

JOURNAL of ENTREPRENEURSHIP EDUCATION

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Edited by

Robin Anderson

University of Portland

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LETTER FROM THE EDITOR

Welcome to *The Journal of Entrepreneurship Education*, an official publication of the **Academy of Entrepreneurship**®, dedicated to the study, research and dissemination of information pertinent to improvement of methodologies and effectiveness of entrepreneurship education, including those principles of the free enterprise system necessary for the moral practice of entrepreneurship. The editorial board of JEE is comprised of both academic scholars and CEOs of many of America's best businesses. This bridging of theoretical excellence and applied excellence will result in a compilation of meaningful knowledge which will lead to excellence in entrepreneurship education.

The editorial board considers three types of manuscripts. First is empirical research which examines the many facets of entrepreneurship and which expands the body of knowledge of entrepreneurship education. Second, case studies that have a demonstrated effectiveness and bring new perspectives to entrepreneurship education are considered. Third, manuscripts which document successful applied innovations in entrepreneurship education are solicited. Included in each issue of JEE are the first place awarded winning educational activities selected from submissions from Students In Free Enterprise Sam M. Walton Fellows at the 660 universities with SIFE teams. These educational projects are blind reviewed by editorial board members with only the top programs in each category selected for publication, with an acceptance rate of less than 5%.

This issue of *The Journal of Entrepreneurship Education* is divided into three sections. The first section is led by Brooke Envick's award winning paper, *Entrepreneurship Programs Versus Traditional Business Programs: Understanding Different Needs*. The second section consists of applied papers, including a case study by Asbjorn Osland and Howard Feldman. The third section is comprised of the award winning projects at the 1999 Students In Free Enterprise International Exposition. These are presented as successful models with potential for wide replication.

Future issues of *The Journal of Entrepreneurship Education* will also focus on leading edge innovations in entrepreneurship education. For example, the University of Portland's Center for Entrepreneurship is developing a new program in Sustainable Entrepreneurship, an interdisciplinary program which looks at sustainable business practices, waste stream management and resource utilization as tools for creating competitive advantages in new and emerging ventures. A special issue on Sustainable Entrepreneurship is in the planning. The editorial board is very interested in other emerging topics and issues as well.

A special thank you goes to Students In Free Enterprise for the funding of *The Journal of Entrepreneurship Education*. SIFE's mission is to provide college students the best opportunity to make a difference and to develop leadership, teamwork and communication skills through learning, practicing and teaching the principles of free enterprise. *The Journal of Entrepreneurship Education* is a component of the realization of that mission.

If you, as a professor, are interested in becoming a SIFE Sam M. Walton Fellow or, if your university does not have a SIFE team, you can learn more about SIFE at www.sife.org. Currently, I am directing the SIFE-Global operations outside of North America, with new national organizations in nearly 20 countries. SIFE is an excellent pathway for international research, faculty and/or

university linkages and interactive student learning activities. In the next five years, we project more than 1,000 universities outside of the United States will have SIFE teams. Please contact me with any questions or comments about SIFE-Global.

We are actively soliciting papers for the third issue of *The Journal of Entrepreneurship Education* and encourage you to submit your paper to:

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Thank you for your interest in *The Journal of Entrepreneurship Education*.

Respectfully,

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THEORETICAL AND EMPIRICAL MANUSCRIPTS

Manuscripts which appear in this section of the *Journal of Entrepreneurship Education* represent literature extensions. The Editorial Board judges such manuscripts on their ability to advance the entrepreneurship education literature from a theoretical and/or empirical perspective.

Winner of a Distinguished Research Award in the Academy for Students in Free Enterprise at the 1998 Allied Academies International Conference in Las Vegas, *Entrepreneurship Programs Versus Traditional Business Programs: Understanding Different Needs* by Brooke R. Envick of St. Mary's University of Texas, identifies the attributes and distinctive needs of entrepreneurship majors versus those skills required by the traditional business majors. Results indicate that critical and strategic thinking skills are significantly more important for entrepreneurship majors than for traditional business majors.

Nationalism, Free Enterprise and National Resource Allocation Priorities by David E. Blevins of the University of Arkansas at Little Rock, examines how sovereign nations, regardless of their political ideology, allocate and/or attempt to influence how their resources are used. This study assesses the perceived existing resource allocation priorities and compares them with the preferred priorities. Disparities between existing and preferred priorities provide early warning signals of political unrest. In both free enterprise and other economies, these findings have rather direct implications on political risk assessments.

The Growth of Free Enterprise in Russia in the Last Decade written by Alexander Kashin of Saint Louis University and Jack L. Sterrett and Roy Farris both of Southeast Missouri State University, attempts to examine the growth of free enterprise that took place in Russia during the last decade as well as to summarize and to provide some general understanding of what has happened, why, and how. In addition to the history of free enterprise in Russia and the socioeconomic factors that led to its growth, the evolution of attitudes toward free enterprise activities in the society and of the Russian work ethic, as well as legislative and economic changes which facilitated the growth in free enterprise activities are reviewed.

ENTREPRENEURSHIP PROGRAMS VERSUS TRADITIONAL BUSINESS PROGRAMS: UNDERSTANDING DIFFERENT NEEDS

Brooke R. Envick, St. Mary's University of Texas

ABSTRACT

As more colleges and universities offer entrepreneurship courses and degree programs, more effort should be placed on identifying their distinct needs. In the current study, practicing entrepreneurs ranked 18 attributes and skills for entrepreneurship majors and traditional business majors. Almost all of the attributes are considered moderately important for both groups of students. However, important differences exist. Results indicate that critical and strategic thinking skills are significantly more important for entrepreneurship majors than traditional business majors. Several other differences are present.

INTRODUCTION

Approximately, one out of every 25 adults is currently trying to start a new business (Reynolds, 1994), and small businesses account for 97% of all businesses in the U.S. and over half of the workforce (Keats and Bracker, 1988). Therefore educational needs for entrepreneurs are more important today than ever. Bates (1994) found owner education level to be one of the dominant traits that contribute to firm viability. An emphasis toward education is apparent with approximately 400 business schools offering courses in entrepreneurship and/or a concentration in the area (Lord and Westfall, 1996). *Success* magazine continues to publish the top 25 entrepreneurship education programs each year. The top five for 1998 include the University of Southern California, DePaul University, the University of Pennsylvania, UCLA, and the University of Arizona.

While entrepreneurship, as an academic discipline, has gained the respect it previously lacked, it is unique from other business degrees. The purpose of this paper is to identify important differences in specific attributes and skills that are taught to traditional business majors versus entrepreneurship majors.

LITERATURE REVIEW

Prior to the current generation of entrepreneurs, education was not as important as it is today due in part to information technology and global markets. However, several scholars have called for a different approach to entrepreneurship education than traditional business curriculum. Pietrucha (1996) asserts that a corporate business education is not entirely

appropriate for an entrepreneurial education. Traditional business education stresses conservatism, while entrepreneurship should emphasize innovation and creativity. Kuehn (1995) contends that, because of changes in the marketplace and increasing student diversity, traditional approaches to preparing students for the workplace are inappropriate for entrepreneurship degrees and perhaps other business areas as well. Relf (1995) posits that if entrepreneurship curriculum is modeled after traditional business curriculum, it will lose its relevance.

Active involvement in the business community is one important factor for success in entrepreneurship education. Johannesson (1995) found that small business consulting projects contribute significantly to the students understanding of the environment, information technology, and organizational control in small businesses, small business culture and ethical values, the small business management decision-making process, and entrepreneurship in general. Students in Free Enterprise (SIFE) is a good example of learning beyond the classroom. SIFE is a partnership between higher education and business whose primary objective is to promote an improved understanding of economic issues among college and university teams through experiential, entrepreneurial activities (Anderson and Payne, 1997).

Some scholars have begun the process of identifying specific differences between entrepreneurship and traditional business education. Ball and Shank (1995) conducted a study that identified the business functions most important to small business success. They include finance and accounting, management, and marketing. Gresham and Franklin (1996) explored several conceptual skills to determine their importance for graduates working for small versus large organizations. These skills fell into broad categories that include problem-solving ability and communication, diversity and flexibility, technology, legal and political issues, and ethics. The findings indicate differences do exist. Alumni working for large employers felt diversity, technology, and legal and political issues were significantly more important than did alumni working for small employers, who felt accounting, marketing, and finance were most important. Gresham and Franklin (1996) conclude that a traditional business core that emphasizes corporate education is not completely adequate for students who intend to start their own businesses.

THE CURRENT STUDY

The current study continues the process of distinguishing between entrepreneurship and traditional business education by focusing on 18 student attributes and skills. These attributes and skills are not specific business functions such as marketing, management, and finance. They can be taught in any degree program and in any course.

While all are important, the purpose of this study is to determine which ones are *most* essential for entrepreneurship majors compared to traditional business majors. The attributes and skills include:

Understanding of historic and current business concepts.
--

Skills in critical and strategic thinking.
--

Competent writing skills. Competent oral presentation skills. Creativity in problem solving. Awareness of changing demographics. Awareness of cultural diversity. Sensitivity to environmental issues. Awareness of evolving technologies. Awareness of global issues. Vision of social responsibility. Appreciation of business morals, ethics, and values. Dealing with personal and business responsibilities. Desire to continue to learn. Spreadsheet/database skills. Quantitative skills. Working as a team member. Interpreting financial statements.

METHODOLOGY

The Chamber of Commerce of a large southwestern city provided over 2,500 names and addresses of entrepreneurs located in and around the city. Three hundred entrepreneurs were randomly selected from this list to participate in the study. Sixty-eight usable surveys were obtained (23%). Demographic information for the respondents is presented in Table 1.

The survey asked entrepreneurs to rate the importance of each attribute and skill on a 7-point Likert scale (1 = not important at all; 4 = moderately important; 7 = extremely important) for two groups of students, entrepreneurship majors and traditional business majors. The opinions of entrepreneurs were used because they are knowledgeable about each group of students. Since they are entrepreneurs themselves, they understand what attributes and skills are needed to be a successful business owner. They also have employees, and therefore understand what attributes and skills are necessary for traditional business majors who will work for someone else.

Mean scores were used to rank the attributes and skills from most important to least important for each group of students. The data was also analyzed using t-tests to determine if significant differences exist between entrepreneurship majors and traditional business majors for each attribute and skill.

Table 1		
Demographic Information of Participant Entrepreneurs		
Number of Participants:	68	
Mean Business Age:		24
Mean Number of Employees:		304
Number of Franchises:		7
Type of Business		
Manufacturing:		3
Retail:		27
Service:		38
Average Current Yearly Sales:		
		\$31,018,529
Legal Form of Business		
Sole Proprietorship:		8
Partnership:		14
Corporation:		46
Entrepreneur Education Level		
Highschool:		5
Bachelors Degree		41
Masters Degree	18	
Doctoral Degree		2
Unknown:		2
Gender of Entrepreneur		
Male:		46
Female:	22	

RESULTS

Table 2 reports the mean score rankings of all attributes and skills for entrepreneurship majors. All are considered at least moderately important.

Table 2	
Mean Score Ranking for Entrepreneurship Majors	

Attribute/Skill	Mean	SD
Top one-third		
Skills in critical and strategic thinking	6.759	.471
Creativity in problem solving	6.621	.813
Dealing with personal and business responsibilities	6.586	.726
Appreciation of business morals, ethics, and values	6.483	.863
Desire to continue learning	6.414	.726
Competent oral presentation skills	6.310	.922
Middle one-third		
Interpreting financial statements	6.241	1.144
Bottom one-third		
Competent writing skills	6.207	.969
Awareness of evolving technologies	5.966	.898
Understanding historic and current business concepts	5.690	1.273
Awareness of changing demographics	5.483	1.173
Quantitative skills	5.393	1.056
Bottom one-third		
Spreadsheet/database skills	5.345	1.358
Vision of social responsibility	5.121	1.285
Working as a team member	4.862	1.801
Sensitivity to environmental issues	4.690	1.547
Awareness of cultural diversity	4.655	1.702
Awareness of global issues	4.310	1.327

Table 3 reports the mean score rankings of all attributes and skills for traditional business majors. All are considered at least moderately important, except for awareness of global issues and skills in critical and strategic thinking, which fell just below the 4.0 (moderately important) ranking.

Table 3		
Mean Score Ranking for Traditional Business Majors		
Attribute/Skill	Mean	SD
Top one-third		

Working as a team member	6.414	.937
Competent writing skills	6.241	.904
Appreciation of business morals, ethics, and values	6.207	.969
Desire to continue learning	5.862	.981
Dealing with personal and business responsibilities	5.828	1.157
Competent oral presentation skills	5.724	1.348
Middle one-third		
Creativity in problem solving	5.293	1.124
Spreadsheet/database skills	5.241	1.261
Awareness of evolving technologies	5.034	1.256
Quantitative skills	4.857	1.034
Interpreting financial statements	4.828	1.546
Understanding historic and current business concepts	4.759	1.233
Bottom one-third		
Vision of social responsibility	4.345	1.384
Awareness of changing demographics	4.241	1.204
Awareness of cultural diversity	4.224	1.556
Sensitivity to environmental issues	4.069	1.543
Skills in critical and strategic thinking	3.879	1.077
Awareness of global issues	3.724	1.348

Table 4 summarizes the significant differences found between the mean scores of entrepreneurship majors and traditional business majors using unpaired t-tests. Only those attributes and skills with a p-value of less than .0001 are reported.

Table 4			
Significant Mean Differences Between Entrepreneurship and Traditional Business Majors			
Attribute/Skill	EM Mean	TBM Mean	p-value
<i>More Important for Entrepreneurship Majors</i>			
Skills in critical and strategic thinking	6.759	3.879	<.0001
Creativity in problem solving	6.621	5.293	<.0001
Dealing with personal and business responsibilities	6.586	5.828	<.0001

Interpreting financial statements	6.241	4.828	<.0001	
Awareness of evolving technologies		5.966	5.034	<.0001
Understanding historic and current business concepts		5.690	4.759	<.0001
Awareness of changing demographics		5.483	4.241	<.0001
<i>More Important for Traditional Business Majors</i>				
Working as a team member		4.862	6.414	<.0001

CONCLUSIONS

The results of this study clearly indicate that all 18 attributes and skills are important for all business students regardless of major. However, it is also apparent that certain ones should be emphasized more depending on the students' major. For example, skills in critical and strategic thinking ranked number one for entrepreneurship majors, while it ranked number 17 for traditional business majors. And working as a team member ranked number one for traditional business majors, while it ranked number 15 for entrepreneurship majors. Many other differences exist, which can be seen in the tables two, three, and four.

Entrepreneurship courses and degree programs should reflect the unique needs of entrepreneurship majors. They cannot follow or be centered on traditional corporate education curriculum. All of the attributes and skills discussed in this paper can be taught in almost any course. They are not business function specific. For example, you can teach critical and strategic thinking skills in marketing, management, finance, accounting, and human resource management courses along with many other courses. The business functions are important for entrepreneurship majors, because they must understand all of them in order to be successful. But while they are learning these business functions, they should also be improving those skills and attributes found to be most important such as creativity in problem solving, dealing with personal and business responsibilities, and gaining an appreciation of business morals, ethics and values along with several others.

It is also interesting to note that the mean score of all attributes and skills combined for entrepreneurship majors is 5.730, while it is only 5.043 for traditional business majors. This indicates that entrepreneurship majors need more knowledge and skills than a traditional business major. They must know more because they will have more business responsibilities incur more risks than a traditional business major. The question is, are we adequately preparing them for these challenges?

