong statistical relationships between Wal-Mart's monthly sales and a number of monthly economic variables, as well as between the growth in Wal-Mart's sales and several key measures of economic growth.

INTRODUCTION AND LITERATURE REVIEW

The Wal-Mart Corporation has come under media scrutiny for a myriad of reasons in recent years. It has been the focus of countless news stories, case studies, and organizational analyses—some lauding its business acumen, with others decrying its negative social, environmental, and economic impacts. Consider some notable issues involving the Wal-Mart company:

> The company is under investigation for possible failure to adequately compensate employees for overtime duties and working through scheduled rest breaks, it was being probed for possible use of illegal immigrants in its cleaning/maintenance operations and improperly "locking in" workers of the night shift (the company paid $11 million to settle these charges in 2005), the company has been vilified by organized labor for closing its meat department in Jacksonville, Texas, in response to unionization efforts and for shuttering the only unionized North American Wal-Mart by ceasing operations in Jonquiere, Canada (Lohr, 2003; Greenhouse, 2004; Useem, 2003; Kraus, 2005), and its vice chairman was recently removed for alleged financial improprieties.
>
> The Wal-Mart corporation is the defendant in about 40 major lawsuits (out of a total of 6,000 suits), including a vast class action lawsuit claiming sexual discrimination. The company is also accused of "policing" culture by selling only "sanitized" CDs (no R-rated music), requiring certain magazines to be jacketed, and refusing to sell the morning after contraceptive (Newberry, 2003).
>
> The company is under continuous pressure by environmental and labor activists because many of its products are manufactured in China and other Asian countries where working and environmental standards are much lower than those of the U.S. (Hays, 2003). These foreign supply sources provide jobs for offshore workers as U.S. manufacturing jobs vanish.

In November of 2005, a Washington D.C. conference focused on Wal-Mart's impact on the economy in terms of price savings, wage pressure, and health benefits; and a DVD documentary premiered casting the company as blight on the economy and society.

Why has the Wal-Mart Corporation been the subject of such intense media scrutiny while often being cast as the villain by many labor and environmental groups? The answer is rather obvious – *it is too big to ignore*– an "800 pound gorilla" or the "Beast of Bentonville" are common caricatures of the company (Newberry, 2003; Hays, 2003). Consider the following salient economic statistics reflecting Wal-Mart's operations (Newberry, 2003; Useem, 2003, 2004, and the company website):

Wal-Mart operates about 3,700 stores in the U.S. and another 1,600 internationally. It is the number one retailer in the U.S. with $285 billion in fiscal 2005 annual sales, generating about 2.3% of the U.S. gross domestic product. Wal-Mart's total sales are larger than the combined sales of the next four big retailers (Home Depot, Kroger, Target, Sears), and it was the first company with annual sales exceeding a quarter-trillion dollars in fiscal 2003.

The company serves approximately 19 million customers a day; 9 cents out of every U.S. retail dollar is spent in one of its stores; and 82% of U.S. consumers made at least one purchase at Wal-Mart in 2002. The company sells 30% of all U.S. staple goods, is the largest U.S. grocer, the biggest toy seller, and the third-largest pharmacy. In fact, the company has become such a dominant retail force that 2003 has been coined as the period of the "Wal-Martization" of the U.S. economy (Lohr, 2003).

Wal-Mart is the largest employer in the U.S. – 1.3 million employees locally out of a total of about 1.6 million employees worldwide. The company expects to hire an additional 800,000 workers in the next five years. It is the largest employer in 21 states, hiring 3.3% of all workers in its home state of Arkansas.

However, the Wal-Mart employment situation is not without controversy. Non-union "sales associates" earn an average of about $9.85 per hour, about $14,000 a year (the poverty line is $14,630), and there is a 44% annual employee turnover rate. The company's health coverage is frequently inadequate forcing many of its employees to rely on Medicaid and other public health care. At the November 2005 Wal-Mart conference, economists presented research papers showing that the company's presence in a market depresses wages, increases Medicaid expenditures, and forces competitors to lower prices in order to compete (Greenhouse, 2005).

The economic impact of Wal-Mart is not clouded, however. An economic research firm, Global Insight, has estimated that the company's low prices saved consumers about $260 billion in 2004. But, because Wal-Mart helped constrain wage increases, the net rise in consumer purchasing power was about $118 billion (Greenhouse, 2005). The McKinsey consultants estimate the 12% of the 1995-1999 U.S. productivity gains were derived from Wal-Mart's efficiency efforts. A vast array of tangential businesses are directly tied to Wal-Mart, as the company has about 65,000 separate suppliers even as it annually imports about $12 billion worth of products from China – about 11% of the U.S. total Chinese imports.

In short, the Wal-Mart Corporation is now a dominant U.S. firm, and is steadily making its presence felt in the rest of the world as well. Its operations have a major impact on overall U.S. business activity and may reflect aggregate economic conditions in general. An interrelationship between business history and economic history has been long established (Cole, 1945 and 1968), although the contribution of business history to explaining overall economic behavior is considered to be marginal at best. However, there are precedents for major U.S. firms having significant effects on the aggregate economy.

DOMINANT FIRMS AND THE OVERALL ECONOMY

A seminal work implying that the performance of a major business may mirror that of the overall economy was that of Chandler (1962). He provided a comparative study of how four firms (DuPont, GM, Standard Oil, and Sears Roebuck) performed the same activity – administration – and described the evolution of the multi-departmental enterprise. Chandler's core conclusion was that the firm's business strategy shaped its operating structure, and that technology placed a premium on an operating scale encompassing both backward and forward integration. An integrated, multi-departmental enterprise required coordination by senior administrators with a national business focus, intent on optimizing capacity advantages. Wal-Mart's business approach closely adheres to these operating principles. Its goal to be the premier value-driven retailer has spawned an enterprise of enormous scale, exerting price and efficiency pressures on suppliers, employing state-of-the-art technology, while delivering a vast spectrum of products through an ever growing distribution system.

Galbraith (1967) and later Chandler (1977) described the coordination of economic activity through the behavior of profit maximizing firms. Galbraith argued that the traditional market had lost its power; having been replaced by bureaucratic corporations guided by management that manipulated consumer demand, replaced labor with technology, all facilitated by access to burgeoning profits. Chandler later concurred as he contended that modern business enterprises replaced market mechanisms in coordinating economic activity. He argued that the "visible hand" of management replaced Adam Smith's "invisible hand" of market forces. Powerful corporations acquired functions previously carried out by the market, and set into motion a period of economic development he labeled "managerial capitalism". Many would contend today that Wal-Mart's aggressive management team may not usurp all the powers of the free market, but certainly seems to be able to steer the market in a direction profitable to its business interests. Even though there was much written about the emerging power of the business enterprise and its impact on the capitalistic process, there was still no inclination to measure aggregate economic performance with the business and financial health of a dominant firm.

SCOPE AND PURPOSE

The objective of this study is to extend the historically perceived relationship between big business and the overall aggregate economy. In short, the purpose is to determine if the sales trends of the Wal-Mart company can serve as a credible indicator of the general direction of the aggregate U.S. economy. Is Wal-Mart's business a direct or contrary indicator? Does it reflect the properties of a coincident, leading, or lagging economic indicator? There are no preconceived notions or inferences, and the relationship between Wal-Mart's sales (or stock price) and an extensive list of economic/financial variables is investigated. The intent is simply to determine whether there is any significant relationship between Wal-Mart's business and a broad array of economic measures and statistics which may allow Wal-Mart's sales to serve as a credible bellwether of overall economic activity.

Existing academic exercises involving Wal-Mart focus on the company in business case studies, analyzing Wal-Mart's efficiency, cost control, and inventory management efforts, etc. (Hays, 2003). Also, there are studies assessing Wal-Mart's impact on local economies and competing small businesses (Hicks and Wilburn, 2001; Khanna and Tice, 2000; McGee and Rubach, 1996; Boyd, 1997).

Although yet to be formally investigated, the notion of employing Wal-Mart's sales as an economic bellwether is not completely novel, and there have been other non-traditional measures of economic trends (Griliches, 1990). There have been allusions to the "Wal-Mart effect" on the economy (Newberry, 2003). It has been noted that both the Federal Reserve and private economists assess Wal-Mart's prospects to help gauge the future direction of the overall U.S. economy (Mathews, 2003). Further, it has been observed that the economy tends to follow Wal-Mart's business trend, and possibly justifies the creation of a "Wal-Mart index" (Hopkins, 2003; Gross, 2003). Additionally, there is emerging evidence that Wal-Mart's sales are increasingly being viewed as a measure of a broader, more general, and possibly more pervasive set of economic conditions reflected in movements of the overall stock market (Reuters, 2003).

PRELIMINARY RESULTS

Monthly and quarterly data was obtained for the time period from January 1995 through December 2005 for a wide array of economic and financial variables. Prior to performing any statistical analysis, many of the variables were transformed in an attempt to take into account issues of trend, as well as to measure rates of growth. Some highly statistically significant results obtained by the application of multiple regression analysis are as follows:

A positive relationship exists between Wal-Mart's sales and several measures of personal income.

A positive relationship exists between Wal-Mart's sales and several measures of unemployment. (Wal-Mart appears to perform well in difficult employment environments.)

Somewhat surprisingly, no detectable relationship exists between Wal-Mart's sales and overall retail sales.

A positive relationship exists between Wal-Mart's sales and the amount of outstanding consumer credit, whether these variables are measured in absolute terms or as rates of growth.

A positive relationship exists between the growth of Wal-Mart's sales and gross domestic product.

The results above are several of those found during an initial examination of the data. Empirical work is continuing, including investigating the possibility that some of the variables in the time series set of data may be co-integrated.

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Academy of Educational Leadership (AEL)

PERFECTING THE SERVICE LEARNING PARADIGM – HOLISTIC SERVICE LEARNING WITH MULTIPLE COMMITMENT DEVICES- THE GLOBAL VILLAGE CAFÉ

Peter L. Banfe, Ohio Northern University
p-banfe@onu.edu

ABSTRACT

The subject of this research, the Global Village Café (GVC), is a unique, intense ten week service learning experiment which has run for four years at a small AACSB Mid-Western business school. The students have one quarter to craft a full service restaurant from scratch, from concept and design, cuisine to theme, operations to financials under extreme time constraints, and intense pressure for excellence and innovation.

In the face of intense competition for tuition dollars, cheaper online options and demands for relevant skills from employers, traditional paradigms are being challenged by new pedagogies. Many of these new pedagogies posit the role of the educator to be one of facilitating experiences which create personal relevance and real world linkages. The GVC is an experiment in experiential pedagogy.

In the paper the author will first unveil eight characteristics of successful service learning projects gleaned both from the literature and from experience with the GVC. The author will then apply these characteristics to the empirical record of the GVC. Then the author will analyze whether of not the GVC should be considered as a variant of academic service learning which will be referred to as "Holistic Service Learning with Multifaceted Commitment Devices".

EFFECT OF PREREQUISITE ON STUDENTS' PERFORMANCE IN STATISTICAL REASONING

Askar H. Choudhury, Illinois State University
Don R. Robinson, Illinois State University
achoudh@ilstu.edu

ABSTRACT

Statistical Reasoning is one of several in the middle core quantitative reasoning courses of Illinois State University's general education program. One prerequisite of this course is any inner-core mathematics courses of the program. This study compares the performance in Statistical Reasoning of students who took one of two prerequisite courses—Data and Chance or Finite Mathematics.

INFLUENCES ON STUDENTS PREPARING FOR A CAREER IN PROFESSIONAL SELLING

Michael R. Luthy, Bellarmine University
mluthy@bellarmine.edu

ABSTRACT

Studies and occupational forecast reports point to the growing opportunities for college graduates in the field of professional sales. While there has also been a good deal of research on how to revamp or restructure the professional sales course and curriculums there has been less work on student's opinions concerning careers in sales and the influences on their decisions. The current research analyzes preliminary survey results from over 300 undergraduate seniors, student members of Pi Sigma Epsilon, a national fraternity in sales, on these issues.

INTRODUCTION

The field of professional sales is seen as one where significant growth is forecasted (U.S. Department of Labor, 2003). Aside from a career path that is labeled as sales, the skills heavily associated with the field, including interpersonal skills, communications, and negotiations to name a few are prized by other business disciplines ranging from accountants and financial analysts to economists and human resource specialists. This same skill set is also valued in non-business careers including engineers, architects, and non-profit managers where significant client or customer interaction is more the norm.

Research on what academics can and should do to improve the sales course or other aspects of the curriculum have been undertaken (e.g. Bristow and Gulati, 2002; Luthy, 2000, Clabaugh and Forbes, 1995). The larger issue of the sales curriculum itself has also been explored (e.g. Corwin, 1997). The current paper surveys select undergraduate students concerning their attitudes toward a career in sales and the influences that have informed that attitude.

BACKGROUND

There is a variety marketing-specific and general business organizations open to membership for undergraduate students. Some are open to any interested individuals (e.g. the American Marketing Association); while others have more specific membership requirements (e.g. Delta Gamma Phi) and still others involve nomination or selection by faculty membes (e.g. Beta Gamma Sigma).

For students with an expressed interest in pursuing a career in professional selling, many if not all of these organizations offer something of value in terms of networking, field trips, speaker series, and the like. In the activities of these organizations however, selling is only one of many areas that are explored.

Among organizations that attempt to specifically address the needs of students interested in professional sales is Pi Sigma Epsilon (PSE). In 1951, Lloyd L. Antle, an Ohio University graduate and professor of Marketing at Georgia State University, conceived the idea that the sales profession should have a professional fraternity of its own. The Founders of Pi Sigma Epsilon established a collegiate organization to assist members in developing sales and marketing skills through lifetime opportunities. The Fraternity was incorporated in 1952, and the first chapter, Alpha, was installed at Georgia State University (Pi Sigma Epsilon website, 2006).

Today, PSE has 54 active collegiate chapters operating in 24 states. It has a national conference which draws hundreds of students and academics each year and is arguably the principle organization for selling-interested students looking to prepare for and launch their careers. Combined with the national scope of the organization's membership, a survey of the student members of PSE would seem appropriate to investigate issues of student preparation for careers in the field. The current study reports the outcome of such a survey, focusing on seniors and their preparation for after college work. The goal is to understand how they developed in college in order for faculty to potentially better prepare and advise students interested in this career path.

METHODOLOGY

Through the Pi Sigma Epsilon National Educational Foundation, the mailing list of all student members was obtained. The sample employed here is a convenient one but should be considered qualified and expert given the issues for examination.

Each student member was sent a cover letter on Pi Sigma Epsilon stationary explaining the study and the organization's sponsorship, a self-administered paper and pencil questionnaire, and a postage paid, addressed envelope. Over the subsequent six weeks there were two follow-up efforts through chapter officers to have members complete and return the survey. As an incentive to have members complete the survey, each chapter received points toward a chapter competition based on the percent of members returning the instrument. Additionally, one member, drawn from all of the returned surveys, won free registration to the next national conference (approximate value less than $250).

Over three hundred seniors responded to the survey (125 male and 188 female). This translates into an approximately 40/60% split by gender. While responses were skewed toward female respondents there were sufficient numbers of male respondents to make gender-based comparisons and draw conclusions for the sample as a whole.

In exhibit 1 it can be seen that an academic breakdown of respondents extends beyond the business disciplines. Fully 15% of the respondents reported majors outside business disciplines and included communications, education, liberal-arts, technology, and the sciences. Over one-fifth of the seniors responding were self-declared double majors and over 42% have a self-declared minor. This broad-based interest in professional selling, spanning so many different majors, double majors, and minors confirms the central usefulness of sales education and training and its place in many varied career paths.

Exhibit 1. Respondent's academic majors

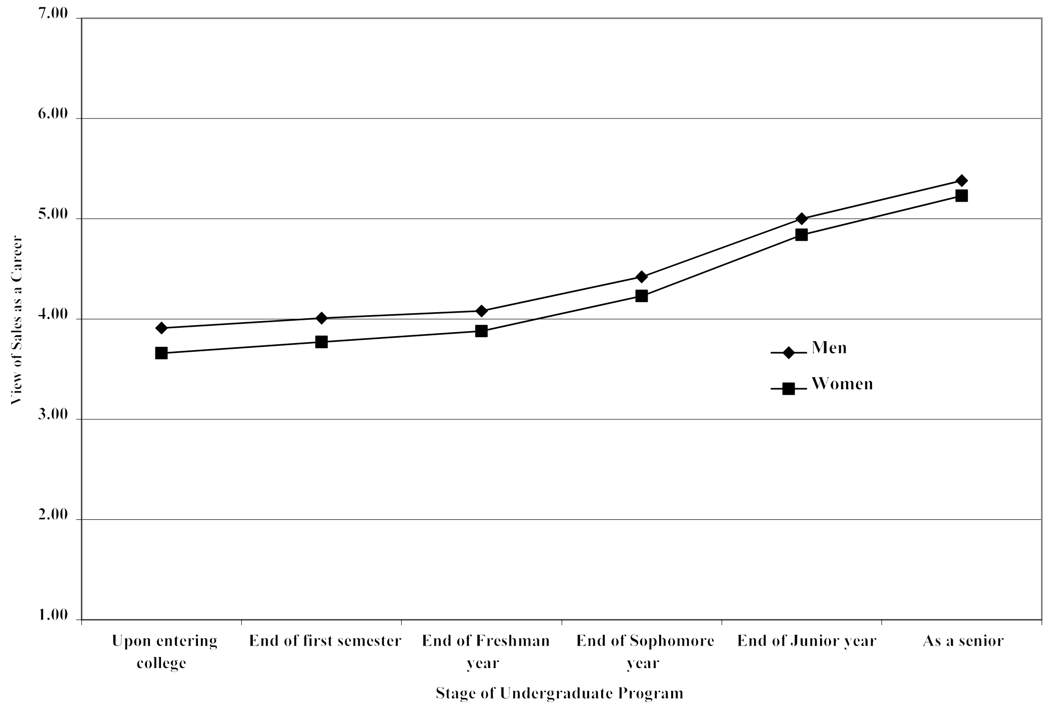
Business-related majors (266)		Liberal-arts majors (9)	
Marketing	150	Psychology	4
Business Administration / Mgt.	45	English	1
Information Systems	15	Interdisciplinary	1
Finance	14	Physical Education	1
Human Resources	9	Political Science	1
Sales	8	Sociology	1
Accounting	7		
Economics	7	Science and Technology-related majors (17)	
International Business	6	Computer Science	6
Advertising	2	Biology	4
Agricultural Business	1	Animal Science	1
Insurance	1	Chemical Engineering	1
		Civil Engineering	1
Communications-related majors (16)		Electronics Management	1
Communications	12	Geographic Information Systems	1
Journalism	2	Nutrition	1
Graphic Design	1	Telecommunications	1
Speech	1		
		Note 1. 65 of the 313 respondents (20.8%) were double majors	
Miscellaneous majors (5)			
Elementary Education	1		
Family and Consumer Services	1	Note 2. 133 of the 313 respondents (42.5%) had a declared minor.	
Nautical Science	1		
Physical Education	1		
Travel and Tourism	1		

RESULTS

Students were asked a number of questions concerning their experiences in college. One of these questions was to rate their attitude (on a 7-point Likert scale) toward a career in professional selling at various stages. Exhibit 2 charts their responses. Discounting the potential for a distortion effect in recalling past events exhibit 2 shows some interesting results.

As a group, seniors report an above neutral attitude (>3.5) toward a career in sales upon entering college. That opinion strengthens for both males and females to roughly the same degree over the course of their studies. One interesting result was that at all stages males rated a career in sales more positively than females although that gap did narrow by the time both groups achieved senior status.

Exhibit 2. Attitude toward a career in professional selling



In addition to asking students about their attitudes they were also asked to rate the influences that have had an effect on their career plans. Exhibit 3 reports their responses. The ranking of influences reported by males and females exhibited similar patterns with coursework taken and enjoyed representing the most potent impact on their decisions. Work experience, memberships in organizations such as but not limited to PSE, and instructors were also rated highly – however not as highly as coursework that students connected with. While the ordering of influences was the same the magnitude reported by the two groups was not. This suggests that the design and delivery of courses, has a particularly profound impact on students' plans for career decisions, perhaps more so for females.

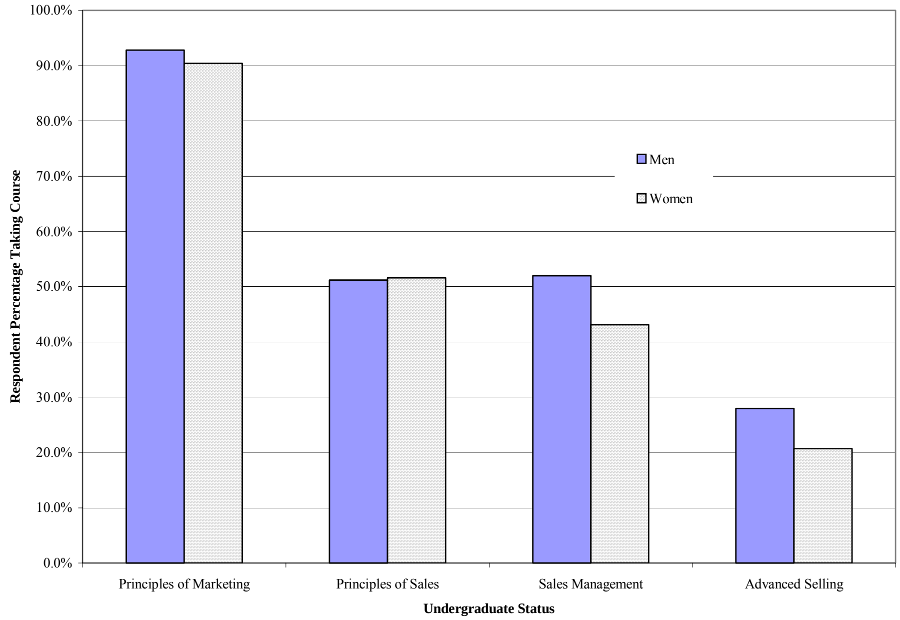
Exhibit 3. Influences on career plans *

	Men	Women
Coursework taken – and liked	72.8%	85.1%
Internships / work experience	56.8%	52.7%
Membership in organizations	44.8%	43.1%
Instructors	44.0%	42.0%
Parents / friends	39.2%	28.7%
Coursework taken – and did not like	24.8%	27.7%

* reported as percentage of respondents who ranked the factor as 1, 2, or 3 in importance.