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NATIONALISM, FREE ENTERPRISE AND NATIONAL RESOURCE ALLOCATION PRIORITIES

David E. Blevins, University of Arkansas at Little Rock

ABSTRACT

Sovereign nations regardless of their political ideology, allocate and/or attempt to influence how their resources are used. One nation may encourage investment for present production and consumption; another may encourage investment for future production and consumption; yet another may attempt to find a balance between these extremes. This study assesses the perceived existing resource allocation priorities and compares them with the preferred priorities. Disparities between existing and preferred priorities provide early warning signals of political unrest. Specifically, if citizens of a nation perceive their nation's resources to be allocated in the appropriate manner, nationalistic sentiments will be strong. If, however, the citizens perceive a difference between the way the resources are allocated and the way they should be allocated, then the seed exists for growing anti-nationalistic sentiment.

Results indicate subjects prefer: more dispersal of economic power, more investment in future rather than present, more self sufficiency rather than trade, more even level of development across country, more preservation rather than exploitation of resources, the status quo with respect to the market system and welfare, the status quo with respect to human resources development versus physical resources development, the status quo with respect to employment versus technical efficiency, more private rather than public sector emphasis, and more civilian economy emphasis rather than military buildup. In both free enterprise and other economies, these findings have rather direct implications on political risk assessments.

INTRODUCTION AND TERMINOLOGY

We tend to think of nations as being geographically defined because they are outlined neatly on maps. Similarly, earlier nations tended to be defined in terms of the geographic area the nations' armies could defend. Such a geographic conceptualization is not universal. Some nations have existed without defined geographic boundaries. For example, in Islam there is no fundamental distinction between nation and religion nor between religion and politics. There is a tendency among many people, Islamic or not, to refer to the "Moslem world," as if it were one nation. And, in what is now the United States, a group of indigenous people may sometimes be referred to as, for example, the Sioux nation.

In the East, there is a tendency to attribute nationalities according to descent of parents. Hence, one might have been born and lived all of one's life in Malaysia and be Chinese. In biblical times, the nations were the non-Jewish; the Gentiles. And, today, among Mormons, the gentiles are the non-Mormons. In some countries, there are groups of people who are treated as

if they are not really "nationals" of those countries, for example, "Greeks" in Turkey, "Turks" in Greece, Kurds in several countries, and so on.

Perhaps the biggest catalyst for the formations of the European nation-states was war and its consequences rather than philosophical considerations and social tendencies (Kennedy, 1987). However, given the present state of affairs in the former Yugoslavia, wars, philosophies, and social tendencies may be virtually inseparable.

In this paper we frequently use the term nationalism. We could just as well have used the term patriotism. Neither term accurately describes the issue we wanted to address. Both terms are too strong and have strong connotations. The phrase, extent of agreement with what the government is doing, would probably better describe the issue we are addressing. Strong agreement would lead to strong patriotism or nationalism. Similarly, strong disagreement might also lead to strong patriotism or nationalism.

We chose to use the less cumbersome term, nationalism, because it is the term frequently used to describe the devotion of citizens of developing countries to their nation state. In the United States, there is presently a rather large group of people who disagree with how the government is allocating its resources. We are not sure that lack of nationalism is a proper way to describe this present disagreement. Should the disagreement be accompanied by a perceived lack of remedy, as might be the case if the situation persisted for a long period of time, then lack of nationalism would be one predicted result. Hence, we chose to use the term, nationalism, despite its strong connotations.

Some nations are more cohesive than others. In most nations, citizens are expected to show an allegiance to their country. If they do not, they may be accused of treason, a betrayal of their country. At the other extreme, when nationals exhibit a strong devotion to their nation, we may say they are nationalistic. When citizens appear to show virtually no emotion one way or the other, we may say they are apathetic. We sometimes have a difficult time deciding whether one has betrayed his or her country or has shown a great devotion to it.

A prime example of such ambiguous times were the sixties when draft card burning, fleeing to Canada, and demonstrating against the system might be interpreted as betraying the country or working to save it, depending on one's belief about the legitimacy of the Vietnamese War. Some think Colonel Oliver North showed a great devotion to his country. Some think he did not. Some think President Clinton did not show a great devotion to his country. Some think he did. Some think flag burning is an illustration of a country's strength; others think it is an indication of its deterioration.

We should not assume that nationalism is something which is irrational even though it sometimes appears to be an ethereal, mystical, will-o'-wisp sort of idea (Robinson, 1978). As noted above, nationalism may at times be defined in terms of loyalty to geographically defined states, at other times in terms of loyalty, for example, to a religion. Today, in the geographic area formerly called Yugoslavia, ethnic groupings seem to be the criteria used to define nations.

However conceptualized, created, and nurtured, nationalism is frequently felt to be a necessary, though maybe not sufficient, factor to ensure the survival of a nation state. Nationalism, helped along by the legal system, keeps nationals paying taxes albeit sometimes only reluctantly. Devotion to our nation keeps us believing and supporting actions taken in the

interest of national security or humanitarian actions, for example in Vietnam, Somalia, the Middle East and the former Yugoslavia. Depending on how our nationals are treated when carrying out such actions we may agree or disagree with allocation of resources for the purpose of helping other countries. For example, opinions regarding our allocation of resources to help Somalia probably changed when we saw our nationals mistreated on television. We are not asserting that agreement with the way a government allocates resources is the same thing as nationalism.

In this paper, nationalism is defined as loyalty to, identification with, or devotion to one's country (Cf. Ball and McCulloch, 1996). An agreement on, or at least a toleration of, a set of national resource allocation priorities is a necessary condition to ensure the existence of nationalism. As a minimum, it is usually assumed that we must at least agree on the system of arriving at a certain allocation. For example, the U.S. system which many Americans agree on is the free enterprise system.

A large disparity between existing and preferred allocations would lead us to predict political problems for the incumbents even though the opponents may not have a better set of resource allocation plans. In such cases, we say the voters cast "protest" votes. For example, in the recently created CIS, some say the present anti Boris Yeltsin sentiments might not be votes against the free enterprise market system for allocating resources; rather, these sentiments may be "protest" votes, sort of "throw the bums out" mentality. Some Russians blame free enterprise and call for a return to communism and a command economy.

The source of a major part of nationalism is the extent of agreement or shared beliefs of a nation's citizens regarding the allocations of the nation's resources. That is not to say everyone must agree on these allocations. There can be widespread disagreement on a given allocation at any particular time. However, there needs to be some degree of agreement on at least the *system* used to arrive at a given allocation. In an increasing number of countries, *part* of that system is the market system albeit there are some setbacks such as the one just cited in the CIS. However, even in the most capitalistic free enterprise systems, there exists a rather heavy influence from the political system. Many resource allocations are not made on the basis of market forces. For example, our social support systems result in allocations made on the basis of forces other than market forces. The hallmark of an effective political system is one which has created patriotism, devotion, and nationalism, and effectively kept pluralistic differences from disintegrating the nation.

Even avid conservative capitalists recognize some need for some government regulation. Direct reallocation of resources based on forces other than market forces are sometimes justifiable to avoid untenable disparities of living standards and concentrations of wealth and power which might lead to disintegration of the system. When nationalism is strong, citizens in an otherwise free enterprise system will support or at least tolerate allocations of resources on bases other than the free enterprise market system. Again, the hallmark of an effective political system is one which keeps pluralistic differences from disintegrating a nation. However, most political systems rely on the strong nationalism of its participants.

PURPOSE

As noted above, sovereign nations allocate their resources in different ways. For example, one nation may encourage investment for present production and consumption; another may encourage investment for future production and consumption; yet another may attempt to find a balance between these extremes.

The primary purpose of this study was to assess the perceived existing resource allocation priorities and compare them with the normative priorities. It was assumed that the extent of agreement of these "is" versus "ought" assessments of resource allocations would provide one measure of the potential threats to nationalism. These disparities would, in a sense, provide early warning signals of political unrest, a tendency to disintegrate. From this perspective, the assessment of the disparity between existing and normative priorities is one step toward political risk assessment.

Specifically, if citizens of a nation perceive the nation's resources to be allocated in the appropriate manner, nationalistic sentiments will be strong. If, however, the citizens perceive a difference between the way the resources *are* allocated and the way they *should* be allocated, then the seed exists for growing anti-nationalistic sentiment.

It is not assumed that this measure is all there is to nationalism. Nationalism has many more dimensions. However, dissatisfaction with the allocation priorities will not bode well for political stability. In some countries, dissatisfaction with resource allocations is expressed in the voting booth. In others, this relatively peaceful expression of dissatisfaction is not an option. Rather, revolutions and coups are considered to be the only viable options.

METHODOLOGY

The subjects were business students in a large southeastern state-assisted university. We chose students as the population to sample because, especially since the sixties, college students have become the bellwethers of societal issues. Though not necessarily recognizing them as authoritative or even knowledgeable sources, we have come to expect college students to willingly express their opinion on such matters. We also have come to expect them to actively attempt to change matters they do not like.

We chose business students, in particular, because we assumed they would be more conscious of the economic effects of the resource allocations they would be asked to assess. Also, intuitively, we expected business students to be more conservative than students in liberal arts. Hence, we assumed any finding of a discrepancy between "what is" and "what ought" among business students (given the nature of our questionnaire) would be magnified if liberal arts students were used. In other words, we specifically wanted the opinions of conservative students. We assumed that any dissatisfaction found among these conservative students in a conservative area of the country, would be found in a greater amount in more "liberal," "progressive," or "activist" subjects in more liberal colleges and/or areas of the country.

More than 230 juniors and seniors completed the questionnaire shown in Exhibit 1. The number of subjects varied with the various scales on the questionnaire but was never less than 230.

Exhibit 1. NATIONAL RESOURCE ALLOCATION PRIORITIES QUESTIONNAIRE

Sovereign nations allocate resources in different ways. For example, one nation may encourage investment for present production and consumption; another may encourage investment for future production and consumption; yet another may attempt to find a balance between extremes. On the scales below, please:

1. Place an X on the five-point scale where you think the United States' allocation priorities *are* presently located.
2. Place a O on the five-point scale where you think the United States' allocation priorities *should* be located.
3. Distribute 100 points according to the relative importance of each of the 10 development policies by placing a number between 0 and 100 to the left of each. Make sure these numbers sum to 100.

Relative Importance	X = How resources are presently allocated.	O = How resources ought to be allocated.
	1	2 3 4 5

	Disregards Concentrated	Emphasizes Dispersed
--	-------------------------	----------------------

1.	_____	Economic Power, e.g. Large Companies _____ Small/medium Companies			Economic Power, e.g.
----	-------	---	--	--	----------------------

		Invests for Future Production and _____			Invests for Present Production and _____
--	--	---	--	--	--

2.	_____	Consumption _____ Emphasizes Achieving International			Consumption _____ Emphasizes Achieving Independence and
----	-------	--	--	--	---

3.	_____	Interdependence _____ Disregards Geographic			Self Sufficiency _____ Encourages Even Level
----	-------	---	--	--	--

		Concentration of _____			Of Development _____
--	--	------------------------	--	--	----------------------

4.	_____	Companies _____ Emphasizes Exploitation			Across Country _____ Preserves Environmental
----	-------	---	--	--	--

5.	_____	of Resources _____ Bases Consumption On Ability to Pay			Integrity _____ Assures a Given Level of Consumption
----	-------	--	--	--	--

6.	_____	Market System) _____ Emphasizes Human			(e.g. Welfare) _____ Emphasizes Physical
----	-------	---------------------------------------	--	--	--

7.	_____	Resource Development _____ Emphasizes Full			Resource Development _____ Emphasizes Technical
----	-------	--	--	--	---

8.	_____	Employment _____ Emphasizes Private-			Efficiency _____ Emphasizes Government-
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9.	_____	Based Sector _____			Based Sector _____
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	Emphasizes Very Strong	Emphasizes Strong
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10.	_____	Military Buildup _____			Civilian Economy _____
	Total=100		1	2	3 4 5

RESULTS

Results of the survey are presented in Table 1. The table presents the relative importance as well as the rankings of existing versus preferred allocation priorities for each of the ten questions.

Question	Importance	Means		Significance	
		Is	Ought	T	Level
1	9.31	2.82	3.59	-9.74	.000
2	12.38	3.24	2.92	2.92	.004
3	11.07	2.99	3.63	-6.34	.000
4	6.54	2.66	3.68	-10.79	.000
5	8.71	2.83	3.96	-11.96	.000
6	9.06	3.01	3.07	-.49	.626
7	9.46	3.11	3.07	.47	.638
8	11.76	3.12	3.21	-.84	.401
9	8.77	3.11	2.83	3.00	.003
10	14.67	2.51	3.26	-8.66	.000

Results are presented in Table 1. Relative to their perception of the existing position of the United States on these ten scales, these subjects prefer:

<div style="border: 1px solid black; padding: 5px; display: inline-block;"> -more dispersal of economic power, e.g., small rather than large companies </div>
<ul style="list-style-type: none"> -more investment in future rather than present -more self sufficiency rather than trade -more even level of development across country

-more preservation rather than exploitation of resources
-the status quo with respect to the market system and welfare

-the status quo with respect to human resources development versus
physical resources development

-the status quo with respect to employment versus technical efficiency
-more private rather than public sector emphasis
-more civilian economy emphasis rather than military buildup

IMPLICATIONS FOR BUSINESSES

These results will have different implications for different firms. For example, firms with operations which have a strong negative environmental impact should seriously consider these subjects' responses to Scale 5. And political leaders should seriously consider Scale 5 responses when attempting to attract firms to invest in this country. Defense contractors would be interested in the responses to Scale 10. Scale 2 responses might be viewed as supporting political decisions to improve this country's infrastructure. Business firms producing goods used in the development of infrastructure, such as the author's former employer, Caterpillar, Inc., would probably interpret the Scale 2 responses as supportive of their industry. However, equipment manufactured by Caterpillar is also used in extraction activities. These activities are frequently viewed as having a negative impact on the environment. Hence, responses to Scale 5 would be of interest. Generally, again, responses would affect different firms differently. And, it would behoove a firm to predict how various resource allocation priorities, both actual and preferred, would affect their business.

Perhaps the most use for these results would be in the development of nation-state profiles. Business firms could construct and use these profiles to judge the attractiveness of a nation as a potential host nation. One of the most important factors influencing the decision to invest in a nation is the nation's political stability. Stability is probably more important than form of government. Hence, monitoring the resource allocation perceptions over time would provide businesses with leading indicators of instability.

As indicated earlier, although many factors influence nationalism, opinions regarding the appropriateness of the national resource allocation priorities are at the roots of one's nationalistic spirit. In the United States, improvements of health, education, and welfare of our citizens are presumed to be appropriate national goals. It is generally expected that the national government should allocate resources in such a manner that these important national goals will be realized. There are frequent disagreements as to whether and to what extent the national government should directly provide health, education, and welfare benefits. However, there is little controversy with respect to allocating resources for the purposes of creating an environment conducive to attainment of these goals.

The resource allocation priority scales used in this study address the really basic priorities of a nation. Specific business firms should develop more specific scales describing more specific activities. For example, for Scale 5, a firm would want to know the specific actions a nation takes to preserve environmental integrity. These specific actions are usually indicated in national laws and regulations and, hence, are available in secondary information sources. Frequently not available in secondary information sources are the opinions of the populace. These opinions are important because they can indicate the degree to which laws and regulations are implemented and enforced relative to the extent to which they should be implemented and enforced. Admittedly, obtaining these opinions would require the expensive collection and interpretation of primary data.

The resource allocation priority scales we used in this study addressed the really rudimentary priorities of a nation. Our data are only a snapshots of the subjects' perceptions of these fundamental priorities at one point in time. Results would be much more meaningful if they could be compared with results obtained in other nations and/or by observing changes in perceptions within one nation over a period of time.

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THE GROWTH OF FREE ENTERPRISE IN RUSSIA IN THE LAST DECADE

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ABSTRACT

During the past ten years, Russia has experienced an unprecedented growth in free enterprise. From a state with no private enterprise allowed, hostility toward free enterprise, and with a state-planned economy, Russia has been transformed into a country with over 80 percent of its labor force working in private enterprises which produce 85 percent of the country's industrial output.