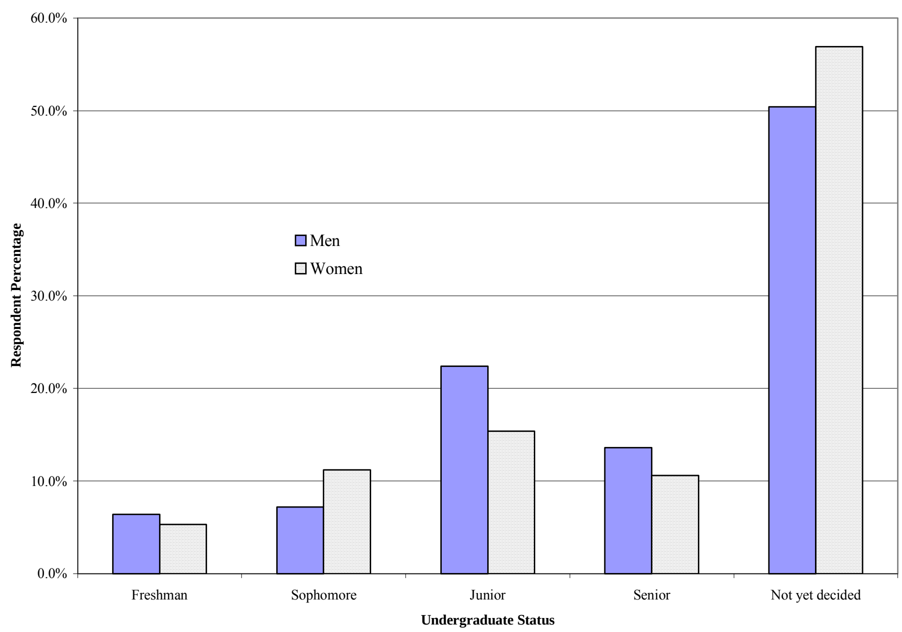
Because of the availability differences of various courses at different institutions a direct interpretation of exhibit 4 is problematic. What can be learned however is that a slightly higher percentage of females have taken the Principles of Sales course at their institutions than males. With regard to the other three major courses asked about males had made those courses a part of their programs more regularly.

Exhibit 4. Sales-related coursework taken



It should be noted that not all of the respondents had indeed settled on a career in professional selling. As shown in exhibit 5 half or more of the respondents have made a decision to pursue a career in professional sales. By their senior years, approximately 50% of males had made the decision while slightly fewer females had made the same decision.

Exhibit 5. Timing on decision to pursue a career in professional sales



CONCLUSIONS

For professors and academic advisors these results underscore the importance of marketing sales coursework and potential careers in selling to a wide cross-section of students, not just those in marketing or business related majors. Further, it should reinvigorate faculty in their course design and delivery efforts owing to the significance of that component in helping students decide whether to pursue a career in the field. Faculty should also encourage the sponsoring of one or more student organizations to supplement the educational experience of students. The end result will likely be a better prepared student and a more satisfied and productive alumni base.

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EDUCATING TOMORROW'S SALES PROFESSIONALS: PERSPECTIVES FROM SENIOR-LEVEL SERVICE EXECUTIVES

Michael R. Luthy, Bellarmine University
mluthy@bellarmine.edu

ABSTRACT

Business schools are increasing under scrutiny to make certain that the knowledge and skills they impart to students is congruent with the needs of a rapidly changing competitive environment and the organizations that hire college graduates. The current research surveyed senior-level sales executives at 400 U.S.-based service firms on the importance of topics typically included in the undergraduate Professional Selling course with 40% responding. The executives' assessments of the value of selected out-of-class activities for students interested in pursuing careers in sales were also solicited. The results provide benchmarks for faculty in designing and delivering the Professional Selling course in a post-secondary environment and advising students how to better prepare for entry-level sales positions.

INTRODUCTION

Trends in business have caused academic leaders to consider restructuring both the content and teaching methods used in undergraduate curricula (Ackerman, Gross, and Perner 2003). Considering the potential value of perspectives from business school advisory boards, financial donors, and executives-in-residence to name a few, it is understandable that researchers involve these types of individuals in their data collection efforts (e.g. Saltzstein 1994; Waner 1995; Levenburg 1996; Taylor 2003).

For students interested in pursuing a career in sales, one of the cornerstone collegiate educational experiences has been the personal or professional selling course. This course has often been treated as a stepchild of marketing rather than as an integral part of the marketing process; unfortunate considering well over half of marketing majors will begin their careers in sales (Kutscher 1990; Michaels and Marshall 2002).

Colleges and universities are being encouraged by corporations and recruiters to offer courses that equip students with crucial, job-related skills (Weeks and Muehling 1987; Bragg 1988; Lysonski and Durvasula 1998). One difficulty is there is often a disparity between what is taught in the selling course and what sales representatives use in their daily activities.

One study that examined the selling course and the differences between practitioners' and educators' viewpoints found significant discrepancies between the two group's views of what was important both for course content and pedagogy (Parker, Pettijohn, and Pettijohn 1997). Research focusing on the perspectives of industrial sales practitioners in sales course content has been reported by Plank (1982) and Luthy (2000). The research reported here goes one step further. In addition to focusing on the opinions of an expert sample of senior-level sales executives, participants were also asked about the value of non-course activities and their recommendations for students interested in sales careers. The methodology used is similar to the one employed in the Luthy study (2000) but focuses on senior sales executives in the service sector. The rationale for focusing on service professionals stems from the changing nature of the U.S. and world economies and the unique aspects of marketing services (Grant 1987; Oliver 1987).

METHODOLOGY

A random sample of 400 senior-level sales executives at U.S. based, service firms was purchased from a commercial list vendor. Each subject was sent a self-administered questionnaire; a cover letter explaining the purpose of the survey, its goals, the assurance of respondent anonymity, and the offer of a copy of the final article if they wished; and an addressed, postage paid return envelope. A total of 160 of the 400 service firm questionnaires were returned with usable responses, representing a 40% response rate.

The survey instrument was developed through a topic analysis of eleven of the leading textbooks on personal and professional selling used in colleges and universities. This list was supplemented with other topics as a result of a literature review. The end product was a compilation of 31 topics either currently or potentially being covered in college level undergraduate selling courses. Subjects were asked to assess the importance of each of the professional selling topics on 7-point Likert scales, (where 1 = extremely unimportant and 7 = extremely important) for inclusion in an undergraduate selling course.

To supplement the range of issues presented in the survey, potentially valuable sales-related out-of-class activities, relevant coursework, employment options, and select life experiences were compiled. The final part of the survey included background and classification questions.

Considering the respondents as a group, they are experienced in their current positions (average 6 years), their organizations (average 8 years), and in sales (average 14 years). Examples of their job titles reflect their senior status and include: President, Vice President–Marketing, General Manager, National Sales Manager, Director of Sales and Marketing, and Director of Sales. This group participates in a hiring infrastructure that selects new sales representatives from both undergraduate and graduate college and university programs.

RESULTS

For the 31 topics respondents evaluated, the rank and importance averages are presented in Exhibit 1. Several respondents commented that the number of topics listed for evaluation exceeded what could be adequately covered in a single course unless superficial treatment was given to each. Given that the computed averages for all thirty-one topics were rated above the scale's midpoint of 3.50 (thereby indicating that strictly speaking none were unimportant, just more or less important relative to others) it suggests that select topics are more important to include in the basic selling course with others left for other potential offerings such as courses in advanced selling or sales management. The thirteen topic areas with averages in the 6.0 and above range reflect the strong emphasis that the respondents believe should be placed on communications and critical thinking and reasoning skills in addition to knowledge base areas and sales techniques.

Exhibit 1. Topic Importance in the Professional Selling Course

Subject / Topic:	Score *	Rank
Effective Listening Skills	6.55	1
Time Management	6.35	2
Relationship Selling, Developing Rapport, and Account Management Strategies	6.33	3
Follow-up and Service after the Sale	6.30	4
Product, Company, Competitive, and Market Knowledge in the Selling Process	6.28	5
Presentation / Demonstration Methods & Strategies	6.23	6
Handling Objections	6.23	7
Asking Questions	6.18	8
Professional Image	6.15	9 (tie)

Prospecting for New Business	6.15	9 (tie)
Communication Processes and Skills (including persuasion, oral, written, and nonverbal)	6.13	11 (tie)
Preapproach / Planning in the Selling Process	6.13	11 (tie)
Negotiating Skills	6.00	13
Confirming and Closing the Sale	5.98	14
Ethical Issues and Situations in Selling	5.83	15
Analyzing the Customer's Competitive Situation	5.68	16
Territory Management	5.40	17
Buyer Behavior, Individual / Organizational Psychology	5.38	18
S.P.I.N. Model of Selling (situation, problem, implication, need payoff)	5.18	19
Approach Phase in the Selling Process	5.15	20
Team Selling	5.00	21
Sales Manager's Role / Activities in the Selling Process	4.91	22
Laws Affecting Selling	4.83	23
Adaptive Selling Model	4.76	24
International Selling Environment (dealing with diverse cultures and customers)	4.75	25
Retail, Business, Service, and Non-Profit Selling	4.63	26
Rewards of Selling	4.58	27
Sales Force Automation	4.53	28
Career Opportunities and Career Paths in Sales	4.46	29
Selling over the Internet	4.08	30
Telemarketing Selling	3.98	31

* A 7-point Likert Scale was used for this question with 1=extremely unimportant and 7=extremely important.

For students contemplating a successful career in sales, academic coursework is only one part of the educational process (Gault, Redington, and Schlager 2000). Executives were also asked to rate select marketing-related courses and non-course experiences as to their importance to being hired for a sales position in their respective firms (see Exhibit 2).

Exhibit 2. Preparing for a Career in Sales*

Subject / Topic	Score
Undergraduate Coursework:	
Sales management	4.80
Personal selling	4.73
Basic marketing	4.70
Advanced selling	4.58
Professional and Social Activities:	
A social organization of some type	4.38
A business-related student organization other than AMA or PSE	3.46
Pi Sigma Epsilon (PSE)	3.15
American Marketing Association (AMA)	3.13
Work Experience:	
Sales related business internship	5.28
Sales experience outside of a retail setting	5.10
Sales experience in a retail setting	4.20
Non-sales related business internship	4.18
Followed a sales representative for a day	3.78
Miscellaneous Experiences:	
Studied a foreign language	3.38
Traveled to another country	3.13
Studied at a foreign university	2.75

* 7-point Likert Scales were used for these questions with 1=strongly disagree and 7=strongly agree. Each factor was used to complete the sentence, "our firm is more likely to hire an individual for an entry-level sales position if they …."

In addition to coursework and employment experience, respondents viewed professional and social activities as significant to a student's development for a successful hiring decision. Lastly, with all that has been written about the international aspects of sales and business, questions were asked about exposure to foreign cultures through language training, travel, and study abroad. While not rated as particularly unimportant, clearly other experiences were viewed as more important for students preparing for careers in sales.

Subjects in this study were asked several short response questions taking the form of recommendations they would make to students interested in pursuing a career in the sales profession. More specifically, they were asked to list areas of study and coursework outside the typical schedule of courses required for business majors of various types. Their responses included: public speaking, business writing, practical computer skills, psychology, a 2nd Language (Spanish was most frequently mentioned), accounting, ethics, mathematics, engineering, history, geography, logic, golf.

DISCUSSION

The findings presented here hold potential value for college and university faculty who design and deliver the professional selling course and students contemplating the best way to prepare for a career in sales.

For academic faculty, those responsible for the selling course, the service sales executives responding to this survey have provided a wealth of information, including considerable detail on the topics they believe should be included in the course. This directly translates into how to design and deliver a high value-added selling course. In addition, their opinions and recommendations provide academics with valuable insights from the service sales sector. Most importantly, this information will allow academics to better advise students on the types of coursework and outside activities, work-related and professional, that will be viewed most positively by company recruiters.

In virtually all undergraduate, and most graduate programs, there is the opportunity for students to augment their majors with formalized minor programs, concentrate in other areas, or simply take additional coursework as part of their "general education" requirements. For students interested in pursuing careers in sales, the results of this research point out the tremendous benefits of supplemental coursework, further developing their communications skills through such courses as public speaking and persuasive writing. Additionally, taking courses in psychology, a second language, and engineering and mathematics will prove useful to foster a better understanding of people and customer needs, especially those related to technology and its applications to product development. However, students must also realize that in addition to academic work, the strongest preparation for this career path will include sales related work experience through internships and active participation in professional and social organizations.

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QUALITY IMPROVEMENT OF EDUCATION IN NIGERIA: APPLYING THE EFQM EXCELLENCE MODEL

Nwachukwu Prince Ololube, University of Helsinki Finland
nwachukwu.ololube@helsinki.fi

ABSTRACT

The purpose of this paper is to specifically evaluate the existing leadership styles and management practices in the education environment in Nigeria using the European Foundation for Quality Management (EFQM Excellence Model), and identify some excellence-related factors associated with success in the model. The population of study consisted of senior staff of the Ministry of Education. Questionnaire was used for data gathering through a random sampling procedure. At the same time, the data were analyzed through the use of quantitative research procedures. The findings revealed that the leadership styles and management practices used by the Ministry of Education are not relevant to the educational development needs of Nigerian schools; also there are relationships between the leadership styles and management practices used and the level of educational performance.

INTRODUCTION

This study came about after a long reflection on Nigeria educational leadership and management strategies. Educational leadership and management strategies were chosen as a focus for this study because of its importance in contributing to educational success. However, if the superhero images of educational leadership do not work, meaning that the mandates and incentives are not powerful enough to function as engines that will drive our efforts to improve schools. Nonetheless, in tomorrow world, success will depend upon the ability of leaders to harness the capacity of human and material resources to further educational responsibilities (Fullan, 1993).

The role of education in research, evaluation, teaching, information transfer, and technological development is critical to nationwide social progress and economic growth. That is why the social benefit for individuals and crucially for societies provides the main justification for increased investment in education in both developed and developing countries. However, confidence in human capital theory continues to underpin the belief in economic benefit from educational investments (Anyamele, 2004). In addition, much recent writings on the ise of knowledge economies (e.g. Carayannis & Laporte, 2002; Neef, 1998) assign important role to educational institutions, because the world over, education is the major vehicles for economic and social development, and it has been a known fact that institutions of education have the responsibility for equipping individuals with the advanced knowledge and skills required for positions of responsibility in government, business and professions (Ololube, 2004; Osunde & Omoruyi, 2004). Thus, we agree that education appears to play a central role in supporting both advanced forms of capitalism and new forms of democratic citizenship. From these perspectives, education is reasonably claimed to be about the transformation of society (Boaduo, 2005).

Likewise, students, parents and society are demanding much more from schools as education becomes more and more important for national economic competitiveness, growth and even survival. Therefore, the need for the education sector to better understand quality concepts and apply quality principles and tools becomes imperative. Interestingly, developments and projects related to quality management in education have been conducted across the world, mainly in the United States and Europe. Among them are several approaches that can be used to guide the implementation of quality management principles in schools. One that has been followed with success involves the adoption of EFQM Excellence Model to support self-assessment practices and continuous improvement. This model has inspired research at all levels of education rom kindergarten to higher education (Saraiva *et al.,* [n.d]).

Administrators in the educational system in Nigeria, the Schools Board, the Ministry of Education or even the government from time to time make minor and major policies and decisions that would make for effective utilization of resources in the educational system. The effectiveness of the control measures and management depends to a large extent on the ability of these reference groups to make and take effective decisions at the right time (Nwuzor, 1979). Thus, it becomes unmistakable to highlight that the decisions, policies and strategies employed by the aforementioned are not effective which has led to a decline in education in Nigeria. In addition, the decline in the standard and quality of education from kindergarten to the university is as a result of dwindling resources, poor national economic performance, inappropriate governing structures, political interference, educational instability and so on (Salisu, 2001). The evidence seems strong when Shattock (2003) averred that, one of the major causes of academic inefficiency is low academic morale and the low public esteem in which education is often held is the extent to which institutional infrastructure has been allowed to decline. As a result, effective research, teaching and learning cannot be delivered when libraries are badly run, computer systems break down, and teaching room facilities are inadequate. That is to say, study time will be wasted if administrative and financial systems are unreliable.

Therefore, it is my belief in this study that improving the quality of educational management in Nigeria can add value to educational institutions by enhancing their quality to function effectively and respond to the needs of changing society. This study might assist Nigerian schools as well as those in other developing countries to effectively manage their educational systems in the areas of research, scholarship and service through adequate utilization of their financial resources. This study was undertaken with the belief in the argument that good management strategies is a necessary condition for effective and worthwhile teaching, learning and research, whereas its neglect poses a serious threat to core academic values (Anyamele, 2004; Shattock, 2003). The Ministry of Education in Nigeria need to adopt/accept contemporary management approaches, that will enable educational institutions to realize the full potential of their staff and students in order not to suffocate initiatives with outdated management techniques.

CONCEPTUAL FRAMEWORK

The EFQM Excellence Model was introduced at the beginning of 1992 as the framework for assessing organizations for the European Quality Award. It is now the most widely used organizational framework in Europe and it has become the basis for the majority of national and regional Quality Awards. The EFQM Excellence Model is a non-prescriptive framework based on 9 criteria. Five of these are nablers and four are esults The nablers criteria cover what an organization does. The esults criteria cover what an organization achieves. esults are caused by nablers and nablers are improved using feedback from esults The Model, which recognizes that there are many approaches to achieving sustainable excellence in all aspects of performance is based on the premise that e*xcellent results with respect to Performance, Customers, People and Society are achieved through Leadership driving Policy and Strategy that is delivered through People, Partnerships and Resources, and Processes* (European Foundation for Quality Management, 2005). However, the EFQM excellence model usage in the public and private sector has grown over the years not only in the United Kingdom alone but in other European countries and outside the EU (Herbert, 2001). In the UK alone it is reported that even in as far back as 1996, 35% of companies or organizations were found to be using or intended to use the

EFQM Excellence Model as a guide to self-assessment (Consortium for Excellence in Higher Education, 2003).

The EFQM Model is presented in diagram form below. The arrows emphasize the dynamic nature of the Model. They show innovation and learning helping to improve enablers that in turn lead to improved results.

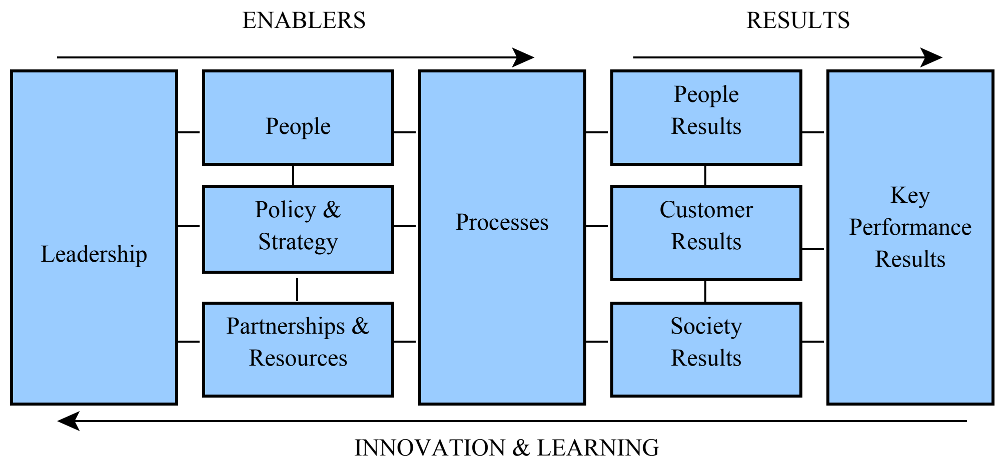

Figure 1: The Original EFQM Excellence model
Source: The European Foundation for Quality Management 1999

However, the EFQM Excellence Model has been modified by the researcher to fit the Nigerian education environment

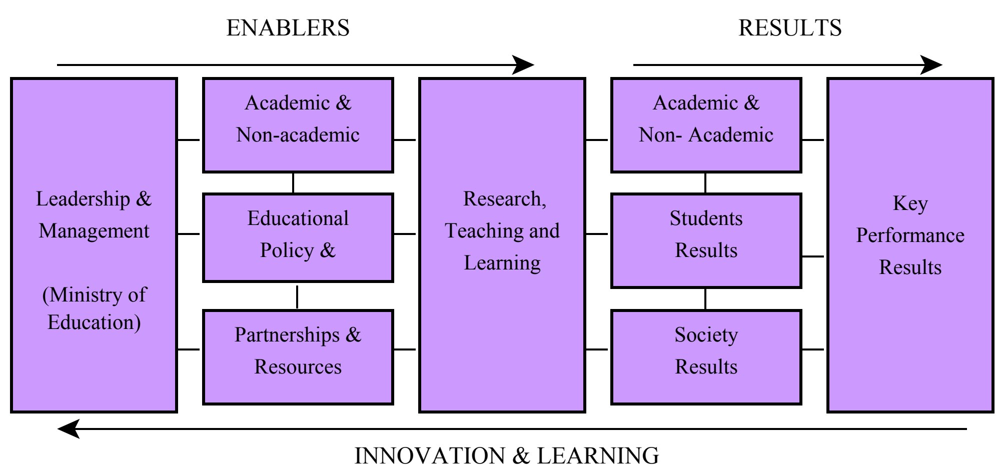

Figure 2: Author self-modified version of EFQM Excellence Model for Application to Nigerian Educational Management

LITERATURE REVIEW

Leadership and Management Processes

Leadership is the process of influencing employees towards achievement of organizational goals (Naylor, 1999). Leadership provides a guide to action in education setting by contributing to the achievement of excellence. Outstanding leaders have a vision for their institutions. They have a mental picture of preferred future, which is shared with all in the institution and which shapes the programs of learning and teaching as well as policies, priorities, plans and procedures pervading day-to-day life of the institution (Beare *et al.,* 1997). However, no matter how effective leaders can be, they are faced with a lot of obstacles which they must contain in order to succeed. Leadership in the educational context is the ability to anticipate and envision the future. By word and by personal example, they inspire the whole educational system by effectively influencing the behaviors, thoughts, and feelings of those working within it, and ensure vision to educational leaders by creating strategic alignment in the whole system (Peretomode, 1991).

People Development and Involvement

People development and involvement means people management at the educational level, which relates to people criteria in the excellence model. Staff as people is very crucial resources of any institution/organization. At the educational levels, it involves the academic and non-academic staff which support and bring about student learning (Anyamele, 2004). The quality of an educational system constitutes strength to the general development of a country. Educational leaders must invest in the academic and non-academic staff, and seek potential in all those who enter the education environment. Thus, in order that these educational functions may be discharged efficiently, a cadre of staff is required in adequate numbers and quality at the different operational levels of the system. The productivity of educational systems is not only research, teaching and learning, but it includes the quality of life of everyone who works in it. Therefore, to ensure quality, their staffs need to be continually developed. Staff development is a systematic attempt to harmonize individual interests and wishes, and their carefully assessed requirements for furthering their careers with the forthcoming requirements of the organization within which they (are) expected to work (Teather, 1979). Thus, every employee working in this sector need to and must be fully developed, motivated and involved in the education processes. Through development, employees are equipped with necessary resources to accomplish the educational goals and through involvement of staffs, the education sector ensures that the acquired knowledge and skills are put to use in the most productive way which enable it to achieve education goals (Ho *et al.,* 2001).

Partnerships and Resources

This involves how external partners are handled. It includes how leadership generates and support innovative thinking through the use of partners. Moreover it includes how educational leaders create energy in working together to improve educational processes and add value to student academic achievement. In addition, the criterion concerns how leadership in the education environment with help of partners balances the current and their future needs. Fundamentally, the availability of the necessary resources (knowledge, information and capital) to support quality management is an issue in organizations including the education sector. In an environment starved of resources, good ideas are sometimes killed by a lack of resources, and this can often be misconstrued as a lack of commitment from the leadership, causing de-motivation among employees. However, what is lacking in this perspective is not leadership commitment to quality management but rather the reality that resources are frequently and severely limited in the educational management.

Educational Process

Process is one of the nablers of the study model. In the context of this study processes it is modified as ducational processes in order to accommodate the purpose of this study. The educational rocesses is divided into teaching and research, and then learning as an outcome of teaching and research. The promotion of quality in teaching means the ways we can breathe new life into teaching. For teaching to be made result-oriented in the way of improving students skills, teaching requires more efficient instructional skills by improving students ability to learn effectively. Educational leadership must champion the promotion of teaching quality. Leadership must introduce and promote appropriate institutional policies and practices through concrete actions that might be taken to support a higher priority for teaching. Seldin (1990) argued that another way to improve the quality of teaching in the schools is for the administrators need to know when equipment and facilities do not work, and when classroom supplies have run out. If staff morale should be boosted, institutional leadership should pay serious attention to and correct environmental shortcomings. Seldin further argued that the use of appropriate rewards improves the quality of teaching, suggesting that the best route to improve teaching was to change the reward system, and concluded that a productive way to encourage outstanding teaching is for administrators to provide meaningful rewards to staff members. Improvement of teaching is to broaden competence through most often focusing almost exclusively on helping teachers to master their subject matter.

RESEARCH METHODOLOGY

A survey research design was used in this study. The research area was in three states Ministry of Education in Nigeria. The population of the study consisted of senior staff of the Ministry of Education who have attained grade level 8 and above. The data for the study were collected through a random sampling procedure, whereby all the senior staffs had an equal opportunity to be selected. A total of 90 questionnaires were sent out and a convenient sample size consisting 55 (79.7%) were chosen from the 69 questionnaires returned. The reason for discarding 14 questionnaires was either because of the way they were filled out or some questions were not answered. The existing model on the research topic FQM Excellence Model was used to measure levels of leadership and management styles in Nigerian educational system. The instrument used for data collection was questionnaires. The questionnaire is made up of section and Section   consisted of the demographic part that includes (a) gender, (b) age, (c) position at service, (d) level of education, (e) length of work experience and (f) present job tenure. Section   consisted of related sources of leadership and management variables, including their sub-variables. The respondents were required to indicate the extent to which they agree or disagree with the items. The respondents weighed each item on a four-point Likert scale, from (4) strongly agree, (3) agree, (2) disagree, and (1) strongly disagree. All items were considered of approximately equal ttitude value to which participants responded with degree of satisfaction and dissatisfaction (intensity) (Fowler, 1995, p. 162; Kerlinger, 1973, p. 496; Nworgu, 1991, pp. 103-109). The data analysis procedures involved the use of a descriptive statistics of respondents' demographic variables. Whereas, Non-parametric (chi-square) $(\chi^2 = 5.99, DF = 2)$ and ANOVA analysis $(F = 2.69, p > 0.390)$ were employed to determine the leadership and management practices used and the level of educational performance.

DISCUSSION OF RESULTS AND CONCLUSION

This paper investigated the leadership and management practices employed by the Ministry of Education in Nigeria. The results of the investigation were not surprising, however they were very informative. In general, the analysis of the results obtained showed that the leadership and management styles used in Nigeria do not welcome innovation as creativities and initiatives are hardly utilized. Innovation is the most important competitive advantage that enables contemporary institutions to thrive in today changing world environment. The secret of innovative educational institutions lies in the capacity to leverage the talent and motivation of their employees. Experts and forward-looking institutions recognize that effective leadership and management provides a key capability for exploiting the innovative capacity of institutions. As such, innovation is a top of the mind issue for modern educational leaders. Therefore, Nigerian educational system should evaluate current innovation processes to measure whether idea generation can be formalized and properly managed rather than sweeping innovative proposals under the carpet. The dissatisfaction of employees with the bureaucratic management style of leadership stems from the fact that it focuses on the overall institutional system and it is based upon firm rules, policies and procedures, as such, employees often displays more loyalty to individuals than the mission of the educational system. As a consequence, the meager resources are often used to satisfy individual interest rather than the institution objectives which also comes from endless red tape. That is, much time is spent on official protocols as it causes too much delay. There is hardly an opportunity to exercise personal judgment, the tendency to strictly follow laid down rules, policies and procedure automatically limits one capacity to adapt to changing circumstances (Whawo, 1993; Peretomode, 1991). Therefore, for there to be sustainability in educational development these vices must not be allowed to flourish in schools.

The respondents showed a negative attitude toward the influence of the working climate as saying that it is quite less supportive. This is evident because employees are poorly paid and occasionally their salaries are not paid on time, as such, they are not stimulated to work. These are translated to employee absenteeism, lukewarm attitude to work, frustration, sharp reduction in professional standards, and early departure from job (Ladebo, 2005; Ulom & Joshua, 2004). Roe (1970) need theory explains that an occupation is a primary source of need satisfaction and improved productivity, in this case, any thing that will not effectively leads to employee need satisfaction will eventually lead to their dissatisfaction and less performance. In light of the above discussion, low salaries earned compared to employees in other sectors of the economy, poor working condition, limited opportunities for professional advancement and dysfunctional and educational policy and administrative procedures tantamount to lose of appetite for Ministry and teaching job (Abangma, 1981; Nwagwu, 1981). The lack of partnership and collaboration among employee in the Ministry of Education is a major cause for concern and should be taking seriously, because according to Hoff (1999), it is the responsibility of every staff member and administrator to recognize and pursue partnerships that could lead to increasing collaborative efforts in research, service and teaching because it is often from these strong relationships built on hours of working side-by-side for the betterment of the institutions, and services provided to students and other constituents that gifts of equipment and financial resources are realized. In the same vein, partnerships and alliances between education and stakeholders have been a powerful force in managing changes and prime matrix for renewal in education (UNESCO, 1998). The research findings revealed that the lack of adequate funding is a major constraint in the fulfillment of the obligation of the education sector. According to Bonvillian (1996), in the event of this happening the image of the leadership suffers as a result of lack of funding, which can ultimately have a negative impact on the proper functioning of the educational system. The remedy to this problem is for institutions to develop links with external constituencies, both private and public organizations to generate the resources for its activities within the context of limited resources and develop the ability to accomplish more with less. That is developing collaboration between predominantly private sector entities and predominantly public sector education so that enduring nature of some partnerships has to be acknowledged (Gray & Broquard, 2000).

References available on request

OUTSOURCING PROMPTING HIGHER EDUCATION CURRICULUM CHANGE

Barbara Schuldt, Southeastern Louisiana University
Barbara.Schuldt@selu.edu
Bobbye Davis, Southeastern Louisiana University
Bobbye.Davis@selu.edu

ABSTRACT

Although faculty in higher education institutions continually assess various curricula offerings to provide relevant student learning opportunities for the ever-changing and complex world, colleges and universities can move very slowly with respect to employers' demands. A case in point is the current topic of outsourcing overseas, a business and political buzz word. Outsourcing is changing the structure of many organizations, which impacts the job market for college graduates and creates on-going demands for skills and knowledge. Although education is not thought of as part of the immediate solution to balance some of the negative aspects of outsourcing, education through relevant curricula remains a key component to the long-term solution.

INTRODUCTION

Outsourcing affects the business community and college graduates as they search for employment. Offshore outsourcing means performing tasks overseas by an outside entity. The trend of offshore outsourcing is impacting the career options for college graduates, which in turn are forcing faculty to reevaluate curricula and look at how to remain competitive in today's environment.

What will higher education look like in the future? According to Daniel Yankelovich (2005) there are several trends that will impact higher education in 2015. These include:

- Changing life cycles as our nation's population ages
- America's growing vulnerability in science and technology
- The need to understand other cultures and languages
- Increasing challenges to higher education's commitment to social mobility
- Public support for other ways of knowing

These trends will force higher education to change to meet the varied demands of parents, employers and society. One concern is the issue of our increasing vulnerability in the math, science, and related fields. According to Mark Minevich and Frank-Jorgen Richter (2005) the top three outsourcing countries in 2005 were 1) India; 2) China; and 3) Costa Rica. In 2015 they are predicting the top three countries will be 1) China; 2) India; and 3) U.S.A. This will be good news for graduating students and higher education institutions but will we be ready to assume this role?

STATUS OF OFFSHORING

Offshoring has been practiced by American businesses for decades and thus is not seen as a new trend. For example, small companies often outsource accounting functions, and manufacturing has been outsourcing predominately to foreign countries for decades. Outsourcing is usually done to reduce costs and to take advantage of expertise unavailable within the company. Lower labor costs drove the migration of manufacturing jobs overseas in the '70s and '80s. Recent communication developments and an English-speaking, educated workforce in foreign countries assisted and encouraged businesses in offshoring service and knowledge work. This offshored knowledge work began as "clearly defined, repeatable jobs that do not require collaboration or transcontinental oversight, and are easily measured and verified for productivity and quality" (Koch, 2004).

Federal, state, and local governments have been considering offshoring various operations and have encountered strong resistance from the taxpaying public. Certainly saving money is important; however, offshored jobs could provide employment for American citizens when kept within the country. Unfortunately, the reality is that many of the jobs either from the public or private sector that have been offshored are those entry-level positions college graduates hope to land as they begin their professional careers.

The threat of offshoring services is in its early stage and is expected to grow over the next several decades. This increased growth will have more significant impact on the American labor economy than the previous outsourcing of manufacturing. When offshoring of manufacturing began, the nation was moving into the information/services sector. Lost manufacturing jobs could be replaced with good if not better jobs in the services sector, thus relieving some of the concern over lost manufacturing jobs. Offshoring is expected to affect "83% of non-farming employment in the United States of America" (DeLong, 2005). The impact will be felt more by the workers than by the owners.

Both the rationale for and the opposition's concerns are valid. Organizations face difficult choices when deciding to offshore or not to offshore. Offshoring is not a fad. Offshoring is not going to go away, even with legislation. So along with businesses, educational institutions need to be concerned with the effects the practice of offshoring has as students select college majors and as graduates enter the job market.

From an educational perspective "What is the impact on college students with regard to their college entrance and major selection decisions? What is the impact on career opportunities after graduation?" These questions need to be addressed by institutions of higher education.

IMPACT OF OFFSHORING ON STUDENTS

How are current offshoring trends impacting undergraduate college students, specifically in business programs? Historically, outsourcing has had only a slight impact on higher education graduates as the jobs outsourced were for low-level, unskilled work, primarily from the manufacturing sector. The outsourcing of lower-level jobs actually helped higher education institutions since employers demanded that potential employees complete additional post-secondary education and training to be ready to enter the work force at higher-level jobs.

How does offshoring affect students? Ajay Patel, the interim dean of the Babcock Graduate School of Management at Wake Forest University, said, "Any student who has been paying attention to cable news, the weekly business magazines or class discussions knows that it's a very competitive job market out there. More are aware that they are part of a paradigm shift in the business world and that outsourcing of jobs is becoming a fact of life" ("North Carolina…", 2004). The Economic Policy Institute and the National Employment Law Project conducted a national study, released March 4, 2004, and found that the number of college graduates experiencing long-term unemployment (six months or longer) "rose from 92,418 in 2000 to 369,115 in 2003" ("North Carolina…", 2004).

Students are recognizing that the knowledge and skills learned in college may not be enough to get them a job when they graduate. Svensson (2004) reported that "Mike Zimmerman has left college to start a Web design business with some friends in Philadelphia. He's concerned, though, that the very technology he intends to make a living from also means someone else, far away, can do the same job." Independent programmers in India can be hired for under $200 a month and will work overtime without benefits. How can American students compete in this global marketplace? One way is to be ready to work when hired so that employers could decrease their training budgets. Students need to figure out how they can be innovative and enter at higher-skilled jobs that add more value to the organization (Fuller, 2004).

College and universities have advocated the "life long learning" concept for a number of years to assist students in realizing that they can no longer earn their degree and forever leave the academic environment. Students must remain current in their fields, persistently acquiring new expertise and skills, thereby continually adding value to their organizations. Colleges and universities need to assess how they can facilitate on-going learning for their alumni. Certifications or specialized training assisted with online learning tools may meet this need.

What are the possibilities for jobs for college graduates? Government predictions show that the fastest growing jobs will be difficult to outsource overseas (Svensson, 2004; Zimmerman, 2004). Most of the predicted growth will be in the service industries. Some service positions are relatively low paid positions and, due to their personal nature, will be difficult to outsource overseas. A study released February 27, 2004, by the U.S. Bureau of Labor Statistics forecasts that most of the jobs expected to be created from 2002 to 2012 will be in the service-producing industries. Of the top 20 occupations expected to grow, 15 fall into the low (up to $27,380) or the very low (under $19,600) categories for annual earnings.

Employment predictions may be discouraging for job seekers with excellent credentials and high pay expectations. For example, displaced information technology professionals with doctor of philosophy degrees may be unable to find employment in their chosen field and may earn less in a temporary job than a high school graduate who manages a burger restaurant (Cooper, 2004). Another example is a market researcher who may design and distribute a questionnaire with results analyzed and interpreted overseas. The results are then returned to an executive for decision making. How do the students selecting a major interpret this information, and how can the educational institution help the students have realistic expectations about their future?

Based on the current trend to offshore and its effects on the job market and student employability, educational institutions probably will have an increasingly difficult job of continuous improvement of academic programs that prepare students for work in a complex, dynamic world.

HIGHER EDUCATION ACTION

Uncertainty exists as to how higher education institutions have been and will be affected by the practice of offshoring. Colleges and universities are expected to maintain good enrollments. Shifting from computer science or information technology to another viable major, such as health or education careers, may occur. Overall, enrollments should remain consistent with the number of high school graduates and other local factors that impact enrollment. Yet, the need for technologically literate employees is only increasing.

Dartmouth College has attacked the offshoring practice by implementing the new Glassmeyer-McNamee Center for Digital Strategy at Dartmouth's Tuck School (Quinn, 2001). The Center is designed for bringing together organizations, faculty, and students to solve problems using a "consulting" model. By bringing the various players together, the Center hopes to involve more students in this model, thereby adding to their value upon graduation.

To address offshoring and other job-related trends that minimize the graduates' chance of getting a job, Babcock Graduate School of Management at Wake Forest University is diversifying its instruction so students are not limited in career options with their majors ("North Carolina. . .," 2004). To speak to these issues, "Winston-Salem State University has chosen to 'concentrate on the creative decision-making model' in helping students prepare for the global economy,' said Melvin Johnson, the provost at the university" ("North Carolina. . .," 2004). These curricular changes demonstrate the continued need for higher education assessment to ensure that curricula remain relevant.

Higher education institutions are faced with a rapidly changing educational environment. Institutions offering degrees completely on-line and appearing to invade traditional universities' territory provide an example of the changing educational environment. In addition, Patel (North Carolina. . ., 2004) said, "The challenge is figuring out how to make individuals valuable to the new businesses and new jobs that will be created." And Quinn (2001) said, "The most productive educational strategy of the future is likely to be active engagement with the growing, moving cutting-edge of knowledge" (Quinn, 2001). The time for discussion and action on developing economic, political, and social trends—especially the current practice of offshoring—appears to have arrived. Perhaps curriculum assessment that prepares graduates for higher-level jobs is an immediate need and challenge for educational institutions.

Higher education institutions have evolved from being an elite intellectual cloister to allowing more high school graduates with potential in the doors to now having a student focus that drives most decisions within the institution. Higher education institutions are also faced with societal changes that are expected to be reflected in academic curricula. Higher education has always accepted the goal of helping students acquire new knowledge and skills, broaden experiences, and provide an environment of new ideas, concepts and challenges. Today, with the offshoring trend, the employer has a global labor pool, in which many applicants have lower salary expectations and costs of living. How does this situation impact higher education? Today's students are concerned about taking advantage of college experiences, but how will those experiences help in getting a job after graduation?

Offshoring is not a new business trend, nor is it the only societal trend we should be discussing; however, it is now so commonly used that it is adversely impacting graduating students. Therefore, offshoring is one of the forces that should drive curricula change. Offshoring is a concept that higher education institutions need to assess and determine not only how it is impacting our students but how education can help the America maintain, or some would say retake, the lead in the global economy.

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ASSESSING THE USAGE OF LAPTOP COMPUTERS IN THE SCHOOL OF BUSINESS CLASSROOM

Richard Skolnik, State University of New York – Oswego
Mia Puzo, State University of New York – Oswego
Skolnik@oswego.edu

ABSTRACT

This study uses student surveys, a faculty survey and direct classroom observation to assess the benefits of laptop computers in the classroom and to identify pedagogical techniques to enhance their effectiveness. Students and faculty overwhelming indicate that laptop computers enhance course instruction. The results show that the benefits of laptop computers in the classroom include an increase in student spreadsheet skills and the ability to take notes electronically. Both students and faculty indicate that the disadvantages of using laptop computers include distractions offered by the web and the possibility of increased academic dishonesty. Over half of the students surveyed acknowledged using laptops to engage in activities not related to the course. Class observations show that on average approximately 15% of students are off-task at any one point in time. Pedagogy influences the effectiveness of laptops. Activities that engage students in the class help minimize the potential distraction created by access to the Internet. PowerPoint enhanced lectures led to the largest proportion of students engaged in off-task activity.

INTRODUCTION

Technology enhanced learning environments are becoming increasingly important in business education. As a result, many colleges and universities have initiated programs to promote the use of laptop computers in the classroom (Carnevale and Young, 2006). Laptop technology provides a number of benefits which enhance learning both in and out of the classroom. Integrating laptops into the classroom environment allows students to take notes faster and keep them organized. Instructors can create a "real-time" class environment by having students immediately access web resources to enhance class discussions and download course material in place of using a textbook (Cudd et al., 2003). The portability and mobility of laptop computers is leading to a new kind of classroom environment, which has both advantages and disadvantages (Effaw et al., 2004; Oppenheimer, 2003).

The educational advantages of wireless Internet are also accompanied by challenges and distractions for both instructors and students (Young, 2006). Suddenly, students have the ability to transport themselves anywhere the Internet will take them -- whether or not it has anything to do with class. They can use their laptops to message friends, shop online, and surf the web. Additionally, the course instructor must learn a new set of teaching skills, and she or he must feel confident and comfortable with the laptop environment in order to be effective. Instructors are sometimes overwhelmed by this prospect and are often faced with the daunting task of effectively integrating the laptop into the day's lecture (Hall and Elliot, 2003). The goal of this research is to gain an understanding of how students use laptops in the classroom and which pedagogical techniques result in their most effective use.

EXPLORATORY SURVEY

The study began with an exploratory survey in the Fall 2005 semester for students enrolled in finance courses. All of the finance courses were offered in a tiered classroom with seating for 36 students. Each student position had a laptop computer connected to the Internet. The classroom had an instructor's console equipped with a laptop, overhead projector and multimedia devices. The student laptops were secured to the tables and could not be moved or adjusted. The instructor could not see the laptop screens without walking around the classroom, which was difficult because of the tiered seating.

At the end of the semester, a survey was given in the sections of three faculty members, which consisted of four sections of Corporate Finance and two sections of an upper-level finance course. Corporate Finance, a required course for students in the School of Business, enrolls juniors and seniors and has prerequisites of two accounting courses, two economics courses and a statistics course. The upper-level finance course has Corporate Finance as a prerequisite and enrolls primarily seniors. The survey asked students about their usage of computers in the class and their perception of the advantages and disadvantages of having computers in the classroom.

The survey found that 75% of the students found that the laptop enhanced learning; only 12% found that the laptop distracted them from learning. Although nearly half of the students had laptops, two thirds of them preferred having the laptop available in the classroom, even though the positions and screens were not adjustable and there was limited space for books or writing. The students who owned laptops but preferred using provided computers probably found carrying a laptop computer to class inconvenient.

The survey indicated that the effectiveness of the laptop varied with the pedagogy used by the instructor. Over 90% of the students used the computer when spreadsheet problems were demonstrated and a corresponding percentage felt that their spreadsheet skills improved. Students had access to files that instructors use for PowerPoint presentations and over three quarters utilized the computer during PowerPoint enhanced lectures. Class discussions and lectures with the instructor typing notes or using the board resulted in a smaller, but still majority, of students indicating that the laptop was effective. Over half of the students indicated that they used the computer during class discussions; however, the survey did not ask whether the computers were used for on-task activities during discussions.

Students admitted to using the computers for non-class related activities. Approximately 30% used the computer to work on assignments from other courses. Over half surfed the web, checked email, played games or did some other activity that was not academic. The survey did not ask the students the relative amount of time that they used the computer for on-task versus off-task activities.

Laptop computers in the classroom can lead to increased cheating for a couple of reasons. The first, a low tech reason, occurs because of the increased visibility of peer work. Unlike an exam on a desk, the laptop screens are vertical, which allows for greater visibility of answers, especially for students sitting in the back row. Second, since the laptops are connected to the Internet, students can search web sites, email or instant message classmates, or retrieve stored notes. The survey found that one third of the students expressed concern that the computer increased cheating on exams; however, a greater percentage, 45%, felt that cheating did not increase.

The results of the Fall survey, indicated that a more in-depth study was needed to answer fundamental questions about laptop usage and the effectiveness of the computer in the classroom. The study was expanded in the following semester to include a wider range of classes and measurements, including a survey of instructors and direct classroom observation of pedagogical technique and student activity.

SURVEYS AND OBSERVATIONS

Laptop usage expanded in the Spring 2006 to include rooms not equipped with computers. Students in sophomore-level accounting and mathematics courses were required to bring their own computers to class. The Spring survey results spanned five instructors and 173 students. Since most of the classes surveyed required students to have their own laptops, it is not surprising that 90% of the students owned a laptop and 80% had two or more classes that required one. In contrast to the previous survey, most students preferred bringing their own computer to class rather than using one provided in the classroom. Students generally found that laptops enhanced their learning; 45% responded positively compared to 30% who disagreed with the statement. However, student perception of the usefulness of laptops was less in the Spring semester than in the Fall semester. In the Fall survey, 75 percent of the students agreed and 12 percent of the students disagreed that laptops enhanced learning, for a positive ratio of 6.25; in the Spring, the ratio was 1.5. Although only speculation, the drop in the ratio may be attributed to either less serious students or instructors with less experience teaching in the laptop environment. Many of the students in the Spring survey were sophomores while students in the Fall survey were juniors or seniors. In the Fall, all of the instructors had had previous experience teaching in the laptop environment, while in the Spring, several instructors were teaching in the laptop environment for the first time.

Two thirds of the students felt that their Excel skills improved because of laptops in the course. The students' perception of increased Excel skills is also reflected in the activities that they found the computer to be most useful. Two thirds used Excel when the instructor demonstrated Excel problems, while only 42% used the computer to take notes when the instructor lectured. Nearly 60% found the computer useful when web browsing was required. Less than one third used the computer during class discussion.

As indicated in the Fall semester survey, laptops can be a source of distraction for students. Nearly two-thirds of the students used the laptops for non-academic pursuits, like web-surfing, emailing, or gaming. Over half of the students reported using the laptop to complete assignments from other courses. Student perception of the effectiveness of laptops in the classroom is probably linked to the degree in which students are inclined to use the laptop for non-academic purposes. In the Fall survey, 55 percent of the students agreed and 22 percent of the students disagreed that they used the laptop for non-academic pursuits, for a ratio of 2.5. In the Spring survey, the ratio increased to 3.4.