This article attempts to examine the growth of free enterprise that took place in Russia during the last decade. This growth has indeed been a complex process affected by multiple social, cultural, historical, and economic factors. The article does not attempt to describe the process of the growth in free enterprise in all its complexity and detail. Rather, it is an attempt to summarize and to provide some general understanding of what has happened, why, and how.

Examined within is the history of free enterprise in Russia and the socioeconomic factors that led to its growth. In addition, the evolution of attitudes toward free enterprise activities in the society and of the Russian work ethic, as well as legislative and economic changes which facilitated the growth in free enterprise activities are also reviewed. Further, problems encountered and potential threats to free enterprise activities in the future are also presented.

FREE ENTERPRISE IN RUSSIA PRIOR TO 1986

Before the growth in Russian free enterprise is discussed, a careful examination must be made of the state of free enterprise in Russia prior to 1986, as well as the conditions present that created favorable fast growth in free enterprise activities.

Unlike the situation in most Western countries, those attempting free enterprise in Russia throughout most of its history were considered to be an inferior class within the society (Guroff & Carstensen, 1983). During the czarist period, merchants were considered to be members of the lower class when compared with the nobility or officers. Profit-making activities were supported neither by the state nor by the masses. The spirit of free enterprise nevertheless existed in czarist Russia, but it took a different form—one more of a political nature (Guroff & Carstensen, 1983). One example of political free enterprise is that of Peter the Great. Probably

his most noticeable characteristic was his passion for innovation. Peter visited Western Europe numerous times to learn of the latest developments. Shipbuilding, in particular, caught his interest. He implemented change in the Russian empire by building a modern fleet and modern cities, such as St. Petersburg, by supporting trade and education, and by modernizing society. Many of those institutions were built from scratch. Peter constantly had to fight the resistance of Russian society toward change and modernization, often relying on outside support in doing so.

It was not until the late 19th and early 20th centuries that free enterprise in the Russian empire started to emerge in its capitalist sense. This was the time when Russia began to enter the early stages of capitalism, and the growth in free enterprise was facilitated by a number of important factors. To begin with, peasants were granted their independence and were ultimately allowed to own land. This led to the creation of a new, strong, hard-working class of farmers. The early 20th century is still known as the most productive period in Russian agriculture, when at one time it supplied grain to over one-third of the world (Vucinick, 1968). Secondly, Russia entered the period of industrial growth. A number of factories were built throughout Russia, mainly specializing in processing Russia's rich natural resources. New Russian industrialists were perhaps the most powerful group interested in free enterprise and who, in many cases, attempted to influence the government to create better conditions for free enterprise activities (Guroff & Carstensen, 1983). Thirdly, trade itself had begun to grow rapidly. As the industrial output increased, so did importing and exporting. Russian traders also took advantage of Russia's geographical location as a gateway between the East and the West. It must be noted that the growth of free enterprise has occurred in spite of strong resistance from the Russian government and nobility who insisted on the old ways of doing things (Guroff & Carstensen, 1983).

The Russian capitalist did not flourish for very long, however. The socialist revolution of 1917 put an end to capitalist venturing and was the beginning of almost seventy years of oppression, including the destruction of most free enterprise efforts. Soviet leaders had sought to ensure that the planned command system would endure forever to ensure that the market system would be suppressed (Goldman, 1994). Industry, agriculture, and service providers were nationalized. "Kulacks," the most competent, productive, and entrepreneurial group of farmers that emerged at the beginning of the 20th century, were, in effect, eliminated in the 1920s and 1930s by Stalin's regime. Any commercial activity aimed at personal gain, such as private trade, was severely curtailed. Millions of independently thinking, hard-working and innovative people were killed or imprisoned during Stalin's repressions of the 1930s through the 1950s. The centrally planned and highly monopolistic economy was built. It discouraged competition and was oriented mainly toward military and industrial production while ignoring consumer needs.

Although the Soviet system did persecute private enterprise, the spirit of free enterprise still existed in the Soviet Union, but in a different form and under certain constraints and restrictions (Hisrich & Grachev, 1993). The incentive system was different in the Soviet economy. Soviet philosophers and leaders believed that moral incentives, such as contributing to the well-being of the people, were better motivators than material rewards. High income, therefore, was unacceptable by normal socialist standards. The lack of material incentives and

little or no wage differentiation have resulted through the years not only in a decrease in innovation, but in significant deterioration of the Russian work ethic. The lack of autonomy and independence was yet another constraint. Those individuals interested in free enterprise did not have the power to create new structures or enterprises or even to begin production of new units. Private enterprise was prohibited, but even state enterprise managers did not have that power. Almost all new production decisions were made on the branch ministry level. Finally, the Iron Curtain had prevented information on recent innovations of the time throughout the World from reaching the Soviet public. As a result, by the middle 1980s, the USSR was technologically lagging behind the West in many crucial areas.

Throughout its history, communal spirit and traditionalism have prevailed in the Russian society. Most Russians seemed comfortable in a collective or communal, as opposed to a free enterprise, type of environment (Goldman, 1994). Individual effort and achievement tended to be regarded with suspicion (Tidmarsh, 1993). Any change was usually unwelcome and opposed. This mentality was so deeply rooted in the masses that even when the peasants became independent in the middle of the nineteenth century, merchants and successful farmers were still generally regarded as rather sleazy speculators who profited at the expense of the masses (Goldman, 1994). It should come as no surprise then that most free enterprise attempts in czarist Russia were either by foreigners or ethnic and religious minorities, those who either were not seriously influenced by traditional Russian mentality or those who were considered outcasts from society. As noted, Peter the Great had often relied on outsiders to modernize Russia in the late seventeenth and early eighteenth centuries. Examples of ethnic free enterprise type minorities were the Poles and Jews who dominated the trade in the Russian Southwest. Russian Orthodox Old Believers exemplified the religious minority involved in free enterprise. Outcast and later settling in the suburbs of Moscow, these minorities became the primary free enterprise force in Moscow, engaging in trade and manufacturing (Guroff & Carstensen, 1983). Old Believers shared many similar beliefs with Protestants, and their work ethic was indeed similar to the Protestant work ethic (Vucinick, 1968). However, remaining a part of Russian culture, Old Believers were also influenced by the traditional Russian mentality and were more resistant to change and technological innovation. The traditional collectivist mentality of the Russian people eventually contributed to the success of the Socialist Revolution of 1917.

The negative attitude toward free enterprise in Russia was actively cultivated by the Soviet system itself and did indeed survive through the years of Soviet rule. Throughout Soviet rule, the Russian work ethic had experienced rather severe ups and downs. The idea of building communism and massive industrialization in the 1930s, victory in World War II in 1945, and rebuilding the Soviet economy in the post-war period had positive effects on employee morale, productivity and innovation. Beyond this, however, the society and the economy started moving into stagnation. Employee morale and ideas of the work ethic were deteriorating. Initiative and innovation were decreasing. According to Tidmarsh (1993), "For three generations a negative selection process systematically weeded out workers of the greatest drive, know how and resilience, giving rise to a pervasive, cowed apathy and scheming work ethic, with the liveliest initiatives directed at seeking maximum personal gain with a minimum expenditure of effort."

Throughout the 1970s and 1980s, the growth of the state Soviet economy began to slow, eventually reaching the point of stagnation (Alsund, 1995). Two main features of the Soviet economy that were important in relation to free enterprise were the complete state ownership of all enterprises and the anti-market structure of the economy. Since the Soviet leaders believed in economies of scale, most enterprises were relatively large and highly specialized. Many industries were dominated by only one or two suppliers, which would make the creation of competitive markets extremely difficult (Joskow, Schmalensee, & Tsukanova, 1994). A system of centralized planning stressed military and industrial production and ignored consumer goods and service industries. This created shortages and disequilibria in the market. In the early 1970s, the Soviet government financed large-scale purchases of foreign consumer goods with proceeds from the sale of oil during the sharp increase in oil prices by the OPEC countries. By the end of the 1970s, however, these particular financial resources were almost virtually depleted, and shortages increased.

The 1977 Soviet Constitution allowed individual labor activity, but this largely remained on paper only. The only individual labor activity really allowed were small private plots for individuals. In 1985, there were 35 million private plots with an average size of 0.25 hectares, which, nevertheless, accounted for 25 percent of agricultural production in the Soviet Union (Alsund, 1989). Most of the produce was used directly for producers' consumption, but some excess produce was allowed to be sold on agricultural markets. From having these small plots, many people saw that private labor could be more productive and rewarding. Allowing people to have land plots helped to decrease food shortages, but large shortages of consumer goods remained.

Ignoring the areas of consumer goods and services and the inability of central planners to calculate consumer demand led to the emergence of a shadow economy. Because of high potential profits, this shadow economy attracted many professionals and potential entrepreneurs who were dissatisfied with low pay and lack of freedom in the state sector. Essentially, illegal private services were estimated by Soviet specialists to account for 50 percent of all shoe repairs, 45 percent of house repairs, 40 percent of repairs to private cars, and 80 percent of consumer services in the countryside. Income from private services was estimated at 17.8 billion rubles (\$30 billion) in 1985. Estimates of the share of total personal incomes derived from private sources range from 10 percent to 40 percent (Alsund, 1989). These numbers suggest that there was a large number of individuals engaged in free enterprise activities within the shadow economy. These individuals would presumably favor the changes that would result in legalizing their free enterprise activities.

The Soviet Union had a stagnated economy in 1986 primarily because most of the nation's resources were being allocated to military and industrial production, the government was unable to fill the gap in the consumer goods market with imported goods, and private sector activities (except for individual private gardening) were not permitted. Nevertheless, shadow economy entrepreneurs and the owners of small garden plots remained resolute in their support of and their continuing efforts to maintain, increase, and legitimize private enterprise activity in the Soviet Union.

THE GROWTH OF FREE ENTERPRISE SINCE 1986

Faced with worsening economic conditions and with a growing shadow economy, Gorbachev's reform government began to gradually legalize private economic activity. Since 1986, Russia experienced an unprecedented growth in private free enterprise. While private sector employment did not exist in 1986, 12.5 percent of the labor force was employed in private firms by 1991, compared with 80 percent in August 1996 (U.S. Embassy, Moscow, *Macroeconomic. . .*, 1996; The World Bank, 1994).

A milestone piece of legislation that, more or less, initiated the free enterprise process was the Law on Individual Labor Activity that was signed in 1986 and became law in May 1987. This law permitted individual labor activity in a wide range of spheres for the employees of the state sector (only in their free time), such as housewives, the disabled, pensioners and students (Alsund, 1989). Hiring of labor except for family members was still prohibited. The Law of Individual Labor Activity merely legalized an already existing part of the shadow economy and did not result in many new enterprises. Because of licensing requirements and high taxes, many free enterprise operations preferred to stay underground. Still, many vendors suddenly appeared on the streets and in the markets offering primarily a wide range of simple hand-made products.

In May 1988, a more liberal law on Cooperatives was adopted. Under this law, a cooperative is recognized as a juridical person, with independence, self-management and self-financing (Alsund, 1989). A Cooperative could own property (except land), employ three or more people, engage in any kind of activity not prohibited by law, compete with state enterprises and set its own prices. Members of cooperatives were assured of the same social benefits as those of state employees. What made cooperatives even more attractive were easy registration and low taxes. This law created a wave of genuine free enterprise activities that Russia had not had for several decades. In 1988, 20 percent of the employed work force in Russia changed jobs (Tidmarsh, 1993). Many of these workers quit their low-paying state sector jobs and started their own ventures, and, because the market was "hungry" for consumer goods, customers were willing to pay premium prices for those goods. In a relatively short period of time, high quality consumer goods reappeared on store shelves.

The cooperatives, in fact, became very similar to private firms. They were flexible, more productive and, most importantly, profit-oriented. By 1991, almost three million people were employed in cooperatives (The World Bank, 1994). The creation of cooperatives in the Soviet Union sparked numerous debates in the society. Many people were outraged by the high profits of entrepreneurs and by the high prices they charged for their goods and services. Prices for all government outputs were still set by the government on a relatively low level and did not reflect the relationship between supply and demand. State employees complained about competition while many Russians supported cooperatives. They saw that cooperatives were more productive and that the people working in cooperatives were better rewarded for their hard work and innovation. The spirit of free enterprise once again clashed with the traditional collectivist

mentality of the Russian people. Nevertheless, the majority of Russians supported the idea of cooperatives and the reform moved forward (Alsund, 1995).

In 1990, a year before the Soviet Union collapsed, the Russian government took the initiative in the creation of private free enterprise. The concept of private property was introduced in the Russian Law on Property enacted in December 1990. This law stated the principle of equal treatment of all forms of property—private, state, municipal, and collective alike (Alsund, 1995). The Law on Enterprises and Entrepreneurial Activity soon followed and allowed for most kinds of enterprises currently existing in Western economies. As a result of this law, there were already over ten million people, or one-seventh of the total labor force, working in newly created private enterprises by 1991 (The World Bank, 1994). Thousands of corporations, banks, exchanges, financial institutions and small businesses have emerged since then.

Between 1991 and 1995, the Russian government implemented the largest-scale privatization in the world, aimed, according to the Russian President Yeltsin, to create “. . . millions of owners rather than a handful of millionaires” (Alsund, 1995). According to Russian government figures, by August 1996, almost 120,000 enterprises had been privatized in whole or in part, representing 85 percent of manufacturing output (U.S. Embassy, Moscow, Macroeconomic. . . , 1996).

A number of economic factors also helped facilitate the growth of free enterprise in Russia. The major factor was, undoubtedly, the disequilibrium that existed in the Soviet economy. The people were “hungry” for virtually any consumer goods and were willing to pay a premium price for them. A second factor was little or no competition from the state sector and even, on initial stages, from those engaged in free enterprise activities. There were so many market niches that had to be filled that those free enterprise engaging individuals could take a particular market without having to share it with virtually anyone. The State sector was usually so inefficient that it posed little threat.

In late 1980s and early 1990s, the economy was also experiencing a monetary “overhang” (Alsund, 1995). For a period of time, wages were rising while fixed state prices remained basically unchanged, resulting in the people having more money than they could spend on state-provided goods and services. Because of the shortages, people did not know what to do with their money. Low taxes was another contributing factor to this growth.

The face of Russia has indeed changed dramatically in these past 10 years. An American entrepreneur, Paul Tatum, who built the first Radisson Hotel and the American Business Center in Moscow in 1989, called Russia “the entrepreneur’s heaven” (*The New York Times*, 1996). Tens of thousands of new retail shops and kiosks have been opened. Trade has flourished, and over 80 percent of the labor force now works in private free enterprise.

Probably the most remarkable change that has taken place, however, is the change in attitudes toward free enterprise. While private economic activity was considered evil by many people as recently as ten years ago, this does not appear to be the case any longer. The Russian government actively promoted its support of private free enterprise through public endorsements and even through various forms of advertisements. Support of free enterprise is especially strong

among Russia's young generation. The spirit of free enterprise has taken over the traditional collectivist Russian mentality.

The growth of free enterprise in Russia in the last decade has not been perfect by any means. It has encountered multiple problems. Moreover, serious threats to furthering free enterprise still exist. Although the Russian enterprises have changed ownership, their structure for the most part remains the same. As mentioned, the late Soviet economy was highly specialized and monopolized. The Russian government has created a chain of Anti-Monopoly committees to control monopolies and to enhance competition. This is not enough, however, to quickly change the anti-market structure of the Russian economy. Many critics argue that the Russian reform government made the mistake of being more anti-monopoly than pro-competition (Smith, 1995). The government, they argue, should have created more favorable conditions for starting new enterprises. It is easier to create a new market-oriented economy structure than to try to change an existing one. Most critics agree that restructuring the Russian economy to make it more market-oriented, flexible, and efficient will take years, perhaps even decades.

The recent free enterprise movement in Russia took place in a society confused with ethical standards. Together with the collapse of socialism, the socialistic system of moral values collapsed also, with no other value system to replace it. Many free enterprise operations succeeded and acquired wealth primarily by utilizing methods ranging from ethically questionable to openly deceitful and criminal. The concept of social responsibility is also minimally present among some Russians engaged in various kinds of free enterprise activities. In a recent survey of Russian practicing entrepreneurs, business consultants, and others, the majority of businesses had not made any charitable contributions and those that did viewed charity as a form of advertising and promotion (Radaev, 1993). The economic success of the United States was achieved in large part due to the Protestant work ethic, and those engaged in free enterprise were reasonably serious about their social responsibility. In Russia, a minimal acceptable level of ethical standards/principles will have to be developed in order for their society to benefit more fully from free enterprise activities.

Another factor that negatively impacted the Russian free enterprise movement was emigration. As previously mentioned, Jewish citizens were an active entrepreneurial minority in czarist Russia and during the Soviet regime, and these Jews were unofficially persecuted. With the falling of the Iron Curtain in the late 1980s, many of them left the country. Of the some two million Jewish citizens who left Russian since 1988, many were highly educated, professional, innovative, and free enterprising. Some of these Jewish citizens have started businesses in the United States and Israel, and some are returning to Russia to conduct business as foreign citizens.

A number of economic factors have also negatively impacted the growth of free enterprise in Russia, especially in the 1990s. From 1992 to 1995, inflation was outrageously high, making it difficult for many businesses to plan and/or to borrow money. While some entrepreneurs made fortunes taking advantage of inflation, some lost fortunes, including their businesses. The underdeveloped securities market also contributed to the difficulty for

businesses to raise capital. It was also difficult to obtain credit because of high interests rates due primarily to high inflation. Only in the recent past has obtaining affordable credit become more of a reality.

SUMMARY

During the last decade, Russia has perhaps experienced the largest surge in free enterprise activities in its history. The only other time such a growth seemed to have ever occurred was in the late 19th and early 20th centuries. This happened primarily in a culture that was dominated by the traditional collectivist mentality of the time, although the spirit of free enterprise has relatively always existed.

The economic situation in 1986 forced the Soviet government to begin allowing for some private free enterprise type operations. An explosion in free enterprise activities followed, with over one-seventh of the labor force moving into newly created private ventures in just a three-year time period from 1988 to 1991. The privatization that followed resulted in the transformation of over 120,000 state enterprises into private hands.

The growth in Russian free enterprise has encountered a number of problems, however. This growth took place in a society that inherited poor work ethics, and in a society that has been rather confused about moral and ethical values. The economic environment has also often been unfavorable, with high interest rates due primarily to high rates of inflation. Some of these threats will continue to exist.

The fact that free enterprise activities have been growing rapidly in the last decade and that the spirit of free enterprise seems to have taken over the traditional communal mentality of the Russian people is encouraging, and it indicates that free enterprise will continue to exist and to develop in Russia in the future.

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APPLIED MANUSCRIPTS

Manuscripts which appear in this section of the *Journal of Entrepreneurship Education* represent educational applications. The Editorial Board judges such manuscripts on their ability to provide information of practical value to entrepreneurship educators.

Winner of a Distinguished Research Award in the Academy for Students in Free Enterprise at the 1998 Allied Academies National Conference in Myrtle Beach, SC, *Improved Free Enterprise Literacy Using College Students as Teachers And Writers* written by Larry R. Dale of Arkansas State University, provides an overall assessment of the credit workshops, seminars, media libraries and consulting services designed to promote economic literacy among teachers and students in the Arkansas Council on Economic Education and four affiliate centers with particular interest in the involvement of Students in Free Enterprise [SIFE].

Winner of a Distinguished Research Award in the Academy for Students in Free Enterprise at the 1999 Allied Academies National Conference in Myrtle Beach, SC, *Establishing a Theoretical Foundation for Using Collaborative Learning to Teach Entrepreneurs* by Daniel J. Borgia and Gerald J. Segal of Florida Gulf Coast University, examines the collaborative learning literature and extrapolates a theoretical foundation for these methods in teaching entrepreneurship. The authors indicate that active learning strategies which would include methods such as student teams collaborating on the development of new venture business plans, small business consulting projects, case analyses, and other team-oriented activities which are important to the learning effectiveness of future entrepreneurs.

Hugh Taylor: Attorney, Programmer, Trainer, Author.... And Entrepreneur? is a case study written by Asbjorn Osland of George Fox University and Howard Feldman of the University of Portland. Hugh Taylor, attorney-at-law, had developed a highly successful personal injury law practice as well as having taught himself computer programming and in the process, created a commercially viable software product used to help manage the operations of a legal office. An Instructors' Note is also included for the efficacy of teaching this case.

The Entrepreneurial Education of At-risk Minority Youth: The Laredo Case is a project which presents a method for providing entrepreneurship instruction to at-risk students written by Matthew P. Osterhage and Robert L. Wyatt of Drury College. This paper discusses a project initiated by Drury's Students in Free Enterprise (SIFE) team that addresses the goal of teaching economically disadvantaged people about the free enterprise system.

Free Enterprise Education in Practice by Arthur K. Fischer, June M. Freund and Scott T. Wyckoff (Graduate Student), all of Pittsburg State University, presents the results of a free enterprise educational program conducted by the local chapter of Students In Free Enterprise and Westside Elementary School. It discusses a hands-on activity where students learned to apply free enterprise principles in a real-life market setting. The program was selected as the First Place Winner of the *Business Week* Best In-depth Educational Program at the SIFE International Exposition in May, 1998.

IMPROVED FREE ENTERPRISE LITERACY USING COLLEGE STUDENTS AS TEACHERS AND WRITERS

Larry R. Dale, Arkansas State University

ABSTRACT

The Arkansas Council on Economic Education, and the four affiliated Centers, provide Arkansas schools with credit workshops, seminars, media libraries and consulting services designed to promote economic literacy among teachers and their students. This study provides an overall assessment of that program with particular interest in the involvement of Students in Free Enterprise [SIFE]. SIFE uses college students to increase outreach. The ASU chapter was formed in 1992.

The program was evaluated based on SIFE involvement with the four major goals:

- 1) increasing teacher knowledge/appreciation for economics and entrepreneurship;*
- 2) increasing the quantity/quality of economics and entrepreneurship instruction through creative teaching techniques and materials;*
- 3) encouraging creative teaching across the curriculum, and*
- 4) informing teachers about the Economics America and SIFE network of services available in Arkansas.*

These goals were assessed using raw data, chi square and regression analysis techniques and were found to be successful, providing valuable insights that could help other states establish an economic education program. The researcher isolated segments of the program related to SIFE. The SIFE team has conducted 627 projects in the past 6 years. The bulk of those projects have involved teacher training and students.

Since the involvement of SIFE in 1992, direct teacher contacts have risen over 2,000%. The total number of contacts made through the Internet and the media is now estimated at slightly over one million in 18 states. SIFE has not only increased the number of teachers and students reached, but the quality of programs. SIFE has proven more effective in working with school age children and as effective as professionals working with teachers. However, the best combination is using SIFE in conjunction with professional economists.

The program evaluation has established that our statewide network has met all of its major goals successfully. The SIFE Team at ASU has been an important part of that successful formula and will continue to promote a better understanding of and appreciation for the American Free Enterprise system.

INTRODUCTION

The Arkansas Council on Economic Education and the four affiliated Centers provide Arkansas schools with credit workshops, seminars, media libraries and consulting services designed to promote economic literacy between teachers and their students. This study provides an overall assessment of that program with particular interest in the involvement of Students in Free Enterprise [SIFE], a program that uses college students to increase the outreach of the centers. All four centers now have a SIFE chapter, the oldest being the one at Arkansas State University [CEE-ASU]. The ASU chapter was formed in 1992 and has become very active in supporting the program efforts of the CEE-ASU. The program was evaluated based on SIFE involvement with the four major goals of 1) increasing teacher knowledge/appreciation for economics and entrepreneurship; 2) increasing the quantity/quality of economics and entrepreneurship instruction through creative teaching techniques and materials; 3) encouraging creative teaching across the curriculum, and 4) informing teachers about the Economics America and SIFE network of services available in Arkansas.

These goals were assessed using raw data, chi square and regression analysis techniques and found to be successful. These valuable insights could help other states establish their economic education program. The researcher isolated segments of the program related to SIFE.

The SIFE team has conducted 627 projects in the past six years. The bulk of those projects has involved teacher training (108 projects), working with students (403 projects) and materials development (19 projects). These projects are directed toward improving free enterprise literacy through the schools in Arkansas, with some outreach in 18 other states.- ASU SIFE helped with 64% of the programs of the EEC-ASU providing a valuable service to the community and increasing the centers outreach by a comparable amount. Overall the SIFE programs were more successful and more highly rated by participants, than other programs. In particular the K-12 oriented programs received an average 9.23 rating, on a 10-point scale, representing excellent. Students of all ages responded better to SIFE led activities, than those conducted by professionals alone. Even those SIFE activities for professional teachers were rated favorably, 8.73, when compared with those run by economists and other experts, about 9.11.

Economic educators have long recognized that the ultimate success of the movement depends upon the institutionalization of economics into the school curriculum (Bach, 1965). In Arkansas the Economics America program (EA) is the key to the success of that effort. EA School Districts have agreed to integrate economics into the curriculum from grades kindergarten through twelve in a systematic and effective manner. The National Council on Economic Education (NCEE), the Arkansas Council on Economic Education (ACEE), the four regional university-based centers, and the institutions they represent, have agreed to provide support services to the EA Districts within their own network. SIFE, at Arkansas State University, has made that effort easier and more effective. This mutual commitment results in the infusion of economics into the curriculum and provides necessary training to the professional

educators who in turn make economic literacy a reality. In a recent national study of high school students' test scores on a standardized test of economic knowledge the authors concluded:

The EA variable is a significant predictor of economics achievement and contributes to gains in economic knowledge... Teachers need to be encouraged to take more course work in the ever changing world of economics if they are to stay current. One way to do this would be for a school district to make a stronger commitment to economic education through EA (Walstad, 1985).

Arkansas has become very active in the recruitment of EA schools since the first ten systems were signed on in 1978. Currently 107 EA districts educate 68% of the school children in the state. The Arkansas Council on Economic Education (ACEE) has provided programs to educators in 90% of the state's 329 public school districts and private schools. Since SIFE was organized at ASU, about 79% of the educator contacts have involved SIFE members as host, publisher/writer, proofreader, organizer and even workshop conductor under the supervision of the CEE-ASU Director and SIFE advisor. The Director, working alone, was able to make a significant contribution to economic literacy from 1987-1992. Prior to 1987, the total outreach in the area was limited to attendance at a *summer* workshop and a few seminars conducted by ASU professors on a part time basis. After SIFE was added to the program in 1992, the total outreach exploded. Outreach in 1998 grew by more than 2000% from the 1992 levels. The figures for direct educator contacts are provided in Table 1. The center more than tripled its outreach in 1995 with the introduction of SIFE developed mass media outreach, which is not reflected in these figures, but totaled more than one million in 18 states by 1998.

Table 1
Direct Educator Contacts ASU Center for Economic Education from 1983 to 1998

1983-1984	112	1991-1992	2,099
1984-1985	75	1992-1993	3,613
1985-1986	55	1993-1994	7,959
1986-1987	1,560	1994-1995	12,099
1987-1988	2,614	1995-1996	19,619*
1988-1989	1,573	1996-1997	31,959*
1989-1990	1,806	1997-1998	42,097*
1990-1991	1,959		

* Mass media is not included in these totals.

In Arkansas the local center serves as an important resource in teacher training, materials development/distribution and consulting. For example, The Arkansas State University Center staff conducted 35 noncredit workshops attended by teachers from 44 of the 46 districts in the Northeast region during the 1996-1997 school year. All these workshops had some SIFE involvement. The cornerstone of the Arkansas EA Model has always been the summer workshop program. Since 1967, the Arkansas Center for Economic Education has sponsored a total of 89 workshops through each center since the early 1970s.

Research into the effectiveness of the workshops will focus on the 32 graduate credit workshops conducted by the staff of the CEE-ASU for in-service classroom teachers. At least one workshop was conducted through ASU each summer from 1967 through 1997, except 1970, 1978 and 1996. These subjects provided the data for this study. The 10 workshops involving SIFE were separated from the 22 involving center staff only. A total of 6,369 educators from districts all over Arkansas have attended these workshops since 1971 at a cost to the Arkansas Council on Economic Education of just over \$450,000, about \$335 per teacher.

While comprehensive data on the cognitive performance from the centers at Henderson and the University of Arkansas are not available, the teacher survey results from all three institutions appear on Table 3. Information is not available on the fourth center, which was formed in 1996 and has no track record in the statewide effort.

The survey results suggest that teacher attitudes toward all of the workshops, which follow a similar organization plan, is universally high with no program receiving a mean score less than seven, on a ten-point scale. The same results discovered at ASU regarding teacher performance should hold for the entire program statewide. While the ratings have always remained high for the program, workshops conducted by ASU did note a 21 % higher rating when SIFE was involved. This was statistically significant using a chi square test of significance.

Teachers were exposed to a varied economic education workshop format that included: instruction in basic economics; curriculum sessions led by expert classroom teachers; field trips; speakers; the development of teacher made classroom materials and lesson plans; the use of grade level appropriate film series and other special programs.

INCREASING THE KNOWLEDGE OF AND APPRECIATION FOR BASIC ECONOMICS AMONG PRE-COLLEGE TEACHERS AND ADMINISTRATORS

The first phase of this study is to determine if the workshops are successful in improving pre-college educators' basic understanding of, as well as, appreciation for basic economic concepts. Several studies have shown the importance of teacher education in improving economic literacy among the general population (Highsmith, 1974; Baumol, 1988). The Walstad-Soper study (Walstad, 1988) concludes that each college level economics course

completed by a teacher adds .64 of a point to the predicted score of his or her students on the nationally normed *Test of Economic Literacy*.

Teacher education is the most effective tool available to the economic education movement in its goal of improving economic literacy. This paper will evaluate the effectiveness of the teacher education program at Arkansas State University using raw data, chi-square statistical analysis and regression analysis techniques.

It has been the policy of the workshop administrators to utilize a modified form of the standardized *Test of Economic Literacy* (TEL), published by the National Council on Economic Education (NCEE), as a pretest (Form A) and post test (Form B) to every participant. This is designed to determine progress in understanding basic economics and provide input in determining the final grade in the course. The results of these tests have been kept for every workshop since 1971 and can be found on Table 2. An examination of the raw data, difference between the pre-instruction test mean score (PETMS) and the post-instruction test mean score (POTMS), clearly proves that teachers did learn some economics during the workshop. The difference between these mean scores ranged from a low of +3.72 in 1975 to a high of +17.91 in 1993. The PETMS ranged from 10.58 (1981) to 30.41 (1980). The POTMS ranged from 20.42 (1981) to 36.56 (1980).

A series of chi-square tests (χ^2) of independence were used to determine if there was a difference between the PETMS and the POTMS, which showed positive improvement every year. Statistical significance was established at the critical value of χ^2 established at the .01 level (see Table 2). The results were statistically significant, the null hypothesis was rejected, for every year except 1973, 1975 and 1977. Teachers did learn economics since the difference in scores cannot be explained by random chance. The evidence also demonstrates a steady growth in the ability of the workshop staff to promote the learning of economics over the years since the gap between the PETMS and POTMS has been widening in recent years. There has been some speculation concerning the fact that there was no statistical difference in the mean scores in the years 1973, 1975 and 1977. It was discovered that those years contained an abnormally large population of undergraduate education majors (pre-service teachers). When their scores were removed from the study, those years also proved to be statistically significant. This course is designed for in-service teachers and pre-service education majors may lack the same degree of interest or sufficient experience to use the ideas presented in the sessions.