As in the Fall survey, students had diverse opinions regarding the impact that laptop computers had on cheating on exams and quizzes. Surprisingly, the proportion who thought that cheating increased were nearly the same (34% in the Fall, 33% in the Spring), as was the proportion who believed that cheating did not increase (42% in the Fall, 40% in the Spring). The diverse opinion may be the result of classroom management techniques or may reflect diversity within sections. A cross-tabulation of the academic dishonesty question by section shows large intra-section variation in student responses. Students within the same section have very different views of the effect that laptop computers have on academic dishonesty.

The second stage of the study was supplemented with direct classroom observations of students using laptop computers in the classroom. The observer sat in the classroom with a laptop computer and recorded the number of students that were using the laptop for course purposes, using the laptop for non-course purposes, or not using the laptop. The activity of the instructor was also noted. The observation period was one minute in length and the observations were spaced in ten minute intervals. Five observations were taken in each class.

The class observations indicate the highest number of students on-task can be found during class observation interval three, which took place approximately 30 minutes into the class period. Students are the most engaged in class during the midpoint of class and the number of students engaging in on-task behaviors drops before and after the third observation interval.

The results of the class observations indicate that instructional activity plays a role in students' activities when using laptops in the classroom. The lowest percentage of on-task students was found when the instructor lectured using PowerPoint. The reasons for this could be that many instructors post their PowerPoint lectures online and students are expected to follow along with the instructor by viewing the lecture on their laptop. However, instead of following along with the instructor they often engage in other activities such as games, email, Instant Messenger, and work for other classes. Instructors do not even realize that the students are off-task because they assume that they are using the laptop to follow along with their lecture.

In conjunction with a PowerPoint presentation, instructors may consider using techniques that increase on-task activity, these include: posting PowerPoint presentations after the class is completed; posting PowerPoint presentations with details missing so that students can fill in notes as the class proceeds; and training students to use the note feature of PowerPoint in order to create their own content. The relative effectiveness of each these techniques could be explored by future research.

The spring semester study was augmented with a survey of faculty members regarding their perceptions and concerns of student laptop usage. The survey results indicate that faculty were comfortable with the laptop environment, they considered themselves competent with laptop technology and they recognized that laptop effectiveness varied with pedagogical techniques. Faculty felt that laptops were most effective for the demonstration of spreadsheet problems and least effective during lectures. Both students and faculty felt that laptops were more effective when lectures were enhanced with PowerPoint presentations; however, classroom observations indicated that students were more likely to be off-task during a lecture if a PowerPoint presentation was used.

All of the faculty were concerned about academic dishonesty when the laptops are available for quizzes and exams. Prohibiting the use of laptops during graded in-class assignments could eliminate this problem; however, if students are trained to solve problems using the computer, it may not be equitable to restrict the usage of computers on exams. For example, in Corporate Finance students use Excel to solve various financial problems. If students are not allowed to use a computer on an exam, the exam would not evaluate the ability of students to solve financial problems.

The faculty survey contained open-ended questions pertaining to the advantages and barriers to using laptop computers in the classroom. Advantages cited include the ability of students to create, manipulate and store information; the convenience of note-taking; the exposure to technology; and the ability to work on practical problems. Barriers to integrating the laptop into the classroom include the cost to students of having a laptop; the physical facilities supporting laptop use, like power plugs and printers; the inconvenience of carrying laptop computers; the distractions created by having laptops available during class; and increased means of cheating on exams or graded exercises. Some of the disadvantages, like the cost of laptop computer ownership and the physical facilities to support laptop computer usage, are disappearing as technology progresses. As shown in this study, a majority of students use the laptop computers for non-class related activities; however, at any one point in time, a preponderance of students use their computers for class related activity.

SUMMARY AND CONCLUSION

Students and faculty concur that laptop computers in the classroom enhance the educational experience; however, the degree to which laptops are beneficial depends upon the structure of the class. Access to computers in the classroom can increase student engagement as students take an active role in learning; however, laptops in the classroom can lead to less engagement because of increased access to off-task activities, like the web, email and games. Course design becomes more important in a laptop environment. A course that effectively integrates laptops has the potential of increasing student engagement; one that does not, has the potential of decreasing student engagement. Just as course design becomes more important for student engagement in a laptop environment, so too does a culture of academic honesty. Technology increases the ways in which students can receive aid on exams or other graded exercises. A strong culture of academic honesty can balance the increased ease of cheating.

Currently, laptop computers outnumber desktop and laboratory computers on campus (Wagner, 2005). Laptop computers will become increasingly prevalent in college classrooms; faculty and administrators need to adapt pedagogy to maximize their usefulness.

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Academy of Health Care Management (AHCM)

EXPLOITATION OF THE OBESITY CRISIS TO PRODUCE HEALTHY EMPLOYEES IN THE UNITED STATES

Bernard J. Healey, King's College
bjhealey@kings.edu
Marc Marchese, King's College
mcmarche@kings.edu
Thomas Ross, East Carolina University
RossTH@ecu.edu

ABSTRACT

Employee health has become a major concern for employers, healthy employees benefit employers in two important ways. First, healthy employees have higher productivity than unhealthy employees and second, unhealthy employees use more medical services and drive up the health insurance costs.

Due to the rising costs of health care a health survey was developed and administered to employees in a manufacturing operation in Luzerne County, Pennsylvania in January 2003 to identify high-risk health behaviors practiced by employees of this business.

The survey was distributed to eight hundred employees; the number of returned surveys was 406, a response rate of fifty-one percent. The survey was constructed to elicit general demographic information, health and lifestyle factors (including health conditions, tobacco usage, alcohol consumption, driving habits, and exercise), the impact of health issues on lifestyle, and participation in health promotion activities.

As a result of this survey the employer and employees have initiated a number of health-related activities to improve employee health status over the last three years. These activities can be summarized as intervention, informational, development of employee health advocates, insurance review, health surveys, lobbying, and utilization review.

Academy of Information and Management Sciences (AIMS)

PROJECT MANAGEMENT – A MORE EFFECTIVE ANALYSIS OF EXPECTATIONS

William A. Hailey, University of North Alabama
wahailey@una.edu
J. Douglas Barrett, University of North Alabama
jdbarrett@una.edu

ABSTRACT

CPM and PERT are project management techniques with assumptions and solution methodologies well-established in the literature. This paper reflects on some of the limitations and recent developments in CPM/PERT methodologies. We propose a novel approach to teaching and solving project management problems using Crystal Ball – an "add-in" package for the Excel spreadsheet. The authors note @Risk, a similar add-in package for Excel can be used to produce comparable analyses.

Spreadsheets have matured into a powerful environment for modeling quantitative decision problems. This is underscored by a recent issue of Decision Line (Heimann 2003), which reviews three texts, focusing on quantitative business modeling using spreadsheets.

Academy of Legal, Ethical and Regulatory Issues (ALERI)

AN EXAMINATION OF ACCOUNTING MAJORS' VALUES AND ETHICAL CHOICES VERSUS THOSE OF OTHER STUDENTS

Jane E. Baird, Minnesota State University, Mankato
jane.baird@mnsu.edu
Robert C. Zelin II, Minnesota State University, Mankato
robert.zelin@mnsu.edu

ABSTRACT

Accountants' ethics have come under increased scrutiny after the numerous corporate accounting scandals of recent years. If the accounting profession is to regain the public's trust, business entities, public accounting firms, and accounting educators must all search for ways to ensure that accountants are poised to make ethical choices even in difficult situations. A better understanding of what factors influence ethical choices can aid in that endeavor. Therefore, this study seeks to provide information regarding the personal values of accounting students compared to those of other students and the relationship of those values to ethical choices.

A total of 142 students from one Midwestern state university completed the Schwartz (1992) values inventory and also rated the actions of individuals in four ethical dilemma scenarios. The results indicate the accounting majors differed significantly from the nonaccounting majors on four of ten values: power, security, self-direction, and universalism. In addition, the accounting majors exhibited statistically higher disapproval of the unethical actions than the nonaccounting majors, for all four scenarios. Significant correlations of values to the reactions to the ethical dilemmas were found for three of the four scenarios.

MINIMIZING RISK OF TRANSFER PRICING AUDIT AND AWAKENING THE GIANT OF CORPORATE STEWARDSHIP: AN ETHICAL DECISION MAKING MODEL (EDMM) FOR MULTINATIONAL ENTERPRISE (MNE) TRANSFER PRICING

Connie R. Bateman, University of North Dakota
connie.bateman@mail.business.und.edu

ABSTRACT

This manuscript presents an ethical decision making model (EDMM) for transfer pricing. The EDMM has been theoretically and empirically supported in the strategic management, marketing, and ethics literatures, but never applied in a transfer pricing context. The model is embedded into the realities and risks presented in the transfer price (TP) literature to reveal shortcomings in the ethical reasoning styles of multinational enterprise (MNE) managers. One shortcoming reveals that TPs have been set and managed with an overly dominant focus on cost/benefit-based reasoning (teleological), which seeks to minimize effective global tax rates and/or to avoid or effectively manage the risk of tax audits. Another shortcoming reveals that only partial consideration has been made of rule-based reasoning (deontological), which should not only attend to TP laws and regulation but to foundational values, moral laws and corporate responsibilities. These shortcomings have left low tax countries in a compromised position, voicing strong concerns over the socio-economic impacts that MNE activities are having on their country and culture, officially labeling the strategic use of TP as a 'restrictive business practice' (RBP), and calling for higher levels of corporate stewardship. The adapted EDMM is thus brought into the TP arena and positioned as a tool for MNE managers to use when determining an appropriate and ethical TP.

REVOLVING CREDIT AND OVER-INDEBTEDNESS: IS BANKCARD (DE)REGULATION TO BLAME?

John T. Finley, Columbus State University
Finley_john@colstate.edu
Sherry Robinson, Penn State University
skr12@psu.edu

ABSTRACT

The authors analyze the background of bankcard usage and impacts on consumer spending with a particular focus on the association of over-indebtedness and bankcard industry (de)regulation of recent decades. The rise of personal debt in recent years has been extreme, stemming from spending habits unheard of in the early post-Depression United States. There have been drastic changes in the consumer behavior landscape since the arrival of the first revolving credit card in the 1950s. The findings in this paper intend to illustrate the relationship between deregulation and ever-increasing cardholder debt. The cardholder base in the United States continues to grow and associated (de)regulation will continue to play a pivotal role in the financial well-being of the U.S. consumer.

Academy of Marketing Studies (AMS)

EXAMINING THE EFFECTIVENESS OF PROPOSED CIGARETTE PACKAGE WARNING LABELS WITH GRAPHIC IMAGES AMONG U.S. COLLEGE STUDENTS

DeAnna S. Kempf, Middle Tennessee State University
dkempf@mtsu.edu
Susan K. Harmon, Middle Tennessee State University
sharmon@mtsu.edu

ABSTRACT

The smoking rate among U.S. college students is much higher than the national average. College is a time when many young adults try smoking and see smoking as having social benefits. Most of these new smokers believe that they will quit smoking once they leave campus, but many of them find it difficult to do so, and they become life-long smokers. The U.S. government, along with governments of most developed countries, is keenly interested in curbing the smoking rate for numerous reasons, including the physical and social welfare of its citizens and to reduce government expenditures subsidizing healthcare costs for smokers who become ill. One avenue for accomplishing this is the mandating of on-pack warning labels detailing the health hazards of smoking. Warning labels used in the U.S. are relatively small and repetitive, and the described health risks are pallidly stated compared to labels used in many other countries, most notably Canada.

An online experiment was conducted examining the effectiveness of Canadian-style cigarette package warning labels currently proposed for adoption in the U.S. The proposed package warning labels include a full-color picture complementary to the content of the message. The major goal of the study was to assess the effectiveness of these more detailed and vivid health warning messages among a U.S. at-risk population (college students). Another goal was to determine the efficacy of the (pictorial) element specifically, while holding the text message constant. In a sample of young adults, the proposed package warning labels were shown to outperform the current U.S. warning labels in aided recall, depth of processing, and perceived argument strength. When graphic and no-graphic versions of the proposed labels were compared, the graphic version was rated as more credible. Current smokers rated the arguments in all package warning labels as weaker than nonsmokers, as expected.

ON THE SEGMENTATION OF ONLINE COURSES IN THE COLLEGE OF BUSINESS

Joshua J. Lewer, West Texas A&M University
jlewer@mail.wtamu.edu
R. Nicholas Gerlich, West Texas A&M University
ngerlich@mail.wtamu.edu
Terry Pearson, West Texas A&M University
tpearson@mail.wtamu.edu

ABSTRACT

The purpose of this paper is to analyze the market segments of students enrolled in undergraduate online business courses at a regional state university. By understanding the defining characteristics of these students, universities may be able to more effectively recruit and retain students in these market segments. A survey of undergraduate online students was conducted and analyzed to determine the various market segments being served, and a predictive model was prepared that incorporates key independent student variables that can forecast student demand for courses and degree programs online.

INTRODUCTION

With the concept of distance education, a paradigm shift has occurred with the university now traveling to the student instead of the student traveling to the campus. This paradigm, however, requires more flexibility and decentralization (Sherry, 1996). The concept of strategy development for the university and the individual colleges is to provide educational services for their students.

Market segment identification is critical for the college in crafting a strategy and to design a business model that allows for successful implementation and execution of the strategy (Kidwell *et al.* 2000; Oblinger, 2000). The business model presents information to the administrators on the economic viability of their strategy. Therefore, it is imperative to select the type of segment that the college plans to service.

The purpose of this study is to examine the demographic and characteristic aspects of students enrolled in undergraduate online business courses. To help quantify the importance of demographics on demand, a dynamic empirical model is employed. The predictive model reveals that several segmentation varibles significantly impact online demand.

LITERATURE REVIEW

Capturing student data has been a hallmark of universities since their inception (Clayton, 2001; Richards, 1997 and Szulc, 1999). Demographic data can help formulate a successful university educational strategy (Oblinger, 2000). However, when a university and its colleges determine that online education will become a component of its educational portfolio then strategy refinement for the university and individual colleges is required. According to Kidwell, *et al.* 2000 and Carr (2000), market segmentation, demographics and behavioral characteristics are key criteria for strategy refinement.

THE RESEARCH MODEL AND HYPOTHESES

This study focuses on students enrolled in four undergraduate business courses at a Division II regional university located in the southwest US. The university now offers a complete online MBA program; however, no undergraduate online degree is offered at this time. Thus, the current online courses serve as alternative outlets for taking selected required classes. The fact that there is a limited number of online class offerings provides an opportunity to gauge emerging market segments for undergraduate business education.

Based on the discussion above, the following model is posited: Desire to take college courses or programs online (D) is a function of: age (A), marital status (MS), pc literacy (PC), children at home (C), the number of hours per week the student works (W), grade point average (GPA), income (I), gender (G), and distance from campus (DST). Specifically,

(1) D = f(A, MS, PC, C, W, GPA, I, G, DST).

The dependent variable (D) was measured using a Likert scale response assessing student desire to complete courses and/or degrees online. Two of the four courses in this study had other on-campus sections available; thus, students had the ability to choose which learning method best suited their situation. The other two courses were offered only online during this particular semester, and are required courses in their respective majors.

The result was a student sample consisting of both opt-in online learners, and some who did not have a choice at the time. This guarantees a variety of responses in the dependent variable, and avoids having an in-grown sample. Several hypothese follow:

H1: Age is positively related to the desire to enroll in online courses and programs.

H2: Being married is positively related to the desire to enroll in online courses and programs.

H3: PC literacy will be positively related to desire to enroll in online courses and programs.

H4: Having children at home is positively related to the desire to enroll in online courses and programs.

H5: The number of hours worked per week is positively related to the desire to enroll in online courses and programs.

H6: Grade Point Average (GPA) is positively related to the desire to enroll in online courses and programs.

H7: Income will be negatively related to desire to enroll in online courses and programs.

H8: Gender is positively related to the desire to enroll in online courses and programs.

H9: Distance from campus is positively related to the desire to enroll in online courses and programs.

MARKET SEGMENTS FOR ONLINE BUSINESS COURSES

The results reported of the study indicate that the university at which this study was conducted is serving multiple market segments. The following market segments have emerged as distinct groups of customers that are currently enrolled in online business courses at the university:

Segment 1: Adults with families and careers.

Segment 2: Single working parents.

Segment 3: Traditional-age college students with jobs.

Segment 4: Distance learners.

These four segments can often be served equally well by one general course and/or program offering, yet each segment has characteristics that make them unique. The takeaway from this study, though, is that by identifying these segments, marketing programs can be built to try to penetrate each segment.

CONCLUSIONS

Understanding why current students enroll in courses and programs defines the market. Identifying and capitalizing upon the market allows the college and the university to recruit and retain its customers (students).

The success rate of online students translates into financial achievement for the colleges and the institution. The value of continuous and constant demographic and behavioral characteristics research of the online student market segment allows the colleges to attract and retain their customer group (students) by developing the correct strategy and remaining close to the mission of the university. If the college and the university are clear as to the strategic policy problem or issue that they are trying to resolve and the market segment (students) they serve with distance education, then the ability to develop strategy and policy is greatly enhanced and enriched.

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PRELIMINARY THOUGHTS ON MANAGING VOLUNTEER SATISFACTION IN A NOT-FOR-PROFIT SERVICE SETTING

Michael R. Luthy, Bellarmine University
mluthy@bellarmine.edu

ABSTRACT

The donated time and efforts of unpaid service volunteers represent a crucial component of the hospice care team in the delivery of this end-of-life medical care. Without their contributions the service would either not be as widely available as it is today or it would force higher cost alternatives on patients, family members, and society at large. Satisfaction with the volunteer experience has been shown to be an important variable in the continuing participation of volunteers in service to non-profit organizations. A survey was conducted of over 500 volunteer workers in hospice programs in the Louisville, Kentucky (USA) area. Subjects were asked to rate their overall level of satisfaction with the volunteer experience as well as their degree of agreement with various statements related to the operation and management of the programs with which they were involved. Results, based on statistical correlations, provide managers with insights into what they can do to improve volunteer satisfaction and retention, spread positive word of mouth on volunteering, and retain this cost-saving facet of their service product.

INTRODUCTION

Merriam-Webster's Online Dictionary (2005) defines hospice as "a facility or program designed to provide a caring environment for supplying the physical and emotional needs of the terminally ill." Hospice programs in the United States provide comprehensive, mostly home-based care to dying patients who have consented to a hospice plan of care. While less than 30 years old, U.S. hospice programs provided services to more than 360,000 patients and their families in 2001, representing service to 25% of families with a death that year in the United States (Davis, 2001).

Hospice programs typically include services provided by an interdisciplinary team of physicians, nurses, social workers, nutritionists, therapists, and counselors. In addition, considerable services are donated by volunteers to the hospice program, as in most nonprofit organizations (NPO's) (O'Conner and Johnson, 1989). In the case of the central Kentucky hospice program at the focus of this study, labor hours valued at more than $2,000,000 were volunteered in 2004 (Artrip, 2006).

SATISFACTION

Satisfaction can be defined as an attitude-based judgment following a purchase act or a series of consumer product interactions (Yi, 1990). Most research studies are based on the theory that the confirmation/disconfirmation of preconsumption expectations is the essential determination of satisfaction (Oliver, 2000). In the context of the current article, the purchase act at issue is the decision to volunteer and the confirmation/disconfirmation process that occurs is made by the volunteer him/herself after the experience.

Research has shown that satisfied volunteers are more likely to remain for longer periods of time with the same organization, are more likely to donate financially to the not-for-profit, and are more likely to recommend volunteering to others. Each of these outcomes helps to ensure the continued sustainability of the not-for-profit organization (Wisner et al, 2005).

BACKGROUND

Because of the importance of both attracting and keeping volunteers to being able to fulfill their mission, a central Kentucky hospice program formed a committee to work together in the service of patients, families, employees, volunteers, vendors, physicians and other referral sources. Among the many stakeholders identified were volunteers. One of the tasks of the committee was to explore the issues surrounding hospice. They determined that one critical component to retention of volunteers was volunteer satisfaction with their experience.

Alliance of Community Hospices & Palliative Care Services (ACH) is an alliance among Hospice and Palliative Care of Central Kentucky (HCK), Hospice and Palliative Care of Louisville (HL), and Hospice and Palliative Care of Southern Indiana (HSI). It originally began on November 1, 1996 between Hospice of Louisville and Hospice of Central Kentucky. Hospice of Southern Indiana joined ACH on July 1, 1998 (Hospice and Palliative Care of Central Kentucky website, 2006).

The alliance was created to allow the hospices to work together more closely to deliver services while continuing to look for ways to enhance the quality of the hospice experience and maximize cost effectiveness. Collectively the alliance helps organizations meet the challenges of a changing healthcare system and society. In 1987, the organization realized that many people in surrounding counties lacked access to hospice care. The organization's name was changed to Hospice of Central Kentucky. Certification to provide hospice services under Medicare was obtained and the service area was expanded to Larue, Grayson, Breckinridge, and Meade counties. In 1989, five more counties were added (Taylor, Adair, Green, Washington, and Marion) and satellite offices were opened in Campbellsville in 1990, and in Brandenburg, Leitchfield, and Lebanon in 1996 (Hospice and Palliative Care of Central Kentucky website, 2006).

Hospice of Central Kentucky has become the primary community resource for response to grief and loss through its Community Bereavement Services Program. The impact of hospice has been to serve thousands of families in the central Kentucky area. The need for volunteers is enormous, with hundreds of volunteers assisting in the effort. Volunteerism is needed not only for reduction of costs, but for provision of basic services related to hospice. Consequently, retention of volunteers is not only necessary but crucial for the success of the hospice program and its ongoing service operations.

PREVIOUS RESEARCH

Numerous studies have been conducted on the motives for volunteering. For example, senior citizen volunteers were studies with a goal of discriminating between altruistic and egoistic motivations (Callow, 2004). Hospice volunteerism in particular has focused on satisfaction derived from the need to assess client satisfaction (McGrath, 2001). The economic incentives for volunteerism has been explored by Govekar and Govekar (2002). Qualitative approaches to the measurements of satisfaction on clients and patients have been a common tool in health care delivery (McGrath and Wilson, 2002; Cleary and McNeil, 1988). The impetus toward extending the investigation of satisfaction to volunteers in the health care industry therefore is a natural one.

Past research has noted many differences in volunteers and volunteer motivation (Wymer, 2003). A segmentation analysis of potential volunteers has been one tool used as a suggestion for marketing to volunteers for recruitment purposes. The primary importance however, is recognizing that there are significant differences among volunteers. For example, Wymer (2003) used determinant variables to discriminate literacy volunteers from volunteers serving in other organizations. He noted that volunteers felt a sense of personal satisfaction and accomplishment from seeing their efforts make a difference in another person's life (p. 279).

The reality for managers is that there exists a limited pool of volunteer time. Attracting and motivating the best volunteers, in addition to retaining them, requires understanding the motivations of volunteers, including fellowship, personal recognition, social interaction, or satisfaction of a sense of debt or obligation (Mitchell and Yates, 1996). Mitchell and Yates note that the development of a relationship is important to volunteers to increase their level of satisfaction and sense of accomplishment. They suggest regularly soliciting ideas and opinions of volunteers. Beerli, Diaz and Martin (2004) note that there is a "need to monitor individuals' satisfaction with their particular responsibilities and with the structure and operation of the organization. This issue is of particular importance but is potentially the most problematic issue to address in ensuring the ongoing success of the project."