This conclusion supports other research conducted in the past including a study at Southeast Missouri State University (Dale, 1984). This study concluded that teachers not only learned economics under the workshop approach, but the difference was greater than for students in a regular economics class setting. This was the result of interest in the subject matter and the practical nature of the workshop. A comparison of data from SIFE involved workshops, relative to regular workshops, showed a 21% gain in knowledge that also proved statistically significant using a chi square test of means. SIFE students helped improve both the amount of economic learning that occurred and general interest in the workshop among teacher participants.

Examining the data for the SIFE workshops, as compared to non SIFE workshops, there was an average 2.09 increase in the test scores during the SIFE years. However, this did not appear to be statistically significant at the .01 level.

TABLE 2: COMPARISON OF PREWORKSHOP TEST PERFORMANCE (PETMS)
WITH POST-WORKSHOP TEST PERFORMANCE (POTMS)
ARKANSAS STATE UNIVERSITY WORKSHOPS 1971 - 1988

Year	PETMS	PETMS	POTMS	POTMS	Difference	N	X ²
	Range	Mean	Range	Mean			
1971	10-25	16.90	11-28	21.55	+4.65	106	.0089*
1972	9-29	17.15	12-39	22.00	+4.85	106	.0073*
1973	8-40	17.16	11-29	21.65	+4.50	93	.0181
1974	7-32	17.30	15-32	22.40	+5.10	88	.0032*
1975	11-33	18.77	8-35	22.49	+3.72	68	.0919
1976	11-31	19.11	9-42	25.17	+7.06	NA	NA
1977	12-31	17.82	8-39	21.23	+3.41	72	.1114
1978	----	----	----	----	----	----	----
1979	11-32	21.50	15-44	27.97	+6.47	58	.0031*
1980	14-46	30.42	17-46	36.56	+6.14	74	.0047*
1981	6-20	10.58	13-26	20.42	+9.84	43	.0009*
1982	11-20	17.77	12-28	22.46	+4.69	51	.0093*
1983	12-26	19.52	21-38	30.41	+10.89	59	.0001*
1984	11-27	18.69	12-36	29.94	+11.25	54	.0001*
1985	7-30	17.65	11-39	24.96	+7.31	95	.0033*
1986	8-26	19.19	15-38	30.25	+11.06	59	.0001*
1987	10-35	20.01	15-38	29.50	+8.50	60	.0008*
1988	9-32	22.70	17-46	35.11	+12.41	64	.0000*
1989	9-39	30.41	18-46	36.13	+5.72	64	.0028*
1990	8-31	19.91	16-46	32.02	+12.11	63	.0000*
1991	7-33	14.31	19-45	26.70	+12.39	161	.0000*
1992	6-36	19.95	12-39	26.96	+7.01	65	.0033*
1993	8-22	17.29	15-38	35.25	+17.91	27	.0001*
1994	10-35	20.05	19-38	32.15	+12.10	35/26	.0008*
1995	9-32	22.33	17-46	35.01	+12.68	54	.0000*
1996	----	----	----	----	----	----	----
1997	18-31	22.14	17-46	32.12	+9.98	56	.0000*

*Significant at the .01 level (two workshops of 100 and 65 respectively)

**INCREASING BOTH THE QUANTITY AND QUALITY OF ECONOMICS
INSTRUCTION IN ARKANSAS CLASSROOMS BY PROVIDING TEACHERS
WITH A VARIETY OF USEFUL TEACHING TECHNIQUES AND MATERIALS**

Teachers who have attended the workshop clearly have a better understanding of basic economic concepts, but do they appreciate economics and its importance in the overall school curriculum, particularly as it relates to that teacher's specific curriculum and lesson planning? A recent national study concludes that:

Teachers of economics believe that all teachers, themselves included, should be required to take considerably more courses in economics than they have taken (Baumol, 1988).

This interest in economic literacy is not shared by the profession as a whole, since only 25% of the nation's teachers have ever taken a single course in economics in either high school or college (Volker, 1988).

Earlier research conducted at West Texas State University (Dale, 1987) indicates that the economic - education workshop experience does create more favorable attitudes toward economics in the curriculum as expressed on a pre- and post-course survey. Such interest should result in more economics being taught. The same survey was used with teachers in the Arkansas workshop in 1989, 1991 and 1997. Since these teachers had committed themselves to a two-week course in economic education, it was assumed that they believed it to be an important part of the curriculum. This assumption was valid with teachers giving a mean rating of 9.61 on the Teacher Attitude Survey (TAS), with a maximum of 10.0.

The ratings at the secondary level were even higher with 93% respondents strongly agreeing on the importance of economics, with none disagreeing. A slight but interesting difference came when teachers were asked if it were important that they: 1) understand basic economic principles, and 2) teach those principles in their own class setting. A majority of 61% of the elementary teachers and 89% of the secondary teachers stated that they would include some economics instruction in their curriculum because of the workshop experience.

This attitude change came with an overwhelmingly favorable response to the workshop experience. On the Economic Education Workshop Evaluation (EWE), 84% of the three workshop groups combined rated the workshop outstanding in some or all respects. Table 3 demonstrates that this favorable response to the economic education workshop approach has remained consistently high over the 24-year history of the program. However, it is important to note that at ASU, the ratings have improved since SIFE has been involved.

The best ratings come from workshops conducted by the Director and involve SIFE, as opposed to workshops conducted exclusively by SIFE alone or by the Director alone. The Director's participation, according to surveys of SIFE Team members, helps by putting the students at ease resulting in a smoother flowing operation. They are organized to divide the

duties and students feel "less alone" and "more able to function with confidence that someone can answer questions raised or take over when problems arise". This organization has become the major plan for our workshops since 1995.

**TABLE 3: MEAN RATING
OVERALL WORKSHOP EXPERIENCE FOR SELECTED YEARS**

		MEAN	% of Rating	No Opinion
		(5 or 4)		
1987	ASU	9.45	73%	4%
	Henderson	8.09	83%	4%
	U of A	8.46	91%	6%
1991	ASU	8.56	98%	5%
	Henderson	8.60	97%	5%
	U of A	7.84	100%	9%
1996	ASU	9.36	88%	10%
	Henderson	NA		
	U of A	NA		
1997	ASU	9.73	95%	0
	Henderson	NA		
	U of A	NA		
(a scale from 1 - 10)				

Teacher attitude toward economics is critical if teachers are to include economics in their curriculum plans. The Baumol-Hichsmith study (Baumol, 1988) suggests that:

Students share with their teachers many of the same goals for studying economics, but students believe that these goals are less important than teachers believe them to be (Baumol, 1988).

If students are to be motivated to learn economics, their teachers must first be interested in the subject matter and capable of teaching it effectively. Students enrolled in economics courses seem to be very favorable to the subject according to the Baumol-Highsmith study with 67% of the students indicating a favorable attitude toward economics subjects and only 13% disliking the subject. Excited enthusiastic teachers will improve the level of economic literacy.

Teachers leave the workshop experience with a better understanding of economic concepts believing that economics should be an important part of their curriculum. This does not mean that this new attitude will be reflected in long-term changes in classroom behavior. An Economic Education Survey (EES), was mailed to all 281 graduates of the 1989, 1991, 1997 workshops to decide 1) if they were teaching more economics or less than before the workshop, and 2) what factors were influencing their behavior.

Of the surveys mailed, representing 100% of the population to be surveyed, 5.5% were returned with a notice that the addressee had moved or was no longer teaching, 11.53% were mailed to a district with a substantial number of graduates and cannot be accounted for, 60.13% were returned completed or partially completed and 22.74% have not been returned. This is a phenomenally high rate of return for a mail survey. This rate of return indicates that the teachers, after a three month to four year period, still have strong interests in the economic education workshop experience and the subject matter.

The survey of teachers questioned as to determine the amount of classroom time spent teaching economics (see Table 4). An overwhelming 83% stated that they did spend some time teaching economics with 13% indicating that they spent 50% of their time or more teaching economics. On average secondary teachers spent 35% of their time teaching economics, twenty-two (8% of the total) of the respondents were economics teachers. Elementary teachers spent an average of 17% of their time teaching economics. These statistics suggest that teachers, who are graduates of the workshop, are spending a significant amount of time with economic subjects and content materials.

Most surveys indicate that economics has not been given a high priority in the nation's schools. That is not true of this group of teachers (Volker, 1988). Sixty-one percent of the workshop graduates said that they spent more time teaching economics than they did before the workshop experience, with only 4% spending less time teaching economics.

A modified form of the survey was distributed to six area principals, randomly selected, and they were each asked to give the survey to five classroom teachers on a random basis. This served as a control group. Forty-six percent of the control group surveys were returned. This group indicated that only 41% of the respondents included economics instruction in their classroom. On average 11% of the control group's curriculum was devoted to economics at the secondary level and 3% at the elementary level. A chi-square test (χ^2) of independence between the responses of the control group and the survey group at the .01 level relevant to time spent

teaching economics was conducted. The null hypothesis was rejected at the .01 level, demonstrating that workshop graduates were more likely to teach economics.

TABLE 4						
PERCENTAGE OF TIME SPENT TEACHING ECONOMICS						
BY WORKSHOP		GRADUATES AND CONTROL GROUP				
Workshop Group	None	1-10%	11-25%	25-50%	50-100%	
Graduates						
Elementary Teachers		17%	39%	31%	11%	2%
Secondary Teachers		20%	2%	20%	43%	15%
Control Group						
Elementary Teachers		63%	27%	7%	3%	--
Secondary Teachers		44%	41%	2%	3%	10%

It is important to note that workshop graduates who frequently utilize economic concepts in their classroom have a better understanding and retention of economic subject matters than those who use economics on a limited basis (France, 1987). Since a large portion of the ASU workshop graduates are spending significantly more time teaching economics, they are also enhancing their own economic knowledge in the process.

The workshop experience serves as a foundation and catalyst for long-run improvements in teacher quality. Many graduates attend regional and statewide workshops to improve their ability as teachers who include economics in their curriculum. There was no statistically significant difference in the use of economics in class between SIFE involved workshops and regular workshops.

**PROVIDING ADDITIONAL INCENTIVES TO ENCOURAGE CREATIVE
TEACHING IN GENERAL, AS WELL AS, WITH RESPECT
TO ECONOMICS INSTRUCTION**

Teachers have given high ratings to the creative materials used in the workshop and the staff is certain that these are not only being used but that the creativity does rub off in other areas of the curriculum. The Director has used the SIFE team in creating, proofing, publishing and distributing 15 publications for K-12 educators used in workshops. The publications have always been edited by the Director. He has also been involved in the planning of the materials to insure their factual accuracy and teaching value. The ASU SIFE teams have consisted of 57% Education majors; 29% Business majors; 3% graduate students and the remainder from one of the other four colleges that make up the University. The large portion of future teachers involved has made it easier to produce quality materials with fewer restraints by the advisor. Business students have concentrated on the factual material.

All 15 publications have been rated by 8,992 professional educators, at workshops and in our credit courses. The ratings have ranged from a high of 9.98 for the Children's Literature Guides to a low of 7.22 for the Drug Free Student booklet. Complete ratings are found in Table 5. The average of all publications is 9.52. SIFE publications include nine teacher guides and six student sets:

Student Sets

1. *The Arkansas Adventures of Oliver the Owl*

Oliver introduces young children to the free market economy through the farming, manufacturing and service sectors using games, puzzles and drawings. A one page Teacher's Guide is also included to help the teacher introduce the materials.

2. Farmer Dan Works for You

Farmer Dan picks up on the same five themes found in Oliver and reintroduces them to older students. A thirty-page guide helps introduce students to the free enterprise economy through five basic concepts: production, consumption, interdependence, specialization and scarcity.

3. Life on the Farm

Life on the farm is designed for the grade five and 8 - Arkansas history course. The major emphasis is on the role of agriculture and the American Free enterprise system.

4. Stay in School I and II

Stay in school I and II were developed to encourage kids to stay in school and get a good education to become full participants in society.

5. Goldie Locks and the Three Bears Part II

Goldie Locks updates the story of Goldie Locks to explore 25 basic economic concepts. The theme is the importance of staying in school and getting a good education. A second theme relates to hard work and the free enterprise system.

6. *Five VI.*

Drug Free lesson plans include copies of the SIFE Drug Free Booklet and teacher guide.

TEACHER GUIDES

1. *Oliver, Dan and Life on the Farm* consists of one guide per student publication.

2. *Children's Literature Across the Curriculum* consists of two publications, one for grades kindergarten through three and the other grades four through six. Elementary teachers are provided with lesson plans that include: games; posters, worksheets and creative activities that integrate free enterprise economics and agriculture concepts into language arts, social studies and math lessons centered around award winning children's literature.

3. *Economics in the Newspaper* integrates economics into the general curriculum using the newspaper with three guides. These were developed for grades four through high school teachers playing the stock market game. The costs and printing were underwritten through a grant from the Arkansas Democrat Gazette Newspaper.

The only other direct evidence of the quality of the materials is in the number of IPCFAP winning teachers that have been past graduates of Arkansas' Summer Workshops. These teachers are obviously using the creative materials in their classroom. Arkansas has had a total of 368 award winning teachers from 37 districts, which is greater than any other state. The majority, 89%, of these award winners are past workshop participants. Arkansas award winners have come in every category from 1962-1995 including: Primary level winners, 123;

Intermediate level winners, 138; Jr. High level winners, 45; High School level winners, 22, Open level winners, 26 and College level winners, 7. Since 1962, Arkansas has had 42 first place winners, taking that honor every year since 1962 except 1976, 1986 and 1987. The IPCFAP is highly visible during the workshops and teachers are encouraged to enter. The number of Arkansas winners has remained high and fairly consistent. The number of winners from the ASU region has increased 26% since 1995, and now makeup over one-fourth of the state total. This is due in part to the involvement of SIFE and to the introduction of a statewide program in 1995.

TABLE 5: TEACHER RATING OF SIFE DEVELOPED MATERIALS

Publication	Accuracy	Effective	Repeat Usage
Student Sets			
Oliver (K-2)	9.65	9.89	91%
Farmer Dan	9.71	9.95	96%
Life on Farm	9.49	9.94	97%
Goldie Locks	9.01	9.33	84%
Drug Free	9.88	7.22	86%
Stay School I & II	9.87	7.39	59%
Teacher Guides			
Oliver (K-2)	9.39	9.88	87%
Farmer Dan	9.96	9.45	92%
Life on Farm	9.76	9.86	95%
2 volume			
Literature	9.97	9.98	99%
2 volume			
Newspaper	9.91	9.88	97%
3 volume			

Evidence confirms that teachers are using the materials and services of the state network as reflected in the growth of demand for center services. Further evidence that the program generates interest in creative teaching can be found in the participation of teachers in non-credit seminars sponsored by the ACEE during the year. A recent poll of seminar

participants showed that 63% were former workshop graduates. These people are obviously interested in discovering new and creative materials that teach economics. SIFE team members have done an excellent job of motivating teachers to enter the awards program.

INFORMING TEACHERS OF THE SERVICES PROVIDED BY THE EA NETWORK IN THE STATE

All of the programs of the economics network are used to advertise the services available through the network and to encourage district and individual participation. This form of advertising has been critical in generating interest in program services resulting in dramatic growth in participation. The number of EA Districts in Northeast Arkansas alone has grown from 10 in 1986 to 49 in 1998. The other center workshop programs were not included in this research; however, an examination of the raw data from the surveys and test indicate similar experiences. The Arkansas Summer Workshops have always followed a similar formula for success that includes:

1. Using economists to explain basic economic principles.
2. Using award winning teachers from around the state.
3. Including panel discussions and presentations from business, agriculture, labor and government.
4. Incorporating field trips and special educational presentations.
5. Exposing teachers to media and print material for classroom use.
6. Organizing teachers into grade level groups for curriculum class.
7. Placing a strong emphasis on the EA network.
8. Utilizing SIFE for instruction and materials development.