Another area that is important to satisfaction is the nature of the work assignments given to volunteers (Ellis, 2000). There are well-documented conflicts between volunteers and staff, where staff feel threatened by volunteers. In addition, staff may hesitate to accept high-skill volunteers because staff members may have low expectations or because they define volunteers as assistants to the staff. This suggests that key components of satisfaction are the compatibility of the assignment to the skills of the volunteers and the ability of the organization to effectively assign duties to volunteers.

The totality of research in this area points to the role that managers can play, through their decisions and structuring of the volunteer experience, to increasing the satisfaction of their volunteers and with it the volunteers' decision to continue with the relationship.

RESEARCH METHOD

Due to the importance of volunteers to hospice service delivery and in order to develop a better understanding of how to encourage volunteerism, a committee of HPC was formed in order to examine how patients, families, employees, volunteers, vendors, physicians, and other referral sources worked together. As part of the committee work, a survey was developed to obtain better information about volunteers and about how to enhance their experiences.

The survey instrument was developed along the lines of comparable surveys used in hospice institutions across the country. Volunteers in hospice programs or associated with APC were invited to complete the satisfaction response form.

Survey questions elicited responses based on 5-point Likert scales. For each statement in the survey subjects were asked to assess their degree of agreement, from strongly disagree (1) to strongly agree (5).

SURVEY RESULTS AND DISCUSSION

The total number of usable responses obtained from volunteers was 261, of the approximately 500 volunteers contacted. The majority of the responses (217) came from the 5-county urban area of Louisville, Kentucky. Approximately 80% of the respondents were female and 20% were male across the programs surveyed (see Exhibit 1). Survey respondents included 54 male and 207 female hospice volunteers. The pattern of male and female volunteerism for hospice is consistent with other studies, with females generally showing higher rates of volunteerism (Smith, 1994).

Exhibit 1. Volunteer programs

Administrative and Clerical	Volunteers work in the Hospice & Palliative Care of Louisville office providing a variety of administrative and clerical tasks for specific departments.

Bereavement Care / Children's Bereavement Care	Volunteers provide many different types of bereavement care including ongoing assignments with a bereaved family member or assisting in classes or special events.
Camp Evergreen	Volunteers work at a special weekend camp for children, ages 6-18 and their parents/guardians coping with death and loss.
Conferences / Exhibits	Volunteers work conferences and other events to spread information about hospice services and palliative care.
Hair Care	Volunteers qualified in the area cut or style a patient's hair.
Louisville Clowns / Louisville Players	Volunteers perform for entertainment, comic relief, or educational purposes for patients/families staff/volunteers or community events like fund raisers. No prior clown / theater experience is necessary.
Hospice Shoppe	Volunteers work at a thrift shop that relies on donations from the community.
Inpatient Unit	Volunteers work in a hospital-based unit assisting patients, families, or staff.
Massage/ Comfort Therapy	Volunteers who are trained and credentialed provide massage therapies including complimentary therapies such as comfort or healing touch (an energy-based therapeutic approach to symptom relief). Specialized volunteer training is available for volunteers who wish to offer this service.
MusiCare	Volunteers assist with providing music-oriented care for patients and families.
Speakers Bureau	Volunteers assist the Development Department by presenting hospice information to groups such as church groups, clubs, etc.
Transportation / Errand	Volunteers agree to pick up and deliver (to hospice) donated supplies or to transport a patient to a doctor's appointment. These are generally one-time assignments.
Tsunami	Volunteers work at an overnight program for adolescents 12 - 17 years old.
W.A.G.S.	Volunteers offer pet therapy for hospice patients and families through WAGS (Wonderful Animals Giving Support) Pet Therapy of Kentuckiana, a local organization that trains animals for pet visitation and therapy. Volunteers must undergo both hospice and Wags sponsored training.

The overall satisfaction grand mean, across all respondents and programs was 3.52. Exhibit 2 presents each survey statement with its statistical correlation to the overall level of satisfaction expressed by respondents (see Exhibit 2).

Exhibit 2. Survey statement correlation with overall satisfaction

Correlation with Overall Satisfaction	Survey Statement
.794	I feel valued as a volunteer.
.689	Communication with my assigned team or department is excellent.
.687	I am given the support and assistance I need to do a good job.
.640	My concerns and suggestions for improvement are taken seriously.
.622	Skills and talents are recognized and used.
.607	I find volunteer meetings (support groups, educational programs) beneficial.
.600	The volunteer time requested of me meets my expectations.
.585	I receive up-to-date information about Hospice and volunteer activities.
.557	I recommend Hospice to others who are interested in volunteering.

.535	I have a clear understanding of my role as a Hospice volunteer.
.531	I am satisfied with the opportunities provided for my ongoing education.
.515	My motivation to continue my Hospice volunteer work is high.
.495	Paid staff members respect me as a colleague.
.417	The training I received gave me sufficient preparation to be an effective volunteer.
.405	The amount of documentation required of me is manageable.

The most highly correlated statement (0.794) with a respondent's satisfaction is "I feel valued as a volunteer." Given the likely multi-dimensional nature of this statement to respondents, it underscores the conclusion that volunteers engage in a mental calculus that equates satisfaction with an experience with appropriate levels of external cues that their service is appreciated. This interpretation is also supported by the next three statements that are highly correlated with satisfaction: communications with other team members (0.689), support and assistance (0.687), and reaction to suggestions for improvement offered by the volunteer (0.640). Taken as a whole, these suggest that the respondents react most positively when the volunteer nature of their service donation is viewed as inconsequential and the value of their activity is seen as valued alongside other service components; those offered by physicians, nutritionists, nurses, and other members of the hospice care team (generally speaking).

At the low end of correlation spectrum results are statements related to training (0.417) and requirement documentation (0.405). These items, while still correlated with satisfaction level are less associated with it.

The ability of the organization to obtain and retain volunteers is a critical area for hospice management, and indeed for all not-for-profit organizations (NFPs). Creating and administering satisfaction surveys is one important step in obtaining feedback from volunteers and is itself likely to improve the satisfaction of volunteers. Beyond this, managers would be well advised to consider those policies and practices that indicate more directly or acknowledge to volunteers the value their service brings to the organization. Managers would also be wise to review communications flows to make sure that volunteers are included in substantive discussions that effect them and their paid colleagues.

LIMITATIONS OF THIS STUDY

This study is constrained by several factors. To begin with, only hospice service volunteers were used, and only from a specific geographic region of central Kentucky and Southern Indiana. To the extent that these subjects different from those of other areas, the results of the study may be less generalizable. Also, it is possible that the results of the satisfaction survey were skewed based on a self-selection bias. Approximately half of invited respondents returned their surveys and to the extent non-respondents are different than respondents, the results of the study could be biased. The typical controls over non-respondents were not available to the researchers in this survey as it was administered by an internal working committee.

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THE INCOME EFFECT IN PERSONAL SHOPPING VALUE, CONSUMER SELF-CONFIDENCE, AND INFORMATION SHARING (WORD OF MOUTH COMMUNICATION) RESEARCH

Terrence J. Paridon, Cameron University
terrence@cameron.edu
Shawn Carraher, Cameron University
scarraher@cameron.edu
Sarah C. Carraher, Consolidation Entreprises
sarahcarraher@yahoo.com

ABSTRACT

Theory predicts that income should influence a complex set of relationships involving personal shopping values, consumer self-confidence, and word of mouth communication. Nevertheless, irrespective of income level, findings indicate that social self-confidence mediates the effects of hedonic experiences upon word of mouth communication. Similarly, the direct effects of utilitarian value upon personal self-confidence are also invariant across income groups. Findings involving the effects of personal confidence upon word of mouth communication are inconclusive. However, income does influence the nature of the relationships between hedonic experiences and social self-confidence as well as the significance of the effects involving utilitarian value and social self-confidence. The implications for these findings are discussed from the perspectives of retail management, site location decisions, and the direction of future research efforts.

WORK-FAMILY CONFLICT & TECHNOLOGY ISSUES: GENDER & WORK SCHEDULE DIFFERENCES

Barbara A. Schuldt, Southeastern Louisiana University
bschuldt@selu.edu
Jeff W. Totten, McNeese State University
jtotten@charter.net
Andree Taylor, Southeastern Louisiana University
Andree.Taylor@selu.edu
Duane Donald, Southeastern Louisiana University
ddonald@selu.edu

ABSTRACT

Salespersons, like many professionals, have multiple conflicting responsibilities between family and work. For some, technology has reduced the conflict while for others it has added additional stress. The authors discuss findings from a combined survey of both salespeople and business students regarding work-family conflict and technology/security issues. Significant differences by gender and work schedule were identified and compared with findings from earlier research by the authors.

INTRODUCTION

Today's salesperson deals with a lot of challenges as s/he develops in his/her career. Not only are there increased challenges of managing and balancing work and career demands with the demands of family in this decade of the 21st century, but also new challenges from living and working in a technologically-enhanced world, as they find themselves faced with work demands around the clock; i.e., 24 hours a day, seven days a week. How are salespeople handling these conflicts? How well do college students, future salespeople, understand these challenges? Are there differences in terms of gender? In terms of type of work schedule? The authors attempt to offer some insights into these challenges in this installment of a stream of research in this area.

LITERATURE REVIEW

Work-family conflict has been established by prior research to be bi-directional; i.e., it involves two types of conflict, work obligations interfering with family life (work-family conflict, WFC) and family life interfering with work duties (family-work conflict, FWC)(Marchese, Bassham & Ryan, 2002, pp. 145, 146). Greenhaus and Beutell (1985) identified three key types of WFC in their review of existing literature: time-based conflict (e.g., hours worked per week, schedule flexibility, child care demands); strain-based conflict (e.g., tension, depression, irritability, family roles expectations); and behavior-based conflict (role expectations).

A growing area of the work-family literature involves caregiving issues. Boyar, et al. (2003, p. 179) noted that as "children, siblings, or elderly family members require care, obligation to meet their needs can influence family roles" and ultimately create family-work conflict (FWC). "According to the National Partnership for Women & Families, 67% of Americans under 60 expect to care for an aged relative in the next 10 years, up from 25% who were caregivers in 1997" (Park, 2005, p. 86). Rose and Hartmann found that family responsibilities still fall primarily upon women, that "neither society nor employers have found good ways to mesh those [responsibilities] with job demands," and consequently, women suffer salary setbacks when they take career breaks to care for family members (Bernstein, 2004, p. 58). Sataline (2006) reported that medical researchers have found that caregiver mortality is linked to the types of illnesses their spouses have. Researchers concluded that "America's aging population needs more programs that support and train caretaking spouses" (Sataline, 2006, p. D6).

Research on WFC has also been done on the salesforce (see, for example, Nonis & Sager, 2003, and Netemeyer, Brashear-Alejandro & Boles, 2004). Boles, Wood and Johnson (2003) focused research on the interrelationships of WFC and role conflict with multiple dimensions of job satisfaction, paying particular attention to gender differences. In fact, they did find gender differences with WFC: women realize more satisfaction with work, coworkers and company policies when WFC is reduced, whereas men realize more satisfaction with pay, supervisors, promotion and policies when WFC is reduced (Boles, Wood & Johnson, 2003, p. 109).

"Technostress (also known as technophobia and computer anxiety) manifests itself in two distinct but related ways: the struggle to accept computer technology and over-identification with technology" (Tu, Wang & Shu, 2005 p. 78). Ragu-Nathan, et al. (2004) identified five components of technostress, including "*Techno-invasion*. Technology invading personal lives, so less time is spent with family or on vacation, giving the time over instead to learning about new technology" (Tu, Wang & Shu, 2005, pp. 78-79). Some research was found in terms of the influence of technology on salesperson's careers and role conflict (e.g. see Inks & Loe, 2005; Robinson, Marshall & Stamps, 2005). Salesperson technophobia was found to be related to age and education level of salesperson and was a contributing factor to increased role stress (Rich, 2000).

The increased use of technology has created other challenges for the individual and organizations. Security in information technology has never been more important due to security breaches, which have left many customers and organizations vulnerable. Personnel in the information technology field are very concerned about the salespersons' understanding of the need to protect their laptops and especially the data on the laptops. Added security can slow down the technology so that the user may feel additional stress and time management issues. No studies on the impact of added security on "technostress" and work-family conflict were found in the literature search.

PURPOSE & METHODOLOGY

The purpose of the study was to identify any gender and work schedule differences among the respondents and to compare these findings with results found by the authors in earlier studies. A questionnaire was originally designed in November 2003 and subsequently pretested on students in an upper-level Marketing class at a southern regional university. Minor wording changes in five questions were made as a result of the pretest. The final version of the questionnaire contained 28 numbered questions, with three of the numbered questions containing a total of 33 Likert-type statements. A cover letter was prepared according to university Institutional Review Board guidelines. The questionnaire and cover letter were combined to produce a booklet format and printed at a local office supply store. Please see Authors (2004a) for a complete description of the development of the scale questions used in the questionnaire.

A convenience sample was used in this study. Initially, surveys were distributed by hand and through e-mail to 35 salespeople and 52 students in December 2003. Subsequently, surveys were distributed to 31 additional salespeople and 80 additional students in marketing classes during the first three months of 2004, in order to have a larger sample size. The salespeople were employed in the financial institution, publishing, automotive, and pharmaceutical industries, primarily in the south central U.S. The 198 surveys were edited, coded and inputted into ABstat™ as a database. The data was cleaned, and then frequencies, descriptive statistics, and both parametric and nonparametric statistics were calculated.

RESPONDENT PROFILE

The combined sample had worked an average of 40.71 months with his/her present employer (median = 26 months, mode = 24 months, range = 0 to 300 months, n = 172). All 66 salespeople must travel as part of their jobs, and half of them have to stay overnight when they travel. The combined sample worked an average of 33.87 hours per week (median = 30 hours/week, range = 0 to 70 hours/week, n = 193). Over two thirds of the respondents (131, 68.6%) report having a flexible work schedule and almost 82% (158/193) make use of technology on a daily basis at work. A third of the combined sample (64/192) uses technology at home on a daily basis. Just over three in five (116/189, 61.4%) reported using the Internet and/or working online more than they did a year ago.

A slight majority of the respondents are women (103/197, 52.3%). Reflecting the heavy student component of the sample, 120 respondents (60.9%) are below the age of 25, and 44 are between the ages of 25 and 34 (22.3%, n = 197). Approximately 60% (116/196) are single, never married, while an additional 31.6% (62) are married. Two-thirds of the respondents (130/196, 66.3%) have one computer at home versus 46 (23.5%) who have two computers at home. Most of the combined sample (183/197, 92.9%) has Internet access at home. Dial-up modems (74/186, 39.8%) and cable modems (65, 34.9%) are primarily used to access the Internet from home. Over half (112/197, 56.9%) have some college education while another 45 (22.8%) have earned baccalaureate degrees. Almost four in five respondents (157/197) have both parents still alive. Eighty respondents (41.2%) live less than 20 miles from their parents, while 47 (24.2%, n =194) live less than 60 miles away. A quarter of the respondents (49/191) live less than 20 miles from their spouses' parents. Over a third of the respondents (66/195) have children. Only 15 of the respondents (7.8%, n = 192) indicated that they were the primary caregivers in their families. The larger subset of students, who are typically younger that the salespeople subset, may explain why a higher percentage of respondents were not primary caregivers.

RESULTS

Given the scope of earlier research by the authors (see Authors, 2004a, 2004b), the focus of the analysis on this combined data set was two-fold: significant differences by gender and by work schedule. Two-tailed t tests were used for the analyses, since the sample sizes exceeded thirty. Significant differences are reported at the alpha = .10 level.

Men tended to work longer hours per week (37.4 vs. 30.6, t = -2.765, p = .0063). Men tended to agree more with the following statements: "I am able to do things as well as most other people" (3.61 vs. 3.45, t = 1.73, p = .0852); "I take a positive attitude toward myself" (3.516 vs. 3.208, t = 3.719, p = .0003); and "I am content with the city in which I live" (2.956 vs. 2.701, t = 2.042, p = .0425). Men tended to disagree more with "Personal concerns reduce my productivity at work" (2.133 vs. 2.35, t = -1.715, p = .088) and "I anticipate having to make a career move …" (1.56 vs. 1.802, t = -1.715, p = .0884).

Women spent more time on professional development (10.07% vs. 6.9%, t = 1.929, p = .0553) and on paperwork (22.72% vs. 16.28%, t = 1.92, p = .0564) than men did. Women tended to disagree more with "The health of my parents … affected my career plans" (1.57 vs. 1.806, t = 1.81, p = .0722) and with "I am concerned about my organization's computer security" (2.2 vs. 2.48, t = 1.895, p = .0598).

Those with a fixed work schedule tended to work more hours/week (37.83 vs. 33.195, t = 1.792, p = .0747) than did those with a flexible schedule. Those with a fixed work schedule tended to spend less time on selling (26.6% vs. 35.4%, t = -2.059, p = .0409), and more time in meetings (9.35% vs. 5.94%, t = 2.163, p = .0318), on sales follow-up (14.02% vs. 9.71%, t = 1.743, p = .083) and on paperwork (25.18% vs. 17.02%, t = 2.266, p = .0246).

Those with a fixed work schedule tended to agree with “I am content with my spouse’s work status” (3.297 vs. 2.933, t = -2.203, p = .0297), “I am content with the city in which I live” (3.0 vs. 2.746, t = -1.85, p = .0659), and “I am more careful to ensure my anti-virus software … at work is up-to-date” (3.096 vs. 2.714, t = -2.539, p = .0121). Those with a fixed schedule also tended to strongly agree with “At work I am required to login using a password …” (3.61 vs. 3.08, t = -3.232, p = .0015) and “If I access … from home I must login.” (3.65 vs. 2.99, t = -3.356, p = .0011).

LIMITATIONS OF THE STUDY

There are several limitations that need to be addressed first. The sample is not a representative sample, since it was a convenience sample, drawn from a small region of the United States, and collected over several months. The study also is affected by the use of borrowed scales and the appropriateness of added items (see Engelland, Alford & Taylor, 2001 for cautions in such use). The scale items also need to be carefully examined through confirmatory factor analysis and reliability analysis. As noted in an initial confirmatory factor analysis of a smaller subset of the data (Authors, 2005), a sample size of at least 250-300 is required for a proper item scale analysis.

CONCLUSIONS

Beginning with the gender differences noted earlier, some consistency exists with the earlier findings of Authors (2004a). Women tended to focus on the relational aspects of their careers, thus the emphasis on professional development and handling paperwork. Overall, men and women seem to have similar perceptions regarding most of the technology issues, as well as most of the work-family conflict issues.

A reversal occurred in looking at the work flexibility differences. In the Authors (2004b) study, those respondents with a flexible schedule worked longer hours each week. In this study, the reverse happened. Those with a fixed schedule tended to work longer hours per week. Some consistency was found between the two studies: those with a fixed schedule still tended to spend less time on selling and more time in meetings, and on sales follow-up tasks and paperwork. More differences were noted in this study regarding conflict issues, with less conflict tending to result for those with fixed work schedules.

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SEARCHING CULTURAL MEANINGS OF FOOD CONSUMPTION: AN INTERPREATIVE STUDY OF CONSUMERS AT ETHNIC RESTAURANTS

Robert Guang Tian, Medaille College
rtian@medaille.edu
Camilla Hong Wang, Medaille College
hwang@medaille.edu

ABSTRACT

This particular study deals with two ethnic restaurants in the US conducive to the acceptance of foreign food culture and ethnicity, and culturally diverse establishments. Consumers are the most important factor of the restaurant industry; they take on the role of decision makers for the consumption of food and the services provided by restaurants. In the end it is consumers who determine the success or failure of a particular restaurant. It is suggested that the extent of cultural understanding and cultural awareness of the consumers influences behavior and purchasing decisions. Buying products is a way for the consumer to gain cultural meaning as well as establish self-identities. One approach is suggested to be adopted in analysis of consumer behavior is termed as cross-culturally interpreting, meaning that there are differences in cultural norms and values between countries, which can be best illustrated through studying food consumption.

The previous studies have identified that the consumers' cultural awareness in ethnic restaurants may influence their behaviors for various reasons. This study assures the previous studies of cultural influences on consumer behaviors by using a mixed ethnographical methodology. The paper begins with a discussion of the study and methodology for the study, followed by a presentation of data collected through various means with a stress on the observations, and finally, the paper ends with a summary and the managerial suggestions to the business world, especially to the food industry management. Although the findings are meaningful to the ethnic restaurant businesses management further investigation is suggested to form the theoretical implementations from previous and current findings.

As discussed, the consumers at an ethnic restaurant may not necessarily need to be well educated to be aware of ethnic food and cultural differences. However, the data collected for this case study indicated that Caucasians are the most popular consumers at these two particular ethnic restaurants; they go mainly for the food but also for the ethnic cultural experience at certain degrees. This finding is suggested to have some meaningful management implementations for the owners and managers of ethnic restaurants. Managers are suggested to pay more attention on educating consumers about the cultural meaning of ethnic food. Customers were observed asking servers what certain things on the menus are and what they have in them. Managers should include a description of foods that are common to the particular food culture, but are not understood by Americans. This would increase consumers understanding of particular ethnic food and educate them better on that culture. Management might also consider hiring more ethnic servers or hostesses to increase the cultural values of the restaurant.

Key Words: Chinese restaurant, consumer behavior, cultural awareness, food consumption, Mexican restaurant

Academy for Studies in International Business (ASIB)

POSSIBLE EFFECTS OF NATIONAL POPULATION HOMOGENEITY ON HAPPINESS

J. Douglas Barrett, University of North Alabama
jdbarrett@una.edu
Kristen N. Van Rensselaer, University of North Alabama
knvanrensselaer@una.edu
Bruce L. Gordon, University of North Alabama
blgordon@una.edu

ABSTRACT

This cross-country study investigates what influence, if any, different measures of homogeneity have on happiness. Using self-perceived life satisfaction as an indicator of happiness, data from 65 nations are analyzed with regression analysis. The results of the study indicate that income inequality and ethnic homogeneity are related to happiness. Other variables determined to be significant indicators of happiness include income levels (GDP per capita), inflation, and life expectancy.

THE IMPORTANCE OF NATIVE LANGUAGE PRESENTATION IN INTERNATIONAL CONSUMER ETHNOCENTRISM SURVEYS

Michael R. Luthy, Bellarmine University
mluthy@bellarmine.edu

ABSTRACT

As a factor in consumer behavior, the construct of consumer ethnocentrism has been empirically established through the development and use of the CETSCALE instrument. The original research by Shimp and Sharma (1987) has been replicated and validated through numerous studies using samples from cultures around the world. In the current study, the role of native language presentation in measuring consumer ethnocentrism is explored; specifically, whether presentation of the survey in a subject's native language has the effect of increasing their expressed level of consumer ethnocentrism. Over 1,300 undergraduate and graduate students enrolled in programs in business, law, and computer science at a private university in Reykjavik, Iceland were invited to participate in an electronic survey using CETSCALE. Subjects were randomly assigned to one of three experimental conditions: Icelandic language only, English language only, or side-by-side Icelandic and English language presentations of the CETSCALE. Approximately 25% of the sample participated. Statistical analysis showed that native language presentation did not have an impact on the respondent's level of consumer ethnocentrism. Study limitations are also discussed.

INTRODUCTION

With the growth of world trade and the importance of new, international markets to businesses of virtually all sizes, gathering reliable and valid market and consumer research is crucial. As firms move into unfamiliar countries and cultures the potential of missteps increases. To paraphrase the Hippocratic Oath for marketing research purposes, investigators must first, "introduce no bias."