This formula is highly successful and the thrust of the ACEE efforts in preparing teachers for instruction in economics at all grade levels. The data in Table 3 indicates that the teacher participants gave universally high ratings to each of the center-based summer workshops. The lowest mean rating (7.84) was for the 1991 U of A workshop and the highest rating (9.73) for the ASU workshop in 1997. All Arkansas workshops fall within the good to excellent range. The non-credit workshops and seminars have been designed as enrichment supplements to encourage teachers to attend the summer workshop program.

The business community has provided consistent support to the program, both financially and physically, that has not been equaled by many states with larger populations and more substantial financial resources. The SIFE advisory board has made both financial support

available and helped in providing materials and sources for outreach. This has been particularly important, since one third of our program efforts have involved the Arkansas Farm Bureau. The head of their educational division, Dale Adcock serves as the current chairperson of our board.

Another major supporter is board member, Terry Cody, who serves as the Stock market Game coordinator and educational Resources Supervisor for the Arkansas Democrat Gazette. The rest of the board includes two bankers (Jerry Broadway, Vice President of Simmonds Bank and John Freeman, President of First National in Jonesboro), the owner of a chain of Arbys Restaurants, along with a supervisor from the city owned power company and the President of the Greater Jonesboro Chamber of Commerce, Mr. Henry Jones. All are very active participants in the program.

The state government also has made some important contributions, primarily through the efforts of the Arkansas Department of Education. Besides some financial and administrative support, the Department of Education has mandated the teaching of economics at the elementary and secondary levels although those mandates are new and have yet to be effectively established and monitored.

In 1974, the state of Arkansas passed legislation requiring a course in Economic Education, economics courses do not count toward this requirement, for all elementary education majors to be certified. This important legislation has been diminished by the lack of standards in the teaching of the class between the many diversified public and private institutions within the state.

These other factors play some role in the success of the Arkansas Program but the single most significant element is the EA Model used in the state, which incorporates the SIFE program. The research indicates that the money spent on economic education has been effective in raising the level of economic literacy among teachers and meeting all of the four major goals of the program. Further research, performed at the national level using students from Arkansas and other states, indicates that much of this has affected students, particularly in the EA school systems (Walstad, 1988). The next step is to insure that all students in the state receive some effective instruction in the important area of economics.

CONCLUSIONS

The Arkansas EA Model is designed to take maximum advantage of the unique conditions operating in our state. Every aspect of the program may not be effective in other regions, but some lessons learned can be applied to other areas. This model was not set in place from the very beginning, but evolved with the maturity of the program over a 26 year period. The greatest innovation to have taken place in the program in the last six years is the utilization of SIFE. Evidence exists that the experiences at ASU are being replicated at the other three centers.

The program evaluation has established that our statewide network has successfully met all of its major goals. The SIFE Team at ASU has been an important part of that successful

formula and will continue to promote a better understanding of and appreciation for the American Free Enterprise system.

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ESTABLISHING A THEORETICAL FOUNDATION FOR USING COLLABORATIVE LEARNING TO TEACH ENTREPRENEURS

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ABSTRACT

For many years, entrepreneurship educators have found that the most effective pedagogical methods for teaching students are active learning techniques. Active learning strategies would include methods such as student teams collaborating on the development of new venture business plans, small business consulting projects, case analyses, and other team-oriented activities. The purpose of this article is to introduce collaborative learning findings from the education literature to establish a theoretical foundation for these methods of teaching entrepreneurship. This will enable entrepreneurship educators to deepen their understanding of the collaborative learning process and thereby enhance their teaching effectiveness.

INTRODUCTION

Entrepreneurship education research indicates strong consensus that entrepreneurship can be taught and that teaching methods can be enhanced through active participation (Gorman, Hanlon & King, 1997). Ulrich and Cole (1987) emphasized the importance of successful learning experiences in generating and increasing interest in entrepreneurship. Entrepreneurs are self-starters by definition. They are action oriented. They enjoy learning by doing.

Like the entrepreneur, collaborative learning is also action oriented. Collaborative learning is a broad term meaning joint intellectual effort by students or by students and teachers together. It is the instructional use of small groups so that students work together to maximize their own and each other's learning (Smith & McGregor, 1992). There is considerable research demonstrating that collaborative learning produces higher achievement, more positive relationships among students and healthier psychological adjustment than competitive or individualistic experiences (Johnson, Johnson & Smith, 1991).

The purpose of this article is to provide a brief review of collaborative learning from the education literature to establish a theoretical foundation for using these methods to teach

entrepreneurship. This will enable entrepreneurship educators to deepen their understanding of the collaborative learning process and thereby enhance their teaching effectiveness.

COLLABORATIVE LEARNING

Although the concept of collaborative learning is old, its development and synthesis as a pedagogical technique and research regarding its effectiveness began in earnest in the 1960s. The term was first used during the 1950s and 1960s by a group of British secondary school teachers and a biologist studying British medical education (Bruffee, 1992).

One conclusion of the biologist was that when groups of medical students examined a patient together, discussed the case as a group, and arrived at a consensus about the diagnosis, good medical judgement was acquired faster than would have been the case with individuals working alone. Today, a significant body of research in support of collaborative learning appears in the education literature (Eison, 1994).

According to Johnson, Johnson, and Smith (1991), the old paradigm (the lecture method) of college teaching is based on John Locke's assumption that the untrained student mind is like a blank sheet of paper waiting for the instructor to write on it. Students' minds are viewed as empty vessels into which instructors pour their wisdom.

In contrast, the new paradigm (the collaborative method) is based on getting students actively involved in the classroom by working collaboratively to understand concepts and solve problems. Differences between the old and new paradigms are summarized in Table 1.

Table 1 Comparison of Old and New Paradigms of Teaching		
	Old Paradigm	New Paradigm
Knowledge	Transferred from Faculty to Students	Jointly constructed by Students and Faculty
Students	Passive vessel to be filled by Faculty knowledge	Active constructor, discoverer, transformer of own knowledge
Faculty Purpose	Classify and sort Students	Develop Students' competencies and talents
Relationships	Impersonal relationships among Students and between Faculty and Students	Personal transaction among students and between faculty and students
Context	Competitive and individualistic	Cooperative learning in classroom and cooperative teams among faculty
Assumption	Any expert can teach	Teaching is complex and requires considerable training
Source: Active Learning: Cooperation in the College Classroom, D.W. Johnson, R.T. Johnson, and K.A. Smith		

TYPES OF COLLABORATIVE LEARNING APPROACHES

Although collaborative learning implies a collective education method, within the collaborative learning framework, there are various approaches and each has a variety of specific practices. Some of the main methodologies used in collaborative learning include cooperative learning, problem-centered instruction, writing groups, peer teaching, discussion groups, and learning communities (Smith & McGregor, 1992). A brief description of these methodologies is provided in Table 2.

Table 2	
Alternative Collaborative Learning Methodologies	
Cooperative Learning	Although it is often used interchangeably with collaborative learning, cooperative learning represents the most structured end of the collaborative learning spectrum. Under cooperative learning, the professor maintains a high degree of control and strictly monitors group interaction. In addition, group goals and member roles are formally structured to ensure individual accountability and personal responsibility.
The problem-centered instruction approach	The problem-centered instruction approach presents students with complex problems that must be analyzed and solved collaboratively in groups. Using this approach, emphasis is placed on problem-solving and understanding complex relationships. Examples of problem-centered instruction techniques include cases and simulations.
In writing groups	In writing groups, participants share and critique each other's compositions or ideas providing oral or written feedback. Discussions help to solidify ideas and enhance the writing process.
Under the peer teaching approach	Under the peer teaching approach, the instructor organizes students into pairs to work together on assignments, problems, or exams.
Using discussion groups	Using discussion groups, the instructor and students exchange information, opinions, and conclusions about issues or problems. Although discussion groups may be either teacher-oriented, a student-centered approach is generally preferred.

It is also useful to note that one or more of these approaches may be combined to create many alternative collaborative learning environments. For example, group members may use peer teaching in combination with case studies to help reinforce understanding of complex concepts. Regardless of the method(s) employed, however, successful collaborative learning strategies should possess the following common characteristics (See Table 3).

Table 3
Characteristics Associated with Active Learning Strategies

Students are involved in more than passive listening,
 Students are engaged in activities (e.g., reading, discussing, writing),
 Less emphasis is placed on information transmission and greater emphasis placed on student skills,
 Greater emphasis is placed on the exploration of attitudes and skills,
 Student motivation is increased (especially for adult learners),
 Students can receive immediate feedback from their instructor,
 Students are involved in higher order thinking (analysis, synthesis, evaluation).

Active Learning: Creating Excitement in the Classroom, Jim Eison

EFFECTIVENESS OF COLLABORATIVE LEARNING APPROACHES

McKeachie, Pintrich, Lin, and Smith (1987) summarized research comparing the effectiveness of lecture versus discussion techniques. In this review, the authors concluded: "In those experiments involving retention of information after the end of a course, measures of problem solving, thinking, attitude change, or motivation for further learning, the results tend to show differences favoring discussion methods over lecture." (p. 70). These conclusions are underscored by the research of Stuart and Rutherford (1978), who found that student concentration during lectures declines after only 10 to 15 minutes.

Johnson and Johnson (1989) identified a number of learning outcomes promoted by collaborative learning. Table 4 includes a summary of these outcomes.

Table 4
Learning Outcomes Promoted By Active Learning Strategies

Higher achievement and increased retention,
 More frequent higher-level reasoning, deeper-level understanding, and critical thinking,

More on-task and less disruptive behavior,
 Greater achievement motivation and intrinsic motivation to learn,
 Greater ability to view situations from others' perspectives,
 More positive, accepting, and supportive relationships with peers regardless of ethnic, sex, ability, social class, or handicap differences,
 Greater social support,
 More positive attitudes toward teachers, principals, or other school personnel,
 More positive attitudes toward subject areas, learning, and school,
 Greater psychological health, adjustment, and well-being,
 More positive self-esteem based on basic self-acceptance,
 Greater social competencies.

Source: *Cooperation and Competition*, David W. Johnson and Roger T. Johnson

In addition, research during the past decade suggests that small, group-based instructional methods can be used to promote the achievement of a wide variety of desirable outcomes in higher education. These include the development of higher level learning and problem-solving skills (Kurfiss, 1988), enhancing the effectiveness of computer-based instruction (Light, 1990; Wojtkowski & Wojtkowski, 1987), higher final exam scores in a business logistics course (Thomchick, 1997), and reducing the dropout rates for accounting students (Wilson, 1982) and science majors (Tobias, 1990).

POTENTIAL PROBLEMS USING COLLABORATIVE LEARNING

Despite the apparent advantages, collaborative learning strategies may fail for a number of reasons. For example, less capable group members may attempt to shirk their responsibilities, creating a "free rider" effect. As a result, more capable group members may also shirk their responsibilities to avoid the "sucker" effect of doing all the work. Active group learning often goes wrong due to a lack of understanding of the critical elements that mediate its effectiveness (Kerr, 1983; Kerr & Bruun, 1981).

As a result, it is only under certain conditions that collaborative efforts may be expected to be more productive than individual efforts. Five essential elements necessary to construct successful collaborative learning groups are summarized in Table 5.

Table 5

Five Elements Essential for Successful Active Learning Groups

1. Clearly perceived positive interdependence must exist among group members. That is, they must believe that they "sink or swim together."
2. Considerable promotive (face-to-face) interaction so that members must encourage and facilitate each others efforts to achieve, complete tasks, and produce in order to reach the groups goals.
3. Clearly perceived individual accountability and personal responsibility to achieve the groups goals.
4. Frequent use of the relevant interpersonal and small group skills such as communication, acceptance and support, and the ability to resolve group conflicts constructively.
5. Frequent and regular group processing of current functioning to improve the group's future effectiveness.

Source: *Active Learning: Cooperation in the College Classroom*, David W. Johnson, Roger T. Johnson, and Karl A. Smith

COLLABORATIVE LEARNING AND ENTREPRENEURSHIP EDUCATION

Researchers of entrepreneurship education have consistently found that effective approaches involve students in active learning processes. Several writers (Gonnan, Hanlon & King, 1997; Haines, 1988; McMullan & Long, 1987) stressed the use of hands-on experience and real-world projects rather than traditional lecturing. Ronstadt (1990) stated that, "Entrepreneurship education should not be viewed as some mechanistic or technocratic process but as a holistic and integrative process." Dana (1987) argued that entrepreneurial learning style preferences support the use of active participation, and that increased opportunities to participate in the classroom would increase student awareness and enhance the ability to learn from experience.

Sexton and Bowman-Upton (1987) tested Baylor University students using a number of personality instruments. Comparing the scores of entrepreneurship majors with other undergraduates, they developed a profile of the entrepreneurship student. Entrepreneurship students were independent individuals who disliked restriction and the routine. Given autonomy and responsibility, they were very energetic and capable of intense work over long periods of time. They had a high tolerance for ambiguity. Finally, they tended to be unresponsive and emotionally aloof but, at the same time, persuasive and manipulative. Based on these findings, Sexton and Bowman-Upton advocated a pedagogy incorporating (1) novelty,

(2) ambiguity and uncertainty, (3) independence rather than group efforts, (4) social adroitness, (5) learning by doing, and (6) self-confidence enhancement.

Collaborative learning is a novel approach to teaching entrepreneurship; it is not routine because its implementation is affected by group dynamics. Collaborative learning is typically used with unstructured exercises and cases that involve ambiguity and uncertainty. It allows participants to use their social adroitness to persuade their teammates. Students learn by doing cases, simulations, and other exercises, bolstering their self-confidence.

As for the third item listed above, we agree that many entrepreneurs may be loners (Copetas, 1986) with low need for affiliation (Roberts, 1989). This is a limitation that must be overcome. As Timmons (1999) states, "the lone-wolf entrepreneur may make a living, but the team builder creates a company where substantial value, and harvest options, are created." Cooper and Gimeno-Gascon (1992) noted that four out of five studies they reviewed found that firms started by teams did better than those started by single founders. Collaborative Learning prepares budding entrepreneurs to establish the Learning Organizations of the future by fostering teamwork, cooperation, and shared outcomes.

SUMMARY AND CONCLUSIONS

Russell Ackoff (1993) wrote that "teaching is a marvelous way to learn; being taught is a terrible way. School is backward--the students ought to be teaching and the teachers learning." Collaborative learning makes every student a teacher, transforming the classroom into a learning community.

Collaborative learning is emerging as the pedagogy of choice to achieve the desirable learning outcomes delineated in Table 4. Because entrepreneurial types are typically not passive learners, collaborative learning is particularly well suited for entrepreneurship education.

Collaborative learning is harmonious with most personality characteristics of entrepreneurs. Although entrepreneurship students may prefer individual versus teamwork, collaborative teaming provides a safe environment for future entrepreneurs to establish and develop team skills needed in today's complex business environment. Perhaps most importantly, this method promotes higher-level reasoning and critical thinking skills required for successful entrepreneurial decision making. Using courses structured similarly to that described above, teachers of entrepreneurship could enhance their students' satisfaction, effectiveness, and self-development.

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HUGH TAYLOR: ATTORNEY, PROGRAMMER, TRAINER, AUTHOR. . . AND ENTREPRENEUR?

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ABSTRACT

Hugh Taylor, attorney-at-law, had developed a highly successful personal injury law practice serving clients primarily in the Minneapolis-St. Paul metropolitan area with three additional branch offices in Duluth, Fargo, and Sioux Falls. In addition, he had taught himself computer programming and in the process, created a commercially viable software product used to help manage the operations of a legal office. Furthermore, he had parlayed his skills into a national reputation as a trainer in Visual Basic, an advanced programming language. At present, he was reminiscing with his good friend and business professor, Eric Daniels, about his many career paths.

THE JOURNEY FROM ATTORNEY TO BUSINESS OWNER TO BANKRUPTCY AND BACK TO ATTORNEY

"Did I ever tell you Eric, that I once went bankrupt? It may be hard to believe, but there was a time when I lost just about everything. Yet even in the worst of those times, I always had a feeling that I would make it back. People used to tell me that I had a tremendous desire to win. I think some of that developed when I was a kid. I grew up in a small town a few hours south of here in a family with six siblings and two very worn-out parents. Seven kids will do that to you.