Although the use of English in business is widespread it cannot be assumed to be universal. English is spoken by far fewer potential consumers than businesses would like, in an effort to standardize processes, packaging, and of course, marketing research instruments. And even if English were to be spoken in ever larger numbers by consumers across the globe it would remain for most a second or even third language learned.

As market researchers attempt to learn more and more about consumers, as they do so they would benefit from understanding the role that native or first-learned language plays in survey responses. This article explores one dimension of this question using an established instrument to see whether language presentation does have an effect on responses, namely consumer ethnocentrism.

CONCEPT DEVELOPMENT AND EVOLUTION

Ethnocentrism, as a concept originally developed by Sumner (1906) in the early part of the last century is a strictly sociological factor, one that distinguishes differences between so-called "in-groups," which an individual identifies with and "out-groups," regarded as antithetical to the in-group by the individual. The concept has been extended to the field of psychology, (Levine and Campbell 1972), linking it to individual-level personality systems as well as to more broad-based cultural and social-analytic frameworks. The in-group perspective has value for individuals who tend to view it as a salient standard for cognitive decision-making (Hogg and Turner 1987; Ray and Lovejoy 1986). The boundaries used for forming the in-groups and out-groups however, vary depending on the issue (Forbes 1985).

In general terms, the concept of ethnocentrism represents the tendency of individuals to view their own group as the "center of the universe", to interpret other social groups from the perspective of their group, and to reject persons who are culturally dissimilar – while blindly accepting those who are culturally like themselves (Booth 1979; Worchel and Cooper 1979; Brislin 1993). Empirical research has linked ethnocentrism with other concepts such as nationalism (Levinson 1957) and patriotism (Chesler and Schumuck 1964). As Levine and Campbell (1972) noted, this tendency can lead individuals to regard the symbols and values of their ethnic or national group as objects of pride and form attachment, whereas symbols of other groups may be regarded with contempt or even scorn.

In the latter 1980s, Shimp and Sharma (1987) expanded the discussion of ethnocentrism by investigating whether ethnocentric tendencies affected individual purchase behaviors. Their economic version of the original concept, consumer ethnocentrism, is a term coined to represent the beliefs, held by American consumers, about the appropriateness, and indeed the morality, of purchasing foreign-produced products. Reasons for such tendencies range from beliefs about the quality of imported goods to a patriotic bias against things foreign (Bikley and Nes 1982; Netemeyer, Durvasula, and Lichtenstein 1991). To individuals who are strongly consumer ethnocentric, buying imported goods is wrong because, from their perspective, it has a negative effect on the domestic economy, results in job loss, and is unpatriotic. Conversely, for those who are not strongly consumer ethnocentric, they believe foreign (i.e. out-group) products should be evaluated on their own merits without consideration to where they are produced. In functional terms, Shimp and Sharma asserted that consumer ethnocentrism provides the individual with a sense of identity, feelings of belongingness, and as they pointed out most importantly, an understanding of what purchase behavior is acceptable or unacceptable.

While the groundbreaking research of Shimp and Sharma (1987) asserted the link between ethnocentric tendencies and purchase behaviors, it was presented within the context of the American experience. Other researchers have explored the universality of the concept (e.g. in Mexico, Luque-Martinez, Ibanez-Zapata, and Barrio-Garcia, 2000; in Israel, Shoham and Brencic, 2003; and in Canada and Russia, Saffu and Walker, 2005).

The ethnocentric tendencies of Polish and Russian consumers were investigated to determine the link between these feelings and their purchase intentions (Good and Huddleston, 1995). A 1997 study (Marcoux, Filiatrault, and Cheron) surveyed Polish university students and found that patriotism is a dimension of ethnocentrism related to the preference toward Polish products. In a later study, differences between high, moderate, and low ethnocentrism groups revealed systematic country-based biases in product evaluations and attitudes toward purchase (Brodowsky, 1998).

The Brodowsky (1998) study is part of a larger group of studies that sought to shed light on the role of country-of-origin in the consumer purchase process and its relations to consumer ethnocentrism. The "country-of-origin" effect, asserts that consumers are influenced by their beliefs about the country where a product is manufactured, assembled, or branded (Tse and Gorn, 1993). The nation of manufacturer has the strongest effect on consume preference provided the physical source is recognized by consumers (Wall and Heslop, 1986). Additional research indicates that purchasers represent the country-of-origin in stereotypical fashion, forming a relatively stable schema (Kochunny et al., 1993). Purchasers use this stereotype to judge the desirability of products from the country in question (Bilkey and Nes, 1982; Cattin, Jolibert, and Lohnes, 1982; Strutton, Pelton, and Lumpkin, 1994). In general, customers have a higher regard for market offerings from more highly developed countries and those that are perceived as more similar to their own (Cordell 1991; Lang and Crown, 1993; Wang and Lamb, 1983), as well as from their own country (Narayana, 1981; Wall and Heslop, 1986).

The implications of a consumer ethnocentric tendency have been explored in a number of settings affecting international business. For example, Lanciaux (1991) explored the impact of ethnocentrism in U.S.-Japanese trade policy negotiations. Walle (1990) in addition to Calof and Beamish (1994) investigated issues related to American manager's opinions of foreign cultures and management. In a study with potential impact on the future of global business, Grant and Wren (1993) found that student ethnocentrism was associated with negative attitudes toward the importance and propensity to enroll in courses in international business, foreign language, and business ethics.

THE CETSCALE

By use of a preliminary study, followed by an exhaustive panel screening process, and numerous purification studies, Shimp and Sharma (1987) constructed and refined a seventeen item scale, termed the CETSCALE, to measure an individual consumer's ethnocentric tendencies as they related to purchasing foreign-made versus American-made products (see Exhibit 1).

Exhibit 1. CETSCALE Statements in English and Icelandic

1. Icelandic people should always buy Icelandic-made products.
   Íslendingar ættu alltaf að kaupa íslenska framleiðslu í stað innflutnings.
2. Only those products that are unavailable in Iceland should be imported.
   Aðeins ætti að flytja inn þær vörur sem ekki eru fáanlegar á Íslandi.
3. Buy Icelandic-made products. Keep Iceland working.
   Kaupum íslenska framleiðslu. Höldum vinnu í landinu.
4. Icelandic products, first, last and foremost.
   Íslenska vöru, fyrst, síðast og öðru fremur.
5. Purchasing foreign-made products is un-Icelandic.
   Það er ó-íslenskt að kaupa erlenda framleiðslu.
6. It is not right to purchase foreign products, because it puts Icelanders out of jobs.
   Það er ekki rétt að kaupa erlenda vöru, því það eykur atvinnuleysi Íslendinga.
7. A real Icelander should always buy Icelandic-made products.
   Alvöru Íslendingur ætti alltaf að kaupa íslenska framleiðslu.
8. We should purchase products manufactured in Iceland instead of letting other countries get rich off us.
   Við ættum að kaupa vöru sem er framleidd á Íslandi í stað þess að láta aðrar þjóðir græða á okkur.
9. It is always best to purchase Icelandic products.
   Það er alltaf best að kaupa íslenska vöru.
10. There should be very little trading or purchasing of goods from other countries unless out of necessity.
    Það ættu að vera mjög lítil viðskipti með, eða kaup á vörum frá öðrum löndum, nema þegar nauðsyn ber til.
11. Icelanders should not buy foreign products, because this hurts Icelandic businesses and causes unemployment.
    Íslendingar ættu ekki að kaupa erlendar vörur, því það skaðar íslensk fyrirtæki og veldur atvinnuleysi.
12. Curbs should be put on all imports.
    Það ætti að setja takmarkanir á allan innflutning.
13. It may cost me in the long-run but I prefer to support Icelandic products.
    Það kann að kosta mig meira, þegar til lengri tíma er litið, en ég kýs að styðja íslenskar vörur.
14. Foreigners should not be allowed to put their products on our markets.
    Það ætti ekki að leyfa útlendingum að setja sínar vörur á markaði okkar.
15. Foreign products should be taxed heavily to reduce their entry into Iceland.
    Það ætti að skattleggja erlendar vörur verulega til að takmarka innflutning þeirra í landið.
16. We should buy from foreign countries only those products that we cannot obtain within our own country.
    Við ættum eingöngu að kaupa frá útlöndum þær vörur sem við getum ekki framleitt heimafyrir.
17. Icelandic consumers who purchase products made in other countries are responsible for putting their fellow Icelanders out of work.
    Íslenskir neytendur sem kaupa vörur framleiddar í öðrum löndum bera ábyrgð á að auka atvinnuleysi meðal samlanda sinna.

To test the CETSCALE's reliability and construct validity four separate area studies were conducted. Results indicated strong support for the instrument as a valid and reliable index of consumers' ethnocentric tendencies. With the development of a reliable scale established, Shimp and Sharma examined the question of whether ethnocentric tendencies operate uniformly across all consumers or whether certain population segments are disproportionately more or less likely to possess them. They were able to establish the link between observed differences in consumer ethnocentrism scores and the perceived threat that foreign-made products represented to an individual's quality of life and economic livelihood (Shimp and Sharma 1987).

Further research on consumer ethnocentrism was undertaken by Netemeyer, Durvasula, and Lichtenstein (1991). Their research extends the discussion by addressing one of the perceived weaknesses of Shimp and Sharma's original work; namely that the scale was developed and validated in the United States alone. Employing a university-based student sample, a four-country study involving the U.S., France, West Germany, and Japan was undertaken to assess the cross-national psychometric properties and nomological validity of the CETSCALE. The researchers found that the scale indeed was a reliable and useful instrument beyond the original U.S. sample.

RESEARCH QUESTION

The past research discussed here presented the CETSCALE in the subject's native language. Of interest in the current study is whether language plays a role in how subjects respond and therefore the measurement of consumer ethnocentrism. Given evidence that ethnocentrism affects other constructs such patriotism and views toward international trade, it is hypothesized that for multi-lingual individuals, presentation of the CETSCALE instrument in their native language will elicit higher consumer ethnocentrism scores than either a multi-language presentation or one in a non-native language.

Hypothesis: subjects responding to the Icelandic-only presentation of the CETSCALE will report higher levels of consumer ethnocentrism than subjects in either the English-only or the side-by-side Icelandic-English experimental conditions.

SURVEY METHODOLOGY

Reykjavik University is a private institution of post-secondary education located in Reykjavik, Iceland. Its student population of over 1,300 is enrolled in undergraduate and non-doctoral graduate programs in business, law, and computer science. Permission was obtained to contact the entire student population via their e-mail accounts and invite them to visit a website where the survey was being conducted. Over the subsequent 4 week period two follow-up e-mails were sent to those who had not at the time responded.

Subjects were randomly assigned to one of three experimental conditions: an Icelandic language only presentation of the CETSCALE, an English language only presentation, or a side-by-side Icelandic and English language presentations (see Exhibit 1 for an example of the side by side presentation). Survey questions and instructions were first translated into Icelandic by a bilingual Icelander, then back-translated into English by a different bilingual Icelander. The resulting survey was subjected to a second round of translation and back translation to eliminate any final issues.

The survey asked respondents to assess their degree of agreement with the 17 CETSCALE statements. Seven point Likert scales (1 = strongly disagree, 7 = strongly agree) were used. Subjects were also asked a number of classification questions. The responses of those students for whom Icelandic was not their native language (e.g. foreign students studying at the University) or those who did not report a working knowledge of English were excluded from the analysis.

Exhibit 2. Respondent Characteristics

	Icelandic-Only Language Version	Dual English-Icelandic Language Version	English-Only Language Version
Sample:			
Sample Size	437	436	434
Respondents	132	109	96
Response Rate	30.2%	25.0%	22.1%
Demographics:			
Male / Female	54% / 46%	36% / 64%	51% / 49%
Undergraduate / Graduate	89% / 11%	85% / 15%	90% / 10%
Average Age in years	28.0	31.7	30.1
Age Range in years	21 – 54	20 – 52	21 – 53
Affiliation:			
School of Business – undergraduate BS	44.3%	40.7%	41.1%
School of Business – undergraduate diploma	6.9%	10.2%	15.6%
School of Computer Sci – undergraduate BS	16.0%	19.4%	12.2%
School of Computer Sci – undergraduate diploma	3.1%	1.9%	6.7%
School of Law – undergraduate BA	18.3%	13.0%	14.4%
School of Business MBA or MSC	10.7%	13.9%	8.9%
School of Computer Science MSC	0.8%	0.9%	1.1%

RESULTS AND DISCUSSION

Over 25% of the student population participated in the online survey (see Exhibit 2). While the response rate varied by experimental category the minimum response rate was 22%. On gender there were roughly comparable numbers of men and women who responded. Overall undergraduate students comprised a larger share of respondents than graduate students although all programs wee represented.

Given the 17-item CETSCALE instrument and 7-point Likert scales used, each individual's score can range from 17 (representing very low ethnocentric tendencies) to 119 (representing very high ethnocentric tendencies). If the hypothesis is supported, the averages should be statistically different across the three experimental conditions; and highest for the Icelandic-only condition.

The CETSCALE average for respondents in the Icelandic-only condition is 38.25. In the English-only condition the average is 37.05. From the dual-language presentation the average is 41.83. An ANOVA analysis at the 5% level suggests no statistically significance difference between the three conditions ($F_{2,315}$=1.568846, P-value= 0.209908). As a consequence it is concluded that native language presentation did not have an effect on assessment of consumer ethnocentrism.

STUDY LIMITATIONS

Iceland is a country of surprising contradictions. A small country, geographically (approximately the size of Ohio or Kentucky) and in population (approximately 300,000 in 2006) it is home to a dozen foreign embassies including those of the United States, China, and many other European countries. The result is a fairly cosmopolitan atmosphere, particularly in the capital, Reykjavik.

Students in the educational system learn Icelandic as their first language. English and Danish are also taught in the primary school system, although at a later stage. While there is some friction concerning the issue of requiring the study of Danish (Iceland gained home rule powers from Denmark in the early 20th century and formal independence in 1944) there is no such friction concerning English. With the exception of the very old, a very high percentage of Iceland's native population is bilingual.

At Reykjavik University, a private institution, there is likely some self-selection bias concerning enrollment. Almost all respondents to the survey reported working knowledge of at least one language beyond Icelandic and English – in some cases several. Additionally, many reported travel to other countries. This exposure to other cultures, and perhaps a more extensive world view based on personal experience, likely explains at least in part the relatively low CETSCALE averages observed and reported. Lastly, Iceland imports a considerable amount of its goods from European and other countries, exposing them to more world brands and products. It is possible that these factors give pause for extending the result that native language does not effect consumer ethnocentrism to other countries. Further study, including replication in other countries, including subjects who possess different levels of fluency, will more definitively resolve this issue.

The potential of this line of inquiry to the conduct of international survey efforts, particularly where issues or products hold an affective component or dimension of national pride (see the extensive literature involving country-of-origin effects) is significant.

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GLOBALIZATION AS RADICAL ECONOMIC TRANSFORMATION: CRITICAL IMPLICATIONS

Anshuman Prasad, University of New Haven
aprasad@newhaven.edu

ABSTRACT

Globalization is widely viewed as a phenomenon of great significance for business organizations across the world. Surprisingly, however, the topic has remained somewhat under-studied within business scholarship itself (Jones, 2003; Parker, 2003). This paper seeks to make a contribution to business research by way of offering a comprehensive conceptual discussion of different aspects of economic globalization, and their implications for business. The paper discusses: (1) the major processes that constitute the phenomenon of economic globalization, (2) their potential effects and consequences, and (3) the implications of globalization for businesses and management.

Economic globalization may be seen as consisting of three sets of processes, namely, (a) globalization of production, (b) globalization of finance, and (c) globalization of trade. The globalization of production over the last few decades has witnessed a massive jump in the total quantum of foreign direct investment (FDI), significant reorientation of FDI in terms of geographical destination, increased role of transnational corporations, and growth of far-flung international production chains (Gereffi, 2002; UNCTAD, 2005). Similarly, globalization of finance has involved a growing trend toward world-wide integration of financial markets, free movement of capital across national boundaries, and emergence of novel financial instruments (Singh, 2005). Finally, globalization of trade has resulted in increased significance of trade in world economy, changes in geographical patterns of world trade, and emergence of major regional trade groupings (Govindarajan & Gupta, 2000; Maniam, Leavell & Mehrens, 2003).

The effects of globalization have been far-reaching, and a radical transformation of the economic landscape of the world seems to be underway. First of all, the very structure of the global economy has been changed (and continues to change) as a result of outsourcing and the emerging new international division of labor, flexible manufacturing, and increased significance of the services sector. Such restructuring is accompanied also by signs of an ongoing shift in the center of gravity of the global economy, and changes in income and wealth distribution within and between different countries (Castells, 2000; Hacksworth, 2006; Wilson & Purushothaman, 2003). Finally, globalization may have important environmental consequences as well (Barnett, 2004).

For businesses around the world, the complex dynamics of globalization hold important implications including the need for new approaches to strategy, preparing for significantly intensified levels of international competition, and the necessity of developing a global mindset within individual firms (Govindarajan & Gupta, 2000; Parker, 2003). The paper offers an in-depth analysis of these and other critical implications of economic globalization.

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Academy of Strategic Management (ASM)

THE STRATEGIC IMPLICATIONS OF TECHNOLOGY ON JOB LOSS

David T. Collins, Bellarmine University
dcollins@bellarmine.edu
Mike H. Ryan, Bellarmine University
mryan@bellarmine.edu

ABSTRACT

Much has been written about the loss of jobs from first-world developed counties (i.e.: United States, Japan, Western Europe) to third-world developing countries (i.e.: Mexico, China, India). The focus often has been on manufacturing jobs simply because jobs lost in that sector provide politicians and labor leaders alike with opportunistic sound bites. However, many economists argue that the total drop in factory employment (in one country) is not due largely to foreign displacement (to another country). The loss of factory jobs is happening all over the world. From Drezner (2004), during the seven-year period 1995 to 2002, 22 million global factory jobs disappeared – not due to offshoring but due to increased productivity (which, even in the face of those lost factory jobs, resulted in a 30 percent increase in global industrial output since 1995). The implication, to both individuals and firms, of protracted job losses and/or reallocations is a topic of considerable importance and concern to anyone with an interest in the future. A generalized examination of options for firms and individuals faced with the changing conditions brought about by technology is a crucial staring point for determining how best to respond at both levels. This paper is a preliminary effort intended to consolidate many of the observations and information related to technology generated job losses with some initial suggestions on mediating their effect.

Job loss and reallocation of resources will continue as a consequence of technological change. Inherently, change will require adjustment on the part of affected individuals as well as organizations. For many, these changes will be acutely painful and impart serious consequences, while for others; technological change will bring unexpected opportunities and rewards. The same pattern has been played again and again throughout history. However, there are mechanisms that might be utilized to minimize the negative consequences for individuals displaced and to encourage organizations to respond more intelligently. Those mechanisms include recognizing the strategic benefits of technology. Firms can do so by adapting and adopting technology that creates competitive advantages, and using technology to maintain that advantage. Individuals can do so by recognizing the impact of technology on job availability and maintaining education and skills to take advantage of those opportunities.

INTRODUCTION

Substitute "advances in technology" for "increased productivity" and the underlying shift from a labor-intensive to a technology-enabled economy can be explained. This shift not only explains the significant loss in global factory jobs, but the off-shoring effect seen, for example, in the movement of customer service call centers from the U.S. to India. Still, the shift of technology-enabled jobs from one country to another (whether they are manufacturing or service) is not a loss of jobs within the global economy. Economic arguments abound that such shifts are not only necessary but desirable since they lead to overall economic improvements. Of greater concern is the permanent loss of jobs (or those jobs never created) because of the increased use of technology.

Business Week estimates that every one percent of annual productivity growth allows U.S. corporations to eliminate about 1.3 million jobs. Productivity in the U.S. has grown almost two percent since 2001; that accounts for almost all of the 2.5 million jobs lost in the past three years. Many argue that the best remedy is for the government to help those workers find new employment, rather than trying to stop the jobs from being destroyed in the first place. So, as the argument goes, the loss of manufacturing jobs is not of major concern – just as the agriculture economy was transformed by the manufacturing economy, the manufacturing economy, in turn, will be transformed by the service economy. They might be different jobs, and some workers might suffer from the displacement effects, but the necessary jobs will be created none-the-less.

Agrawal and Farrell (2003), noting the aging U.S. population, suggests that the U.S. will need 15.6 million more workers by 2015 to maintain both current living standards and the current ratio of workers to the total population. But, where will those jobs come from? What happens when the simultaneous impact of automation, mechanization, and computerization not only continues to eliminate manufacturing jobs worldwide (between 1995 and 2002 the U.S. lost 11%, Japan lost 16%, Brazil lost 20%, and China lost 15% of its manufacturing job base) but also begins to eliminate service jobs at an increasing rate?

THE PATH TO JOB DISSOLUTION

The U.S. economy is down about 2 million jobs since 2001, despite a government report of 308,000 jobs added in March, 2004. In an economy that by most measures – from soaring corporate profits to rapid growth in output – is in high gear, the lack of significant job growth may seem puzzling but only because the underlying reason often is not identified. Outsourcing, whether offshore or locally, plays a role; however, a major factor is the use of technology, which has allowed employers to increase productivity with fewer workers.

Much of the public's attention has focused on "offshoring" – the decision by U.S. companies to send work to countries such as India and China – as the culprit in the lack of new employment. Yet, it is estimated that offshoring accounts for only 10 percent of the jobs lost and would affect less than 2 percent of employed Americans (Drezner, 2004). Clearly, offshoring is not the real culprit in the lack of new employment. Companies have learned how to do more – produce more goods, service, and profits – with fewer workers by using technology more effectively.

Technology is being used to streamline and automate operations and reduce the need for labor, while also requiring remaining workers to do more. Those changes mean that companies can respond to increased demand without hiring – at least without hiring as many workers as in the past. Even as the economy grows, many companies reap benefits by rethinking how they use people and technology.

New jobs are essential to sustaining the economy. The United States needs 150,000 new jobs each month to keep pace with the growth in the labor force; this is 1.8 million new jobs each year. Since 2001, while about 2.8 million people have been added to the labor force, the economy is down about 2 million jobs. Thus, the economy has been unable to sustain a rate of job preservation, let alone job growth, to absorb the increase in the labor force.

The problem is not in the jobs lost to offshoring. In the global economy, those jobs are not "lost" they are simply shifted from one location to another. In fact, as Bednarz (2004) points out, under some conditions the "lost" jobs may "shift back" to the local economy. While such economic shifts can be difficult for the individual workers involved, the impact on those workers often is dealt with effectively. In a growing economy, the argument goes; the affected workers are simply absorbed by the new jobs created.

The greater problem is in the jobs lost to technology. The use of technology makes efficiency improvements possible without replacing employees whose jobs no longer exist. Those are jobs truly lost to the economy. This requires the economy to create an increasing number of new jobs: both for new entrants to the labor force and for those replaced by technology. The question is: under what conditions will the economy sustain those higher rates of job creation? Further, the affected workers likely will need retraining to take advantage of the new, more technology-oriented jobs being created. The question is: what skills will workers need for the new jobs being created?

For example, secretarial positions shrank from 3,702,000 in 1992 to 2,302,000 in 2000 while computer systems analyst positions increased from 695,000 to 1,742,000.(Bajaj, 2004) The direct consequence is that employees will be forced to learn new skills as positions are replaced by less expensive technology. One result is that as firms race to acquire new more "efficient" means for conducting business, employees race to acquire new knowledge or training that will make them less easily replaced.

STRATEGIC IMPLICATIONS

Those questions speak to the critical importance of environmental scanning and the need to explore further from conventional sources of information. Technological changes, and the concomitant opportunities and threats, can originate from places, both geographically and intellectually remote, from those traditionally considered. Both firms and workers need to be aware of what changes are taking place and the likely impact of those changes, either in firm operations or in employment possibilities.

As early as 1983, Retail & Distribution Management (a London retail industry periodical) quoted Donald Harris (director of computing at Tesco, a UK shopping club similar to Sam's Club or Costco) on the threat and opportunity of technology. Mr. Harris argued that unless care is taken, the advent of advanced systems essential to maintaining economic stability will create serious job losses and, consequently, social disruption. The primary reason is that, because of the employment of new technologies, the service sector will have a decreasing capacity to absorb the labor displaced from the manufacturing sector.

Gottinger (1990) argued that the growing use of technology in the industrial and service sectors is expected to have implications for the employment of labor. This will create widespread structural unemployment and a large number of permanently unemployed people. The adoption of new technologies also will cause a polarization of the workforce into categories of high-skilled and low-skilled workers. The intermediate range of jobs, vital for a sense of upward mobility, will nearly be eliminated. Finally, while new jobs may be created to help balance the losses, they likely will be in high-skilled areas and create a need for massive retraining programs.

Papaconstantinou (1995) echoes Gottinger and notes that many people hold new technologies responsible for the extensive job losses in a wide range of industries as well as for the growing gap between skilled and unskilled workers. Yet, he recognizes that technological change is central to the process of growth and employment creation. It is what allows increases in productivity and in real incomes. Further, it is clear that the most important issue is not on the impact of technology on job loss, but on the impact on the nature and organization of work and on occupational structure and skill requirements of jobs. Thus, the introduction of new technologies changes skill requirements and the distribution of jobs across different occupations.

Addison, Fox, and Ruhm (2000) addressed the effect of technology on labor displacement. They noted that, while prior research highlighted the importance of international trade and technology as sources of secular changes in wage inequality and unemployment, none focused on job displacement; a potentially important component that has received attention from policymakers and the public. Their analysis provides evidence that the risk of job loss is relatively high for workers employed in industries investing heavily in computer technologies and with high R&D employment intensity. This is an indication that such industries are able to substitute technology for labor in their workforce. A secondary finding of interest is that workers who use computers at work face considerably lower risk of job loss. They had not previously seen that result reported in the literature and they interpreted this as an indicator of skill-based technological change.

In Chabrow (2004), Gene Huang, chief economist at Federal Express, states that the economy is being transformed by the rapid adoption of IT and the Internet. Whereas historically new technologies often took a generation for their impact to be fully felt – the internal combustion engine for example – this is not so with IT and the Internet; their influence has been almost immediate. That rapid adoption plays havoc with job creation. Traditionally, job growth depended on economic cycles – as the economy grew, so did employment. But, recent job growth has slowed because of structural changes caused by IT-generated efficiencies. Huang said, "In purely cyclical adjustments you do expect labor to increase …" but "… with the infusion of IT, you have a different factor [creating] a different situation."

Givord and Maurin (2004) analyzed the changes in the risks of involuntary job loss in France between 1982 and 2002. They found that the risks were higher in the 1990s and in the 1980s. Using economometric analysis to separate the effects of institutional changes from the effects of new technologies, they show that job loss is significantly more pronounced in industries that have the largest share of R&D workers and the largest rate of new technology use. Their findings suggest that technological changes contribute to decreasing the incentive to keep workers for long periods of time and to increasing job insecurity.

This body of research indicates a need to be strategically aware of the impact of technology on both the firm and the individual. Firms will want to take advantage of the higher efficiency and greater cost controls possible when substituting technology for labor and they will want the higher profits that can be generated from such a strategy. Individuals will want to be aware of which jobs will be eliminated by technology, which jobs will be created by it, and what skills they will need to take advantage of the new jobs.

CONSEQUENCES FOR FIRMS

The strategic implications that technology imparts to firms is often a consequence of its interchangeability with other firm assets or its ability to provide a synergistic link with other firm activities. In some firms, technology is viewed as both a mechanism for and a means of increasing the overall efficiency of a firm's activities. Traditionally, one way to think of technology is that it provides the employee with the tools to become more efficient.

Alternatively, organizations are beginning to view technology as not only making the employee more efficient, but also as a mechanism for making the overall organization more efficient without the employee. It is this latter approach that may cause the greatest consternation among corporate critics because it implies that the employee is a disposable and readily replaceable component of a firm's business activities. It might be suggested however that employee replacement via technology is only an extension of firm behavior that initially began with the industrial revolution.

Perceptions that job loss due to the application of technology is somehow different now as compared to previous technology incarnations are not entirely correct. The industrial application of technology has always had as one of its side effects the ability to make some types of jobs disappear forever. After all, the Gutenberg printing press essentially decimated the illuminated manuscript business and the telegraph had a similar effect on pony express riders.

Technology supplanting individuals, as in ATMs, airline kiosks, automated ordering systems, self checkouts, etc., reduces overhead and improves productivity but also creates an increasing emphasis on efficiency rather than effectiveness. Although efficiency focuses on achieving results without wasted time or effort, and so can result in a much greater increase in productivity, effectiveness focuses on achieving competent results. While American consumers have been quick to applaud the faster service and lower prices resulting from technology's efficient productivity, they also complain about reduced levels of competence and customer service. Still, the effort appears to be away from effectiveness (employees) toward efficiency (technology).

This shift is directed at reducing the most uncontrollable component of a firms' cost structure, i.e., the employee. Health care cost increases alone dictate the possibility of employee reduction as one mechanism for increasing the overall efficiency of a firm. Thus, for example, banks can reduce relative costs, and increase controllability over their costs, by shifting from employee-staffed branches to ATMs. This can improve operational efficiency and result in lower (or fewer increases) in customer service charges. At the same time, this reduces the effectiveness of customer service; customers now do their own service. This strategy may be attractive because, from the customers' viewpoint, the gain in efficiency may be greater than the loss in effectiveness.

Competitive strategy is first and foremost about outperforming rivals based on differences that can be preserved. Merrifield (2000) argues that a sustainable competitive advantage is essential for survival in a hyper-competitive global marketplace. While operational effectiveness might be part of an overall strategy (TQM, Benchmarking, etc.), it cannot generally support a competitive advantage either alone or for long. That is because while operational effectiveness is necessary, it is not sufficient to meet the threats faced in a competitive marketplace. Superior profitability becomes more difficult to maintain as marginal improvements in operational effectiveness provides little advantage relative to rivals. Operational effectiveness also is insufficient because of competitive convergence – the more firms attempt to adapt the winning "strategies" of their competitors the more they look alike. Once the competitive level of effectiveness has been reached, efficiency becomes a driving force in a competitive strategy.

Thus, the essential strategy is to not only achieve competitive effectiveness but to achieve operational efficiency by choosing to perform activities differently from rival firms. For example, Southwest Airlines has maintained a competitive advantage over full-service airlines through the application of specific technologies to replace people and so to provide similar services at a lower or constant cost. Similar effects can be noted for Wal-Mart and UPS in their use of logistics technologies. It can be argued that technology-based advantages are short-lived because competitors can simply copy the technology. Indeed, that is true and explains, for example, why banks cannot compete on technology alone. But, it also explains why banks, to be competitive, must adopt the extant technology. Further, there is a significant difference between simply using technology and incorporating technology into a competitive strategy. That difference explains why full-service airlines – which simply add technology to an existing infrastructure – cannot compete effectively against Southwest Airlines – which uses technology strategically. For example, Southwest has closed three call centers, permanently displacing 1,100 employees, as 60 percent of its customers now reserve flights on the firm's website (Bajaj, 2004, 6D). Improved productivity is further reflected in the number of passengers that check in using kiosks or online connections. Even with increasing growth, Southwest has been able to maintain its employee levels, thus controlling costs while increasing productivity, which is a key component of Southwest's overall success.

FIRM BASED COPING BEHAVIORS

Firms need to address the consequences of new technologies and incorporate it into their strategic thinking. They can do so by looking sideways and encouraging cross-industry analysis of how technology is being developed and used. They can create and support corporate "Bumble Bees," intra-organizational technology hives similar to the "skunk works" of earlier times. Firms can recognize the limitations of traditional planning processes, which too often focus on extrapolations from the known past rather than expectations about the vague future. They can do so by encouraging a more distant early warning approach and by tracking technologies that have potential for systematic, economy-wide changes.

Consider, for example, the potential impact of RFID technology on logistics and distribution, among other areas. Wal-Mart has determined that all of its suppliers adopt this technology because it will significantly improve its distribution capabilities while reducing costs. Many of Wal-Mart's suppliers, although they will meet the imposed deadlines (Lacy, 2004), are resisting the adoption of this technology; claiming it is too expensive or too complex to be implemented at this time. However, firms – even if they are not yet affected by Wal-Mart's decision – which recognize the importance of RFID as a systemic-change technology will be able to incorporate it into their strategic thinking and be able to, when necessary, integrate it into their own operations.

Firms must decide not only to embrace new technologies but also to adjust their attitudes toward their employees likely to be affected by the technologies. Employees must be viewed as strategic assets of the firm. Firms that can utilize new technologies while enabling their employees to adapt will be better positioned than those than do not. Firms should empower employees to become part of the technology process through adaptation, training, or some other mechanism. As Table 1 indicates, the use of technology requires a shift in behaviors, and consequences. Firms need to view new technologies as factors that "help" their employees do a better job or to do a job with greater efficiency. Employees need to view new technologies as factors that improve their ability to get "the job done." Technology is merely a tool. As such, it may not guarantee the creation of new jobs but it need not become the wedge that always results in job loss.

Table 1
Firm Behavior

Old Behavior	Old Consequences	New Behavior	New Consequences
Enhance skills only when forced by customers, etc.	Employees lose effectiveness and efficiency.	Promotes ongoing skill enhancement.	Employees remain effective and become more efficient.
Avoid new trainings expenses whenever possible.	Employee obsolescence tolerated.	Actively provides opportunities to acquire new skills.	Employee viewed as an upgradeable resource.
Views training as a necessary evil.	Avoids training efforts whenever possible.	Views training as a competitive necessity.	Seeks new mechanisms for improved training.

In order to cope with the introduction of new technology, firms must adopt a more aggressive approach to seek out new technologies and implement them when and where appropriate. Although not all inclusive by any means, there are three primary coping mechanisms that all firms ought to use. The first coping tool is awareness. Firms tend to become complacent with their current approaches to business and fail to consider the possibilities of what new technologies might bring to bear on their business models. The organization must encourage a more generalized awareness on the part of its employees that they are a critical part of the technology alert system for that organization. Rather than maintain a single technology contact for the organization, the firm should adopt a more organic structure that allows individual employees to seek, find, report on and, in some cases, implement technology improvements in their respective areas. Since few organizations can look in all directions at the same time, allowing more employees the latitude to look around provides a larger base of technology screeners to search for ways that might help the organization be more efficient or effective. More critically, it places part of the technology search problem squarely on those most likely to be impacted by technology changes. If handled properly, a firm could seek out and explore a variety of technology opportunities and threats at a relatively low cost in different areas simultaneously at a significant advantage both to the individual doing a specific job as well as to the firm.

The second coping tool, beyond simple awareness, is a more structured approach to evaluating specific technology changes that will likely impact the firm or its operations. It is very difficult to predict the implications of revolutionary technology (but see the discussion that follows). It is, however, fairly easy to identify evolutionary changes in technology that will affect a firm and/or its business. Natural progression is often a good starting place for a company to evaluate the implications of changing technology on its operations. For example, speed and capability have increased steadily with succeeding generations of communication technology. Therefore, an obvious technology issue for any organization, where communication is a crucial component of its activity, is to evaluate the implications that faster speed and greater capability will have on those operations. Banks should not have been surprised when customers, desiring the convenience of on-line banking, wanted more information in real time to take advantage of their always-on broadband connections. It should not have been a surprise because it was clear that the evolution of high speed communications was progressing across an array of service businesses, including financial institutions. Convenience as provided by precursor technologies such as bank's ATM experiences should also have prompted an awareness that customers would expect additional services sooner rather than later. Failure to recognize the evolutionary impact of one's own technology is frequently due to the lack of a structure to assess implications as changes occur. Without a structured assessment, it is difficult for an organization to put its own technology in perspective much less new technology that may enhance or supplant it.

The third coping tool is more problematic. An organization must consider radical innovations. These are problematic because their importance often goes unrecognized initially. One of the best examples is that of the Internet itself. Although a compilation of technologies, the Internet was initially viewed as almost irrelevant to most businesses. Yet, within a relatively short period, it became critical to business operations ranging from supply chain management to direct sales. Access to information alone has made it a mandatory part of virtually all organizations' communication strategies. Organizations both large and small failed to visualize how a technology tool such as the Internet might and probably would impact their businesses. It was not that for a lack of information. There were many sources that suggested new opportunities and threats would result. The problem is more an attitude that refuses to accept that radical innovations are actually more common than one might anticipate and that they create an environment in which "business is different." The truth is that no business is immune to the implications of technological change. The lack of awareness that many firms have toward technology is therefore compounded by an unsupported belief that somehow their organization or firm is immune to its effects. Without a systematic approach, that goes beyond the evolutionary, to reflect on what the organization is doing, could do or might do in terms of radical technological opportunities and/or threats that belief can be a barrier to a thoughtful strategic response. The general consequence is an organization that either ignores or minimizes the implications of radical technologies on their operations. You can not plan for things that you do not consider. Planning for radical change is crucial to being prepared. Even if you miss the exact technology, you are in a better position to adapt if you embrace the possibility that some technology as yet unspecified will require a significant strategic response.

IMPLICATIONS FOR THE FUTURE

Technology is neither good nor bad. It is a tool like any other than can be used poorly, well or for purposes in between. The key is to recognize that regardless of what people might think they would prefer technological job dissolution or change is a fact of life. As jobs done by hand were replaced by jobs done by machine during the industrial revolution, we are now watching jobs once done by people now being replaced by technology.

The U.S. Department of Labor (2004) reported its predictions for occupational outlook for the ten year period 2002 – 2012 and, where appropriate, compared the predictions with actual results from 1992 – 2002. The U.S. Department of Labor has a series of summary charts that have been selectively used to illustrate several areas where technology may lead to job loss and those areas where technology may lead to job creation. The trends that may be observed from the graphic presentation of Department of Labor data should not be overstated but they are quite clear in their implications. The role that technology is and will continue to play in both job loss and creation is readily apparent although it exact form can be expected to remain somewhat ambiguous.

OBSERVATIONS AND CONCLUSIONS

First, the percent change in the population and labor force indicates growth in the labor force is expected to exceed population growth during 2002 – 2012. (Source: Chart 1 from APPENDIX U.S. Department of Labor, Bureau of Labor Statistics Bulletin 2540: Occupational Outlook Handbook, 2004-05 Edition, June 2, 2004). That is, job growth should be sufficient to meet demand. The questions are, what kinds of jobs will be created – and which types will be eliminated? The jobs projected to grow the most, either in percent change in employment or in the largest numerical increases tend to fall in two major categories: personal services and technology. The personal services area includes health care, teaching, and retail or distribution services (clerks, waiters, truck drivers, etc.). (Source: Chart 7 & 8 from APPENDIX U.S. Department of Labor, Bureau of Labor Statistics Bulletin 2540: Occupational Outlook Handbook, 2004-05 Edition, June 2, 2004). These are jobs that, at present, cannot be eliminated by technology. However, they might be significantly changed by technology, which may change the skill set necessary to do those jobs. The technology area primarily includes those who will develop the new technology applications of the future (software engineers, database administrators, systems analysts, etc.). These, of course, are jobs being created because of technology and will require higher skills than the jobs they replace.

The areas of projected job declines are essentially support positions. These include reductions in agriculture (farmers and ranchers) and certain manufacturing sectors (textile workers) as technology continues to enable those industries to produce more with fewer workers. However, of interest, are the service sector jobs in decline (word processors, secretaries, computer operators, telephone operators, Postal Service employees, order clerks, travel agents, etc.). These are jobs that are being replaced by technology (including those where technology enables offshoring). (Source: Chart 9 from APPENDIX U.S. Department of Labor, Bureau of Labor Statistics Bulletin 2540: Occupational Outlook Handbook, 2004-05 Edition, June 2, 2004). The U.S. Department of Labor study states:

> *The majority of the 20 occupations with the largest numerical decreases are office and administrative support and production occupations, which are affected by increasing plant and factory automation and the implementation of office technology that reduces the needs for these workers. For example, employment of word processors and typists is expected to decline due to the proliferation of personal computers, which allows other workers to perform duties formerly assigned to word processors and typists.*

These changes will not happen quickly; many of the jobs being replaced by technology will be available for a number of years. However, most of those jobs will grow at much slower rates and a large percentage of their needs will be for replacement workers, which also will slow over time. The number of jobs due to growth and replacements needs by major occupational groups shows that both service and professional jobs will maintain both high growth rates and high replacement rates. However, almost all of those jobs will be in areas that will require a bachelor's degree or higher. The mid-level jobs in office, sales, and management will experience much slower growth rates due to the impact of technological replacement. (Source: Chart 10 from APPENDIX U.S. Department of Labor, Bureau of Labor Statistics Bulletin 2540: Occupational Outlook Handbook, 2004-05 Edition, June 2, 2004). Finally, technology will continue to significantly reduce job growth and replacement needs in transportation, production, construction, and agriculture. The implications for firms and prospective employees are clear. Technology will continue to evolve and in so doing create conditions that necessitate constant change. Firms must change to remain competitive and employees must change to remain employable. It will be to each one's advantage to recognize that the nature of the workplace has forever been altered.

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TOPICS IN SMALL BUSINESS: A LITERATURE REVIEW

Roger Higgs Western Carolina University
Robert Dennis Patenotte, Festiva Resorts
higgs@wcu.edu

ABSTRACT

Small businesses are extremely important to both the U.S. and world economies. The Office of Advocacy of the Small Business Administration defines a small business for research purposes as "an independent business having fewer than 500 employees." According to this office, small firms represent 99.7 percent of all employer firms and employ half of all private sector employees in the United States. They have generated 60 to 80 percent of net new jobs annually over the last decade, and they produce 13 to 14 times more patents per employee than larger firms. Given the importance of small business to both the U.S. and world economies, there should be a great deal of attention devoted to research on small businesses. To ascertain the current state of research, a literature review was conducted. This review can lead to an improved understanding of the research to date and also act as a stimulus for future research.

COMPARING MARKETING AGGRESSIVNESS OF VLEs AND SMEs IN CREDIT UNIONS

Larry P. Pleshko, Kuwait University
larrypleshko@hotmail.com
Inge Nickerson, Barry University
inickerson@mail.barry.edu

ABSTRACT

The paper presents an empirical investigation comparing strategic profiles of very large enterprises (VLEs) to small and medium sized firms (SMEs) in the financial services industry, collecting data from a sample of executives at credit unions. The authors show VLEs to be larger and to exhibit more marketing aggressiveness than SME firms. In particular, VLE firms are more likely than expected to implement a Prospector or Analyzer strategy, while SMEs are more likely than expected to use a defender strategy. Also, VLE firms are more likely than expected to use more extensive product-market growth strategies, while SME firms are more likely than expected to stick to current markets and products for growth. It appears that size is a critical factor regarding the implementation of marketing strategy in the financial services industry.

INTRODUCTION

The purpose of this paper is to examine empirically the relationship of organizational size to the strategic marketing profiles of firms in the financial services industry. In particular, very large firms (VLEs) are compared to small and medium size firms (SMEs) across four marketing strategy decision areas: initiative or aggressiveness, strategic type, product growth, and market growth. The size of an organization often is viewed as a surrogate for the many detailed dimensions of an organization's structure and related decision making patterns (Pugh et al. 1968). Therefore, we may expect important strategic profile differences between VLE and SME firms, which in turn may provide guidance to managers and other interested parties for future strategy decisions.

Inconsistencies in the findings from previous empirical studies point to a conclusion that an acceptable strategy will depend on the situation (Provan 1989). But, the question of how the size of firms relate to strategy has seen renewed interest in the past decade, as the globalization patterns of large corporations impacts the survival of smaller firms in various countries around the world (Hutchinson et al 2005, Pan and Li 2000). This is especially relevant since the trend in a variety of industries is to fewer but larger firms (Daniels et al 1988). Additionally, many recent investigations have shown that small firms exhibit differences from larger firms on a variety of factors, which may or may not influence performance (c.f. Taymaz 2005, Pompe and Bilderbeek 2005, Acar et al 2005, Van Biesenbroeck 2005).

VLEs AND SMEs

Organizational size is a characteristic of the firm representing how large or small a firm might be. It is measured in a variety of ways depending on the industry under study, including the total sales, number of employees, or asset-holdings of firms (Calof 1993, Joaquin and Khanna 2001). Size is an important research variable as it often exhibits an association with the major characteristic descriptors of decision making outcomes: organizational structure, strategy, and performance. In particular, it is widely accepted nowadays that small and large firms differ in many ways, not limited to the availability of funds for activities and management styles and objectives (Beaver 2003). These differences may result in divergent paths to success or failure in many industries.

The literature points to firm size as a determinant of company strategy as indicated by distinctive group membership, but with no clear conclusions evident as to which is better. Size appears to have some influence on innovation or export activities, but there is question as to whether it is more advantageous to be of large or small size (Bilkey 1987, Ekanem 2000, Wolff and Pett 2000). The findings from other studies suggest no relationship between size and strategy (Francis and Colleen 2000, Leonidou and Katsikeas 1996). This may be due to the presence or absence of other important variables, such as experience or market knowledge, for example (Edmund and Sarkis 1986).

INDUSTRY AND SAMPLE

In the financial services industry, credit union executives are the target of the survey. Data for the study are gathered from a statewide survey in Florida of all the credit unions belonging to the Florida Credit Union League (FCUL). Membership in the FCUL represents nearly 90% of all Florida credit unions and includes 325 firms. A single mailing was directed to the president of each credit union, all of whom were asked by mail in advance to participate. A four-page questionnaire and a cover letter, using a summary report as inducement, were included in each mailing. Of those responding, 92% were presidents and 8% were marketing directors. This approach yielded one hundred and twenty-five useable surveys, a 38.5% response rate. A Chi-squared test of the respondents versus the sampling frame indicates that the responding credit unions are significantly different from the membership firms based on asset size (Chi-sq=20.73, df=7, p<.01). Further analysis of the sample indicates that the smaller asset groups are under-represented.