I loved my folks, but I must admit I felt like I was always competing for their attention and love. It was quite a struggle but it probably contributed to my desire to stand out. I remember when I went to the University of Minnesota. I worked 30-40 hours a week and still excelled in the classroom. In my senior year I decided to go to law school. I was a distinguished student, even getting a chance to argue a case before the US Court of Appeals, something no other law student had done at the time.

I was really gung-ho for a law career that first year, but something was nagging me. I did some soul-searching and recognized that I wanted something else from life. After my experiences working for other people, I knew I wanted to work for myself, set my own hours and pick and choose the projects on which I would work. I thought I could earn more than what I had earned working part-time for the newspaper and as a lab assistant at a high-tech company. So at the end of my first year of law school, I started a business called 'Law Clerk Services' to handle legal research and other projects for law firms. After a while, I found there was more legal research work than I could do alone. I recruited some of the better third-year law students to help. This developed into a good little business and paid my way through law school. Also, this service put me in touch with a number

of local law firms. Once I graduated and passed the bar, I went to see the law firms that I had worked for and asked them each for their three worst cases, the kind that if they blew out the window, they wouldn't be missed. They all came up with a few so from day one I had an established law practice.

That was just the beginning. I had done some legal work for a marketing firm and again made some excellent contacts. After several meetings with one of the marketers, we decided to form our own company to promote the professional services of local dentists, CPAs, lawyers, and physicians. At that time, professionals didn't or couldn't advertise directly. They usually ignored this function. We thought we saw an opportunity so we offered to run ads as a service to people looking for professional assistance. This worked so well that we soon expanded into six states and had up to 75 people working for us.

The business was incredibly successful. We were making a great deal of money, but its rapid growth literally took over my life. I worked far too much and got more and more stressed out, not to mention gaining 40 pounds. Anyway, my fear was that we were on to something so big, and so profitable, that soon other businesses would start competing with us. I decided to implement a massive marketing campaign to establish a dominant market share. But the response from our marketing campaign didn't even come close to our projections. We significantly overestimated the market and developed a major-league cash flow problem. My company and I had to file for Chapter 7 bankruptcy. We were forced into liquidation and I lost everything--even my first marriage. The only reason they didn't foreclose on my house was that the mortgage holder had sold the mortgage and the paperwork for the foreclosure didn't get processed for over a year."

"Given your current lifestyle, you've obviously made quite a comeback," replied Eric. "How did you manage it?"

"After that fiasco, I went back to my law practice and developed my current personal injury focus. I won a few big cases and the entrepreneurial bug bit me again, so I decided to promote my expertise. For example, I started a weekly question and answer column for the local paper. I became quite an accomplished trial lawyer and won enough cases that settling with insurance companies became relatively easy. I developed a solid reputation as a negotiator and person of integrity. Not easy for a lawyer in this line of work.

Anyway, I took on two to five other lawyers, depending on the year, and the necessary support staff, and successfully grew the business. But after several years I tired of it and its adversarial nature. I had proven myself in court and I was making tons of money, but I was just bored to death.

The boredom got to me. I started tinkering with computers. I needed something new. I've found that I like challenges and the feeling that comes with reaching goals, and programming fit the bill. In a relative short period of time, I became proficient as a database programmer and developed a computer program to network our office computers to a database. Between my program and some office automation systems I installed, I was able to cut overhead expenses related to salaries from 75% of revenues to 35%. Staffing needs were reduced dramatically and our lawyers were able to be far more productive than in past years."

PROGRAMMER EXTRAORDINAIRE: THE POMS SOFTWARE COMPANY

Hugh continued, " I decided to take a sabbatical from my legal practice and concentrate on improving my programming in order to refine the POMS software. Actually, "POMS" refers to the name of my software company--Professional Office Management Systems. I really felt this was going to be a gold mine. I had been an attorney long

enough to know how important greater office efficiency was to reducing overhead and subsequently improving the bottom line. In addition, my business sense told me that POMS could be an important product, although I wasn't exactly sure what to do with it. I knew I had to become a better programmer so I left the law practice in the hands of one of my associates and attended training programs all over the country. I became an expert in Visual Basic and while that was really satisfying, my real love was the software I developed. It felt good to have developed something that could potentially be of use to people all over the country."

Hugh pulled out a document from the folder he was carrying and handed it to Eric. "This will give you a feel for what the software does. It handles case management for our clients, provides templates for the different letters that need to be written, time and billing sheets, a database with all the relevant professionals one would need to contact, an e-mail message service, to-do lists, office calendar, jury verdict analysis, banking and bookkeeping, financial and operational analysis of the firm, marketing tools, a system for checking statute of limitations and conflicts of interest, and employee and general information. It took me about five years of development work to get to this point and I was convinced I could market my POMS software. I wanted to see if my entrepreneurial instincts were right, that there was a demand for my computer program.

I began my "market research" with a presentation to the local bar association. Over the course of a couple of hours, I showed them how we could link individual lawyers and support staff with all the database information needed to run a personal injury law firm. Afterward, I collected over 150 cards from lawyers who had expressed interest.

That clinched it for me. The interest I saw in the meeting plus my own belief in the benefits of POMS convinced me that I could sell the software. I hired four programmers, scaled back my law practice and got rolling. Eventually I found that I could handle the law practice with just an assistant, my wife, and still have plenty of time to devote to the computer program.

What I quickly found out was I couldn't possibly install and service all the programs myself. Each program had to be modified to fit the client's needs. While the programmers were competent, they often struck off on their own and wasted time developing programs that were irrelevant. Since I was the only one who understood the entire system, they were constantly coming to me for help. I was so overwhelmed with their problems that I couldn't program myself. It was déjà vu. I began eating out of desperation, working day and night, and feeling miserable. Now I don't know what to do."

Eric asked, "what do you mean?"

Hugh responded, "I've taken out a lease on a building. By tomorrow I have to make a decision on a \$26,000 phone system. And while I think I can build this company, I'm becoming more and more unhappy with what's in front of me."

"Can you be more specific?"

"To tell you the truth, I really hate to manage people. I like to program and sometimes negotiate. I even like a good debate now and again like one gets in the courtroom. However, I don't want to deal with all the employees I've hired. I don't like to make small talk and I really don't want to listen to their problems. I feel like most of their issues are just too petty for my time. I don't want to deal with slackers and I especially don't want to redo their programming. I just don't want the hassle. I like to accomplish things on my own and I like being self-reliant. And I really like the positive feedback I get when I provide a satisfactory service. But I hate the thought of managing people and everything that comes with it."

Eric asked, "What if you hired a project manager? That way you'd only have to deal with one person."

Hugh responded unenthusiastically, "yes, but. . ." He paused and didn't finish his sentence.

Eric suggested another alternative, "Maybe you could find another company similar to yours and form a joint venture or license your technology."

"I thought of that. A few weeks ago, I presented my program at a computer conference and a man in the audience approached me. We talked and it turned out he had a program somewhat similar to mine. His program did some things better than mine and vice versa. I offered him my program for 20% of the stock in his company. He declined and instead wanted to set up what I saw as a sham holding company that would have allowed him to get all my technology and then pull out. I don't know why he thought I was such a neophyte; I immediately saw through his plan."

Eric countered, "Okay, he was a creep but surely there are others out there with whom you could work, aren't there?"

"Sure there are."

Eric continued, "Well, as I see them, here are your alternatives:

1. Go ahead, order the phone system and move your programmers into your new office. I can try to help you figure out ways to manage your people and your time.

2. Keep the office you've rented and continue to grow the company but look for a good project manager who could handle the management tasks you hate.

3. Develop the POMS system, either through managing the office yourself or with a project manager, as I mentioned, and when you feel the product is ready for a nationwide market, license it to a company that has the financial, managerial, marketing, and programming resources to both distribute it and continue developing it."

4. Create a joint venture with another company and carve out a position for yourself that lets you do the things you like to do."

Hugh added, "You missed one. I could fire everyone and just focus on programming and servicing the clients myself."

"Yes, you could certainly do that, but it seems like it would be counter to your 'entrepreneurial' character."

HUGH THE TRAINER AND AUTHOR

Six weeks later, Eric and Hugh met again. Hugh had been decisive. So much so, in fact, that immediately after their previous discussion, Hugh had fired everyone associated with POMS. He gave his long-term law associate, who he made a partner in POMS, a lump sum and bought him out. To the others, Hugh gave two weeks severance pay.

Eric was stunned at Hugh's actions, but he appreciated that Hugh did what he thought was best for him. "You know, Hugh, you don't seem to be motivated by the money or power that growing a business can provide. You seem more interested in doing a good job and accomplishing a great deal."

Hugh responded, "Yeah. I like the idea of providing a service and being recognized for the way I do it. For example, a couple of years ago, I volunteered with a non-profit group that served street kids; I developed a computer system to help their office manage its affairs. I also established a local programmers group that grew to over 170 members. I didn't get anything out of it except the feeling of being of use to someone and getting to know others in the community with like interests but that feeling was so satisfying it's amazing. In the same way, I've created a web site where I distribute, free of charge, the programming code innovations that I develop. I've embedded my e-mail address in the code so when people use it I receive a notification via e-mail, though the user is unaware a message was sent. Like I said before, it's not about money. I just like being useful to others and the recognition and satisfaction that comes with being an authority."

It's what has led me down my latest career paths. I mentioned last time we talked that I had become quite proficient with Microsoft's programming language, Visual Basic. I found out there is a market of an estimated three million programmers who use this language. Of course, my entrepreneurial character took over and I looked for ways I could tap into this market. Given my reputation as a programmer, I found a ready market for training workshops. I've already made a couple of videos for use by people using Visual Basic."

Eric asked, "what prompted this change? Did moving away from your law practice put a crimp in your cash flow?"

Hugh responded, "Oh no, I've actually retained my practice and still have 25-30 cases. Plus, I make about \$1000/day when I do a training workshop. And I'll start getting royalties from the videos I did and eventually from the books I'm co-authoring. Oh, I forgot to mention that I'm writing a couple of books on Visual Basic with a programmer friend of mine. I like this type of variety and I'm not just in it to make as much money as I can. I want to feel energized and useful and I really treasure my independence. I don't need the lifestyle of the rich and famous."

Eric continued, "You mentioned your need for recognition. Do you really need that much external confirmation?"

Hugh nodded, "I guess I do. If the evaluations on the workshops don't come back with high scores, I won't get invited back and I do like the idea of doing things well. Yet, it's hard to satisfy everyone. Still, I keep trying."

"You seem to be much more concerned about personal growth than establishing POMS as a new venture. Has something else changed?"

Hugh thought about this for a moment and answered, "Sometimes I seem to drift into things in a somewhat serendipitous fashion. I've moved from my law practice, to software development, to training, and now to videos and writing. When I see an opportunity, I try to take advantage of it."

Eric probed, "But that which you find exciting doesn't necessarily seem to fit with growing a business. That is, POMS works and appears to have good market potential, yet you don't seem to be pushing too hard to make it a successful venture."

"I don't see my role as generating employment for people nor making obscene amounts of money. I like to create, I like to perform, as a trainer or trial lawyer, in front of people. I like seeing my name on the back of a video. I'll also enjoy seeing my name in print when the books come out."

Eric asked, "You are quite an enigma. You don't seem interested in building an organization yet you clearly like being part of a network, like your users' group or the programmers and Microsoft-affiliated people with whom you now work."

"True. I fired all my employees so you could hardly say I'm committed to building a team or an organization that employs people. Yet I do like to network and stay in contact with people interested in the same things I do."

Eric asked, "What do you see happening in the long run?"

WHAT'S THE FUTURE HOLD?

Hugh responded, "It's hard to tell. My "long run" always seems to be made up of a lot of different "short runs." Anyway, I know I want to develop POMS to the point where I can't take it any further and then license it. In terms of programming, training, and writing, I just want to stay on top of things and maintain my edge until I can't do it any longer."

"How's POMS doing?"

"Financially, I don't feel any worse off. I must admit, however, I probably could have made a great deal more had I promoted the software more vigorously. I had estimated about \$5000 per installation and I had one hundred and fifty different legal offices that had expressed interest in POMS. I limited myself, however, to six installations, only two of which I still service. In a sense, these installations are more like beta sites for me. They've taught me that I don't want to deal with small offices because they often lack a necessary degree of computer sophistication. I end up being their "Mr. Fix-it" whether their problem has anything to do with my program or not. It's taken me away from my programming and just hasn't been a lot of fun. I've decided to focus on offices with 25 or more employees. They seem to be more "computer literate" so they don't call me all day about routine problems. Plus, I now charge for service at the rate of \$95/hour. This helps limit their calls for my services to technical matters relating to the POMS software. I've learned a lot from these initial installations and anticipate having an updated and improved version of POMS later this year. In truth, it has been fun creating POMS and figuring out ways to improve it. It's also been a real challenge to make it commercially viable. In addition, installing it and dealing with people who can't operate Windows or other standard software is not something I want to do all day long. I don't mind working hard but I don't want to have a day job that I hate. It's the new projects like training and writing that gives me a greater feeling of satisfaction and independence.

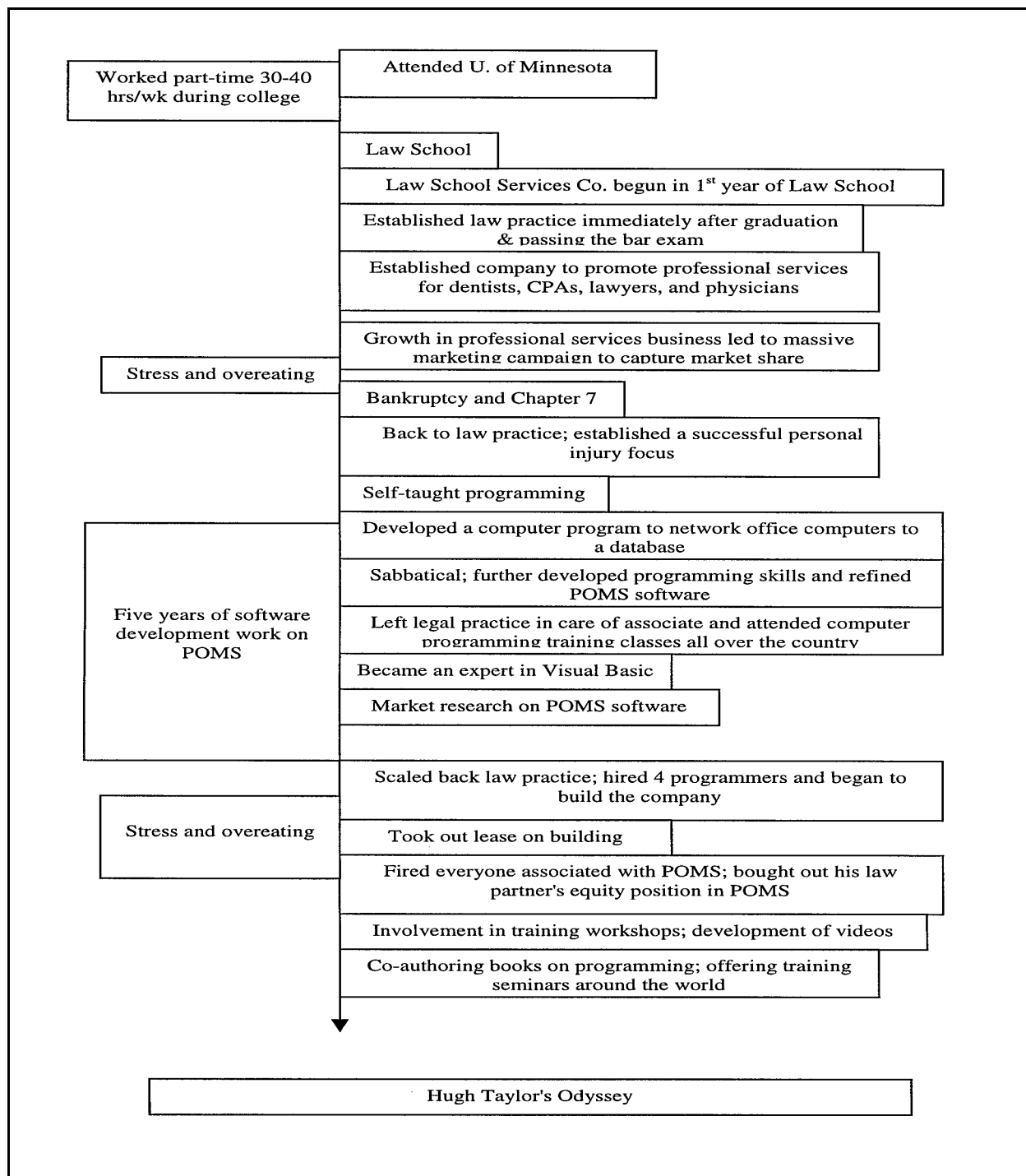
Still, I have a few more things yet to do with POMS. As I mentioned before, when the new version of the software is ready, I intend to find a corporate licensee to take it to the legal industry. Ideally, I would provide programming support on a consultative basis. I've had a few national firms interested in my programming consulting services which should help me find a good licensee."