MEASURES

Firm Size is included as the primary focus of the investigation. Size is oftentimes viewed as a proxy for many other organizational characteristics and has an integral impact on firms' activities (c.f. Pugh et al 1968). In particular, asset size (ASIZE) is the indicator used to represent size of credit unions. Firms are self-classified by marking the box next to the appropriate asset size category and then an approximate ratio-level indicator, ASIZE, is derived from the categories. The largest size category, $50M or above, represents a minimum size for the largest firms. Therefore, the actual size of the largest firms may be much higher. The size of each credit union is assigned to be the midpoint of the self-selected category. This procedure provides an acceptable size estimate when accumulated over an entire sample. ASIZE, therefore, has a possible range from $250,000 to $50,000,000, a mean of $18,000,000, and a standard deviation of $17,121,020. Firms with asset size holdings of $50M or more (the category with largest assets) are considered to be very large firms (VLEs), while all other firms are considered to be small and medium sized enterprises (SMEs). VLEs represent 13.7% (17/124) of the firms, while SMEs total 86.3% (107/124) of the credit unions. The average asset holdings for VLEs are at least $50M, while the holdings of the SMEs are $13.2M: VLE credit unions are approximately four times as large as the SME firms.

Marketing initiative (SMI), or aggressiveness, is conceptualized as inclusive of six relevant areas related to marketing strategy: products, advertising campaigns or other promotions, pricing changes, distribution ideas, technology, and markets (Heiens et al 2004). Respondents are asked to evaluate on a scale from [1] not true to [5] true whether their firm is 'always the first' to take action regarding the six items. A principle axis factor analysis indicates the six items load highly on a single factor explaining approximately 67.9% of the original variance in the items. An overall indicator of strategic marketing initiative is constructed by summing the six items. A reliability estimate is found to be .902 using coefficient alpha. SMI has a range from six to thirty, a mean of 13.7 and a standard deviation of 5.7. On the average then, credit unions do not exhibit large amounts of marketing initiative.

Measurement of *strategic type* (M&S) is at the nominal-level of response categories, using the Miles & Snow's (1978) typology. The respondents self-classify the firms into one of four groups: defenders, prospectors, reactors, or analyzers. The respondents are asked to indicate which description most closely matches their firm's strategy. The group descriptions are derived from previous studies common to the literature (McDaniel and Kolari 1987). The actual descriptors are shown in the appendix. The results indicate that 37.8% (45/119) are defender firms, 5.0% (6/119) are prospector firms, 44.5% (53/119) are analyzer firms, and 12.6% (15/119) are reactor firms.

Product growth (PGROW) is actually service growth in this study and, as outlined by Ansoff (1957), focuses on either [1] existing services, [2] new services, or [3] both existing and new services. Firms are self-classified in relation to their attempts at fostering growth by checking the box next to the appropriate descriptor. Respondents could check either of [1] we emphasize services presently offered by the firm, or [2] we emphasize services new to the firm. They could also check both of the boxes, indicating they use both new and current services for growth. One hundred seventeen respondents answered the question with 54% (64/117) classified as focusing on existing services, 14% (17/117) classified as emphasizing new services, and 30% (36/117) classified as using both new and existing services in their efforts at growth.

Market growth (MGROW) focuses on either [1] existing market segments, [2] new market segments, or [3] both existing and new market segments. Firms are self-classified, in relation to their attempts at fostering growth, by marking the box next to the appropriate descriptor. Respondents could check either or both of [1] we target market segments presently served by the firm, or [2] we target market segments new to the firm. One hundred thirteen respondents answered the question with 65% (74/113) classified as focusing on current segments, 11% (13/113) classified as emphasizing new segments, and 23% (26/113) classified as targeting both new and existing market segments in their efforts at growth.

ANALYSIS AND RESULTS

Cross-tabulation analysis is used to determine if very large firms (VLEs) differ from small and medium firms (SMEs) across the four marketing strategy decision areas. Table 1 shows the results of this analysis.

From the table, it is shown that VLEs differ from SMEs on all four areas of marketing strategy, with VLEs being more aggressive than SMEs in each instance. Regarding the strategic type (M&S) differences (p=.013), SMEs are more likely than expected to be Defender firms, while VLEs are more likely than expected to be Prospectors or Analyzer firms. Regarding the marketing initiative (SMI) differences, SMEs are more likely than expected to have low levels of initiative, while VLEs are more likely than expected to have high levels of initiative. Regarding product growth (PGROW) differences, VLEs are more likely than expected to use both current and new services for product growth, while SMEs are more likely than expected to use only current services for product growth. Regarding market growth (MGROW) differences, VLEs are more likely than expected to target both current and new markets for growth, while SMEs are more likely than expected to derive growth from only current markets.

Table 1
Size Group Profiles: Crosstabs

variable / group	VLE	SME	X^2	'p'	finding
M&S					
Prospector	3	3	10.7	.013	VLE=aggressive
Analyzer	10	43			SME=conservative
Defender	2	43			
Reactor	2	13			
PGROW					
Current	5	59	10.7	.005	VLE=aggressive
New	1	16			SME=conservative
Both C&N	11	25			
MGROW					
Current	7	67	10.1	.006	VLE=aggressive
New	1	12			SME=conservative
Both C&N	9	17			
SMI					
LOW	3	58	8.0	.005	VLE=aggressive
HIGH	14	48			SME=conservative

DISCUSSION AND IMPLICATIONS

The primary purpose of the paper is to present a strategic profile of both very large firms (VLEs) and the smaller to medium size firms (SMEs) in the financial services industry. Specifically, the author investigates differences between VLEs and SMEs across four of marketing strategy decisions which pertain to aggressiveness or activeness. It is shown that VLE firms are more aggressive than SME firms on all four areas under study. VLEs are more likely than expected to be Prospectors or Analyzers, emphasize both new and current markets for growth, offer new services/products to go along with the current line, and to exhibit higher marketing initiative. In other words, VLEs are much more active in terms of marketing, and these actions are broader and more aggressive than those of SME firms.

The next question is how these findings relate to performance of the firms. It is likely that VLEs spend more money and effort (being aggressive) than SMEs adapting to the environment and implementing new marketing programs in hopes of taking advantage of extant opportunities. The additional expenditures might not lead to improvements for ROI and ROA. Therefore, successful firms that want to make more money may simply try to grow larger, given the average returns in this sector of the industry.

On the other hand, since most firms in this study show relatively small levels of initiative to begin with, but above average emphasis on customers, it may be a relatively easy step to invest a bit more money and time towards more aggressive marketing activities. This would an ideal strategic move, especially if the additional efforts led to increased performance. After all, the entire industry, as would be expected in this type of high-involvement service environment, is heavily focused on serving and keeping customers, as they are the mainstay or the business.

It may be that both of these possibilities are relevant in the industry. There was a wave of consolidations in the credit union sector, and financial services in general, during the past twenty years, which led to larger and more aggressive institutions (Wilson and William 2000, Kaushik and Lopez 1996). Research does support this, showing that, in both Britain and the United States, asset holdings rose dramatically throughout the 1990s (Kaushik and Lopez 1996).

CONCLUSIONS AND LIMITATIONS

The paper studies financial services firms to determine if the strategic profiles differ based on the size of the firm. In particular, the authors investigate how very large firms (VLEs) differ from other firms (SMEs) in a sample of executives at credit unions in the USA. The findings suggest that VLEs and SMEs exhibit differences across four marketing strategy decisions pertaining to aggressiveness. VLEs are more likely than expected to be Prospectors or Analyzers, emphasize both new and current markets for growth, offer new services/products to go along with the current line, and to exhibit higher marketing initiative.

Caution should be used when generalizing findings of this study to other firms, whether in products or services industries. One-shot studies during a single time period are often myopic when investigating strategies. Hatten et al (2004) find that the effects of strategies evolve over time and that it is the implementation of the strategy which is truly important, rather than the classification of the strategic type. Generalization to other firms in the financial services industry outside of credit unions might not be appropriate, as the sectors of this industry are very different.

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International Academy for Case Studies (IACS)

SELECTION OF A CURRENCY REGIME FOR PALESTINE

Vaughn S. Armstrong, Utah Valley State College
Cody G. Boydm, University of Illinois
Norman D. Gardner, Utah Valley State College
armstrva@uvsc.edu

CASE DESCRIPTION

This case deals with currency regimes, that is, a country's arrangements regarding to be used in the country. The objective is to introduce students to the different currency regimes that are possible and to the advantages and disadvantages of each and the mechanisms used to regulate currency value, as well as to provide them with additional experience researching international topics on the internet, especially information available through the International Monetary Fund and the World Bank.

The case is appropriate for use in an international economics or international finance class. Some aspects, e.g., those that deal with managing currency value, may be of interest to an advanced macroeconomics class. The case has a difficulty level of four. It may take from one or three class hours for discussion, depending on the students' background in international parity conditions, the role of a central bank in management of money supply and interest rates, and the macroeconomics of tax policy, industrial policy and trade, and the extent to which the instructor wishes to explore these areas as part of the discussion. Students will require four to six hours of preparation time.

CASE SYNOPSIS

One decision a country must make is what type of currency regime it will adopt. That decision and the world's response to the stability or weakness of the country's currency can dramatically affect the country's economy and the lives of its citizens.

In the last several years, there has been considerable activity as countries have changed or adjusted their currency regimes. Students are likely to be aware of some of those changes; e.g., the euro has replaced the national currencies of twelve European countries; Ecuador, El Salvador and East Timor have "dollarized" and use U.S. currency rather than issuing their own currencies; Argentina abandoned its currency board, adopting a floating currency regime. In 2005, China adjusted its U.S. dollar "peg" (the value at which it maintains the yuan and Turkey revalued its lira (1 new Turkish lira = 1,000,000 old Turkish lira). Students may also be aware that the Gulf Cooperation Council countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates) plan to unify their currencies in 2010. However, although students have likely heard of the "gold standard" and of floating exchange rates, they will not generally be familiar with the variety of exchange rate regimes from which a country can choose, nor with the factors that affect the decision. (Many will not even be aware that currently no country's currency is linked to gold).

This case presents those issues in the context of a hypothetical future independent state of Palestine. Should a Palestinian state actually be formed (as appears increasingly likely), the question of an appropriate currency regime is one that must be answered. This case allows students to evaluate the same question that policy makers governing Palestine will consider.

EMPLOYER LIABILITY FOR DISCRIMINATION COMMITTED BY NON-EMPLOYEES

John Hoft, Columbus State University
Hoft_John@colstate.edu
Neal F. Thomson, Columbus State University
Thomson_Neal@Colstate.edu

CASE DESCRIPTION

The primary subject matter of this case sexual harassment. This case has a difficulty level of three to four, and is appropriate for an upper division, undergraduate level. This case is designed to be taught in one class hour, and is expected to require two to three hours of outside preparation by students.

CASE SYNOPSIS

This case examines the limits of employer responsibility for sexual harassment of their employees. Title VII of the Civil Rights Act of 1964 prohibits discrimination based on race, color, religion, sex or national origin. Sexual harassment is considered sex discrimination, and is prohibited under this act (Meritor Savings Bank v. Vinson, 1986). A majority of employers are well aware that sex harassment by supervisors and co-workers is an unlawful employment practice that will subject the employer to vicarious liability (Harris v. Forklift Systems, Inc., 1993). Not so well known is the fact that sex harassment by non-employees such as independent contractors, customers, clients, and suppliers will also subject the employer to exposure for discrimination liability (Lockard v. Pizza Hut, Inc., 1998). The following case presents basic information about non-employee sexual harassment law, followed by several vignettes. In each case, students are to evaluate the vignette, determine whether sexual harassment has taken place, and whether the employer can be held liable for the discriminatory acts of non-employees.

INTRODUCTION

Sexual harassment is generally subdivided into two types. The first, which involves explicit demands for sexual behavior in exchange for favorable treatment in some work aspect, is often called Quid Pro Quo sexual harassment. This type of sexual harassment can only be perpetrated by a company employee in a supervisory position capable of taking a tangible employment action for or against the victim of discrimination (Mendoza v. Borden, Inc., 1999). The employer is strictly liable if a tangible employment action resulted from the supervisory harassment (Johnson v. Booker T. Washington Broadcasting Service, Inc., 2000). The second type of sex discrimination is often referred to as environmental sexual harassment. The criterion for environmental sexual harassment is somewhat less clear. Environmental sexual harassment is described as hostile work environment discrimination and can be perpetrated by supervisors, co-workers and non-employees. Any sexually offensive behavior, which is so severe or pervasive that it interferes with the employee's ability to do her job and creates an abusive working environment, may be the basis for environmental sexual harassment (Meritor Savings Bank v. Vinson, 1986). The key element is whether the hostile work environment is sufficiently severe or pervasive that it alters the conditions of the victim's employment and unreasonably interferes with her job performance (Allen v. Tyson Foods, 1997). It is difficult to conclusively define what actions create a hostile work environment. Everything from sex oriented jokes, to bikini calendars, to stories told at the water cooler, have been alleged to be harassment, at one time or another, but the courts are vigilant about assuring that Title VII does not become a mere "general civility code" (Faragher v. City of Boca Raton, 1998). Title VII does not prohibit all verbal or physical harassment in the workplace (Oncale v. Sundowner Offshore Servs. Inc. 1998). However, an employer is liable for environmental discrimination when the harassment is sufficiently severe or pervasive and causes an abusive working environment and the employer knew or should have known of the harassment and failed to take remedial action (Breda v. Wolf Camera & Video, 2000). Confounding the issue of employer liability for sex discrimination even further is the fact that not only can employers be vicariously liable for discrimination perpetrated by its employees and supervisors, employers can also be held liable for the actions of third party non-employees (Folkerson v. Circus Circus Enterprises, Inc., 1997).

As part of its Guidelines on Discrimination Because of Sex, the EEOC has addressed employer liability for the acts of third-party non-employees in Section 1604.11(e) which provides:

An employer may also be responsible for the acts of non-employees, with respect to sexual harassment of employees in the workplace, where the employer (or its agents or supervisory employees) knows or should have known of the conduct and fails to take immediate and appropriate corrective action. In reviewing these cases the Commission will consider the extent of the employer's control and any other legal responsibility which the employer may have with respect to the conduct of such non-employee.

More information about this topic can be found at the U.S. Equal Employment Opportunity website that contains, among other things, Guidelines on Discrimination Because of Sex (1980) and Policy Guidance on Current Issues of Sexual Harassment (1990).

THE CASES

You have recently been hired as a member of an HR department, at a large multinational corporation. Among your duties is dealing with EEOC compliance. After a recent training program, dealing with the issue of environmental sexual harassment, your office has received several new complaints. Your job is to review each complaint, and decide how to deal with it.

Complaint 1 - The employee sales rep and a customer.

Susan is a sales representative for the wholesale beer and wine portion of your company's operations. It is her job to meet with the owners/managers of stores, restaurants, bars, liquor stores and other retailers who sell the company's products. Many of these businesses are run by people with little formal management training, and varying degrees of professionalism. In this instance, Susan has filed a complaint, alleging that one of the customers she serves, the owner of a local tavern, has made inappropriate advances, has repeatedly made vulgar sexual comments, and ogled her mercilessly when in the same room. She has repeatedly responded by turning down his advances, while trying not to be too harsh, as he is a long-term customer, and the company would not want to lose his business.

Complaint 2 – The employee maintenance personnel and an independent contractor.

Sam is a full time employee and a member of your clean-up and maintenance department. Your facilities include a lunchroom with vending machines that are serviced by an independent food vendor, Aramark. Aramark is a separate and distinct entity from your employer. Aramark employee, Mertisse Wilson, is assigned to service the vending machines in your company lunchroom. Aramark employees are supervised, disciplined and paid by Aramark and your company does not have the right to fire an Aramark employee. Part of Sam's duties includes keeping the lunchroom clean and sanitary. Sam and Wilson frequently come into contact with one another in the company lunchroom while each performs their respective duties. Ms. Wilson repeatedly directed sexual language and offensive conduct toward Sam in the workplace. During the past two months approximately every two weeks Ms. Wilson would very explicitly invite Sam to engage in several different types of sexual behavior, while she would touch herself inappropriately in Sam's presence. Sam promptly made complaints about Ms. Wilson's conduct totaling 20 verbal complaints and more than seven written complaints. Sam's immediate supervisors laughed at him and made no attempt to correct Wilson's behavior.

Complaint 3 - Employee receptionist encounters a supplier.

Mary is the receptionist for your employer and works at a desk in the reception area of your facility. Two male employees of a supplier with whom your company has not done business visit your facility on a cold call and encounter Mary at the reception desk. The men are rowdy and one made sexually offensive comments to her such as "I would like to get into your pants" and the other touched her breast. Mary ran away and the two men left. Mary has threatened to file a complaint with the EEOC for hostile work environment sexual harassment because your company failed to take corrective action after this incident.

Complaint 4 – Public Relations Employee Raped by Client.

Jane is employed by your employer as a public relations specialist in a position that required her "to develop an ongoing business relationship and contacts with potential clients in order to obtain and retain corporate business". One of your corporate clients is Starbucks Corporation and its Director of Human Resources, Mr. Guerrero, informed Jane that he was contemplating sending more business to your employer. Jane had two business lunches with Mr. Guerrero in the spirit of fostering good will. This month, Jane accepted Guerrero's invitation to discuss the account at a restaurant. After eating dinner with Guerrero and having a couple of drinks, Jane suddenly became ill and passed out. She awoke to find herself being raped by Guerrero in his car. She fought him off and jumped out of the car, but again she became violently ill. Guerrero put her back in the car and took her to his apartment where he raped her again. Afterward, he showered and drove her to her car. Jane was initially afraid to report the rape because she was concerned that the episode might impair your company's efforts to obtaining the exclusive Starbucks account. However, nine days after the incident Jane reported the rape to Ms. Jones, a vice-president, and your company's harassment complaint-receiving manager. Ms. Jones commiserated with Jane but told her that it would be best for Jane to "put it behind her", to receive therapy, and discontinue working the Starbucks account. Despite being removed from the Starbucks account your company's president continued to inquire of Jane about progress on the account. Finally, Jane told your president about the rape. The president told Jane he did not want to hear about it and then told her that her salary was being reduced effective immediately.

QUESTIONS- ANSWER THESE FOR EACH CASE

1) Do the actions detailed in this complaint constitute environmental sexual harassment, that is, is this scenario sufficiently severe or pervasive to alter the terms and conditions of your employee's employment and create an abusive working environment?

2) Does your employee express a basis upon which your company can be held liable for the harassment?

3) What could your employer do, if anything, to reduce its exposure for liability for discrimination?

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STORE OWNERSHIP OR A CORPORATE CAREER?

Sara B. Marcketti, Iowa State University
sbb@iastate.edu
Joy M. Kozar, The University of Southern Mississippi
joy.kozar@usm.edu

CASE DESCRIPTION

The primary subject matter of this case concerns Libby Rogers, a new graduate of Midwest State U., who is considering two career options: purchasing a retail business in her hometown or accepting a marketing representative position at a well-known textile and apparel corporation in the Eastern United States. Secondary issues examined include: the identification of successful strategies to market and sell apparel merchandise. The case has a difficulty level of two to three, appropriate for sophomore and junior level students. The case is designed to be taught in one class hour and is expected to require zero outside preparation by students.

CASE SYNOPSIS

Libby Rogers will be graduating in May with a B.S. degree in fashion merchandising and a minor in marketing. Libby has lived in the same, Midwestern town, since she was born. Libby's goals since she was a small child include having a successful career in the apparel industry and maintaining a loving family-life. Libby is considering two career options as she nears graduation.

The first opportunity would involve Libby buying an established women's boutique in her hometown. Libby has worked at "Estelle's" since she was 16 years old. Estelle, the proprietor, is nearing retirement and is hoping that Libby will consider purchasing the business. "Estelle's" sells women's bridge lines, and caters primarily to women over the age of 60. Although the boutique has had an excellent reputation in the local marketplace, "Estelle's" has performed rather poorly in recent years. Libby believes the decline in sales is due to Estelle's poor merchandise selections for the last several seasons, her acceptance of only cash or checks, as well as the lack of promotion of the business. Libby knows that if she bought Estelle's that a significant amount of time, energy, and financial resources, would be needed to turn the business around and make a profit again.

Libby's second option would be to accept a position as a marketing representative for a well-known textile and apparel corporation in the Eastern United States. The position would allow Libby to utilize her merchandising and marketing skills that she acquired in college. Although the company is rumored to not be overly supportive of women executives, Libby is confident that her education and abilities would enable her to quickly climb the corporate ladder. The company has given Libby one week to consider their offer and Estelle is also anxious for her to make a final decision.

PROPERTY RIGHTS IN CYBERIA - A STUDY OF "INTENT" AND "BAD FAITH": A CASE STUDY IN THE ADVENTURES OF CREATING PROPERTY RIGHTS IN CYBERSPACE

Donavan Ropp, California State University, Bakersfield
dropp@csub.edu
Brian McNamara, California State University, Bakersfield
bmcnamara@csub.edu
Henry Lowenstein, California State University, Bakersfield
hlowenstein@csub.edu

ABSTRACT

The primary objectives of this Case Study is to address the dynamics and challenges of harmonizing present day business practices that may be impacted by traditional legal concepts, identifying current government/international organization regulatory initiatives that influence Internet policy, and coordinating case law principles that have application to resolving business disputes pertaining to "Cyberspace Property" status and other related property activities on the Internet. This Case Study provides primary subject matter insights into complexities of intellectual property rights as related to Cyberlaw principles and E-Business activities that have been profoundly effected by recent technology changes. Another important aspect within the framework of this environment of changes are the continuing dynamics of Internet oriented commercial activities and its effects on managing and conducting business transactions, both locally and globally. In this instance, intellectual property rights, commercial activities, and the business transaction process are directly related to each other and have profound effects on business outcomes.

Secondary issues examined in this Case Study pertain to numerous "ethical dilemmas" created by commercialization of advancements in technology and, again, the effects that such "changes" have on law and the business community. Also, within the context of intellectual property issues, U.S. Constitutional issues and criminal activities will be evaluated. Additionally, student preparation for the Case Study is exclusively assigned to On-line legal research activities.

This Case Study has the difficulty level of two or three, and is suitable for sophomore and junior course work in "Legal Environment of Business" or "Business Law." It is also applicable to various specific topics within E-Business/E-Commerce curricula (e.g. E-Marketing, E-Law, E-Strategy/Policy among others). Primarily, it is designed as a supplement and update to materials introduced in textbook chapters relating to intellectual property and Internet law. This Case Study may be taught in a cumulative four-hour class session(s) and requires four hours for student preparation.

MARGARET'S GARDEN SHOPPE: A REALISTIC SIMULATION OF ACCOUNTING FOR SMALL ENTITIES

Andrew D. Schiff, Towson University
aschiff@towson.edu
Margaret C. Smith, Chatman-Smith Consulting
margaretcsmith@comcast.net

CASE DESCRIPTION

The primary subject matter of this case addresses the unique accounting requirements of small entities. Over 58% of new accounting graduates hired by CPA firms join those with fewer than 50 professional staff members, and over 38% join CPA firms with fewer than 10 professional staff members [AICPA, 2005]. Many of these regional and local firms provide accounting services to small business clients, whose transactions, accounting systems and needs can differ significantly from those of larger firms which are the primary focus of most textbooks. Learning how to respond to the unique accounting requirements of smaller entities can improve the ability of future accountants to maintain the records of these organizations accurately and efficiently, thereby reducing the likelihood of cost overruns and client dissatisfaction. This comprehensive case study, which is based on nearly 15 years of actual accounting and consulting experience, has been extensively classroom-tested among students of all levels of ability and educational attainment. It has a difficulty level of two, appropriate for sophomore level courses. It is designed to be taught in two to three class hours, and is expected to require four to six hours of outside preparation by students.