Eric said, "I wish you luck in your search, but I've got to ask, do you have any regrets? After all, at \$5000/installation, you had the potential to make some serious money."

"Absolutely none. I believe I'm much better off now. I really didn't want to manage people and what I'm doing now lets me achieve my goals without having to worry about that. Instead, I continue to provide services for my database business and focus most of my attention on training programs for Microsoft-related products. Over the past year I've given seminars in

the Far East, several in Europe, and throughout the U.S. I spend around 10 days a month in the U.S. Additionally, as I said, I've developed a series of videotapes for programmers and am in the process of co-authoring several books on programming.

Truthfully, I think I'm more content now than I've been in years. But I do have a question for you. As I was flying back from San Diego last week, I was reading an article about entrepreneurs in the airline magazine. It was discussing famous entrepreneurs and the similarities among them. It got me thinking about my life. I've always considered myself an entrepreneur. I've started a number of different businesses and I've had my share of successes and a failure or two. I've employed people, met payrolls, managed staff--although it's not something I particularly care for--and done many of the things that the Bill Gates' or Sam Waltons' and other people profiled in the article have done. And yet, I noticed there were some real differences. I'm trying to figure out what I am. How do I bill myself? Where do I fit?"



HUGH TAYLOR: ATTORNEY, PROGRAMMER,

TRAINER, AUTHOR...AND ENTREPRENEUR?

INSTRUCTORS' NOTE

Asbjorn Osland, George Fox University
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CASE DESCRIPTION

The case could be used early in the semester in undergraduate and MBA courses in entrepreneurship and/or small business management. It could also be used in undergraduate and graduate strategy courses in a module focused on entrepreneurship. Finally, it could be adapted for use in a motivation module in an organizational behavior course or a principles of management class.

CASE SYNOPSIS

The case deals with a computer programmer-lawyer-possible entrepreneur named Hugh Taylor. Before becoming a programmer, Hugh had developed a successful personal injury law practice. To better manage his law office, he had developed a high level of proficiency in computer programming, in Visual Basic, a language used by an estimated 3,000,000 programmers. Initially he had limited his attention to reducing overhead in his law office by developing software to computerize form letters, access various databases, maintain billing records, and other aspects of case management. Later, he presented his software to a bar association meeting and found that there was considerable interest in his program. Perceiving a commercial opportunity, he originally decided to grow his business but later discovered that he did not want to manage an office. What he wanted to do was develop greater expertise as a programmer and the recognition that came with it. Hence, he decided to fire his staff and focus on developing his computer system as well as giving programming seminars. He did so and became successful enough to be asked to co-author a book as well as present his seminar on a series of video tapes for commercial sale by an established company. He had a solid national reputation.

OBJECTIVES

At the end of this case the student should be able to:

1. Describe Hugh's characteristics, to encourage the student to determine if he meets the criteria used to define an entrepreneur;
2. Discuss whether Hugh is an inventor or an entrepreneur and to recognize the differences between the two; and
3. Critique Hugh's approach to the entrepreneurial process.

DISCUSSION QUESTIONS AND ANSWERS

1. **How does Hugh differ from or resemble other entrepreneur's? Is Hugh an entrepreneur or not? If not, how would you describe him?**

Almost every textbook on entrepreneurship and/or small business provides a discussion of the most prevalent characteristics of an entrepreneur. The instructor is encouraged to use the framework provided in his/her chosen text to discuss this question.

For example, Hisrich and Peters (1998) provide a framework that can be used to stimulate discussion of this topic. They discuss how almost all definitions of entrepreneurship include initiative taking, offering some service or product and the acceptance of risk. Specifically, they offer the following definition:

Entrepreneurship is the process of creating something new with value by devoting the necessary time and effort, assuming financial, psychic, and social risks, and perceiving the results and rewards of monetary and personal satisfaction and independence (p. 9).

Merging the above with a list of characteristics of entrepreneurs developed by Timmons (1999) provides an analytical tool for our discussion of Hugh. In many ways Hugh resembles the typical entrepreneur. However, there are some very important distinctions between the characteristics and behaviors evidenced by Hugh and the classic entrepreneur discussed in the literature.

Initiative and problem solving: Hugh certainly demonstrated initiative at all stages of his professional life:

- ◆ In law school be brokered student services to the legal community.

- ◆ Upon graduation he solicited unwanted cases from attorneys he knew and created a practice overnight.
- ◆ Upon observing the inadequacies of lawyers' marketing efforts, he provided a service to promote professional services. He tried to grow this business so rapidly that it led to his bankruptcy.
- ◆ When he began his personal injury practice, he promoted his name through a question and answer column in the newspaper.
- ◆ To reduce overhead, he developed a database system for his own office that he subsequently developed into a commercially viable product.
- ◆ When he became proficient in programming, he made the contacts necessary to become a trainer.
- ◆ After he had demonstrated his competence as a trainer, he moved on to videos and books.

Acceptance of risk: the following are evidence of his acceptance of risk:

- ◆ He aggressively tried to grow his professional services marketing business, which resulted in bankruptcy.
- ◆ He subsequently reduced his commitment to his successful law practice to focus on new product development (i.e., the POMS software).
- ◆ Rather than limit his focus to a database system that enjoyed a strong demand (150 requests), he moved into the training field.

Team builder: since Hugh opted to fire everyone rather than use personnel in new venture creation, he's clearly not a team builder in terms of his organization. However, he is actively networked with other programming professionals and is in a sense part of a larger virtual, rather than organizational, team.

Regardless of his networking skills, the issue of team building is an important one and can lead to a lively discussion. In today's world, the "solo" entrepreneur is either nonexistent or a proxy for what is more often described as a small businessperson. The marketplace is too complex, changes too rapidly, and is too dynamic for one person to successfully build a high-growth entrepreneurial venture. Thus, team building is a critical skill for the individual desiring to be a high-growth entrepreneur. But what does Hugh's dislike of managing people imply about his entrepreneurial tendencies? Is he limited to being a small businessperson? Can one be an entrepreneur without building an organization?

Rewards: Hugh enjoys the autonomy he has created in his life as well as the freedom from financial stress. Yet, he is certainly not driven to achieve financial rewards in excess of what he needs to maintain his upper middle class lifestyle. Achievement seems to be the driving motivation, which is discussed in the comments on question 2.

Self-awareness and feedback: Entrepreneurs need to understand what the marketplace and consumers are telling them. They must maintain a passionate commitment to their product or service while at the same time maintaining a marketplace-induced humility and understanding their vulnerability to innovation as generated by competitors. Hugh understands that his future training engagements require that he receive good evaluations.

Total commitment, determination, and perseverance: Hugh's commitment to his database product has lasted for close to a decade. He maintains an internal locus of control where he sees himself as capable of assessing and responding to the market rather than feeling trapped by his circumstances.

Low needs for status and power: Achievement is the key, not power over subordinates or flaunting the perquisites of affluence.

Drive to achieve and grow: Hugh's commitment to achieve is clear, as is his desire to grow in terms of technical competency. However, growth in terms of more business does not seem to be a high priority for Hugh.

Tolerance for ambiguity, stress and uncertainty: Hugh enjoys the challenge of embarking on a new venture. He suffers from stress in terms of overeating but seems to thrive on the challenge.

Integrity and reliability: Hugh has developed a solid reputation with the various insurance companies with which he negotiates.

Decisiveness, urgency and patience: The entrepreneur is a doer but also one with a vision. Hugh enjoys the immediate satisfaction of success relating to his database and programming but also savors the long-term vision of licensing an excellent product while continuing to develop and demonstrate his competence as a trainer and programmer.

Dealing with Failure: Failure can't reduce the entrepreneur to cynicism or powerlessness, if long-term success is to be enjoyed. Hugh's bankruptcy and temporary

programming setbacks have not fostered a defeatist attitude. He did seem to burnout as an attorney but he made the decision to broaden his portfolio of skills to include programming and training. Yet he continues to use his law practice as a cash cow to fund some of his cash needs.

High energy, health and emotional stability: Hugh has the energy to work long hours but suffers from chronic overeating.

High intelligence and conceptual ability: One who can move into a new field, without formal academic training, and become a leader is clearly one who is gifted, such as Hugh.

In closing, it's difficult to fit each entrepreneur into a fixed mold. Entrepreneurs are often people who are driven to succeed in varying ways. Some may want to make money and use it as a scoreboard to measure their success. Others enjoy the thrill of creating something new. Still others enjoy working alone. In order to understand how a given entrepreneur makes decisions, one must be empathetic with where they are at the moment and, also, understand their past experiences to see where they have been. In midlife, entrepreneurs, like so many professionals, tend to step back and reassess what it is they are doing. Often, if not usually, they are not entirely satisfied. They may see either personal or professional shortcomings. They may become aware of dangerous symptoms of inadequate coping with stress. (e.g., weight gain). Quality of life criteria may prevail over short-term economic factors. All of the preceding enter into Hugh's portrait, which continues to be a dynamic one as he moves into new areas that give him a sense of achievement and vitality.

2. Would you describe Hugh as more of an inventor or an entrepreneur and why? What is the difference between the two?

Hugh seems to have drifted, in a somewhat serendipitous or opportunistic fashion from product development, to training, to authorship. He sees opportunities open and attempts to take advantage of them. He seems less focused on new venture creation and therefore is more of a mix of inventor (i.e. creative programmer) and entrepreneur (Hisrich & Peters, 1998, p.81). One could apply the description of an inventor, provided by Hisrich and Peters, to Hugh equally as well as that of the entrepreneur described previously. The inventor is characterized by the following:

- ◆ Inventors, like Hugh, are driven to achieve through the creation of something new.

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- ◆ Hugh and other inventors tend to emphasize achievement over material rewards.
 - ◆ Inventors tend to be professionally educated, in like manner as Hugh.
 - ◆ They are problem solvers, like Hugh.
 - ◆ They are self-confident, again, like Hugh.

The difference between an inventor and an entrepreneur is that the entrepreneur uses the invention to create a new venture. In this respect, Hugh opted to focus more on the development of the invention than on new venture creation. One would have difficulty categorizing Hugh; perhaps he's more of an entrepreneurial inventor than an entrepreneur devoted exclusively to new venture creation. Timmons (1999) points out that Edison, though famous as an inventor, earned practically nothing from his inventions. The entrepreneur has and uses more managerial skills than the true inventor, skills Hugh possesses but chooses to use within his programming network rather than as a supervisor of employees directly under him in a new venture creation.

3. Analyze Hugh from the motivation standpoint. What drives him?

Hugh seems to be driven by achievement, in terms of McClelland's motivation theory. Another view would be Schein's career anchors where autonomy and innovation seem important as well. One could also view Hugh's desire to contribute in terms of Joseph Campbell's emphasis on seeking that which is energizing and exhilarating.

McClelland. Kolb, Osland, and Rubin (1995; pp. 89-90) list a variety of points relevant to the need for achievement:

- ◆ Those with a high need for achievement define this as "a need to accomplish goals, excel, and strive continually to do things better." This certainly fits Hugh.
- ◆ Achievement oriented individuals want to feel responsible for their actions, take calculated risks and desire circumstances where they get immediate, concrete feedback. Every time Hugh comes back from one of his seminars he immediately talks about his evaluations. Though unconcerned about materialistic status symbols, he enjoys mentioning how well he did in a given seminar.
- ◆ Their need for feedback has them focused on concrete and real products, services, or issues, as opposed to finding satisfaction in the world of abstract ideas. Hugh finds programming computer code very practical, not to mention satisfying.

- ◆ Their need to maintain personal responsibility keeps them directly involved in what they are doing. They tend not to delegate authority unless they wish to develop subordinates. Clearly Hugh wanted to maintain personal responsibility and was not as interested in developing subordinates.

In terms of Schein's (1978) typology of characteristics that seem to provide enduring career anchors, the following seem to fit Hugh: *functional/technical competence* (thought not in a large organization but rather networked to one in Hugh's case-i.e., other programmers), *creativity & entrepreneurship and autonomy & independence*. These fit the motivational, attitudinal, and values syndromes formed early in Hugh's life and serve to both guide and constrain his career.

Joseph Campbell did a series of interviews with Bill Moyers on Public Television, later published as *The Power of Myth*. In the interview, Campbell explains that it's not really meaning that people seek in a job but rather the vitality of feeling alive. For a time Hugh appeared seriously self-alienated as a lawyer. The same was true about managing his office. Yet programming gave him a feeling of vitality--the exhilaration of doing a job he perceived as important, interesting, and fruitful (financially and in terms of recognition), and one where he had developed special skills.

4. Critique Hugh's approach to the entrepreneurial process. In retrospect, how would you have suggested he evaluate the POMS idea? What are some of the screening criteria he could have used to help him determine whether this was a real opportunity or not?

Hugh doesn't seem to have much of an "approach" to the entrepreneurial process. He appears to be somewhat of an opportunist, jumping on those opportunities to which he is personally attracted.

Given Hugh's lack of a formalized entrepreneurial process, this question is a good starting point for students to "formulate" their own conception of this process. Classroom discussion can surface a wide variety of points in this regard. Alternatively, the instructor may use a textbook that provides a model of the entrepreneurial process. Providing the model in advance allows the students to utilize it as a diagnostic tool. For example, Hisrich and Peters (1998) provide a framework of the entrepreneurial process that is fairly representative of most such models found in the Entrepreneurship/small business literature. They identify four aspects of the entrepreneurial process: (1) identify and evaluate the opportunity; (2) develop the business plan; (3) assess the resources required and acquire what is needed; and (4) manage the enterprise. The following

response will focus primarily on the first element, identifying and evaluating the opportunity.

Identify and evaluate the opportunity: Hugh seems to be sensitive to potential opportunities and given his personal motivations, this is an important issue to discuss with the students. What represents an opportunity to him may not be an opportunity to someone else. The key issue here is the process of screening and evaluating an opportunity. Some experts see this as the most critical element of the entire entrepreneurial process. Hugh, however, seems to have given this little notice, preferring to rely on his gut feel for success. His search for opportunities is serendipitous; he sees opportunities and attempts to take advantage of them. An opportunity for Hugh is something that he finds gratifying and exciting. Although this may be fine for Hugh, it does little to differentiate between a good idea and an opportunity that is solidly based on a marketplace need and for which the timing is right (the window of opportunity is open and will remain open for some period of time).

On a general level, the entrepreneur's screening process must begin to help the individual understand the forces creating the opportunity, recognize the time period for which the window of opportunity will remain open, assess the risks involved and the potential returns available, and determine whether or not there is a fit with one's personal goals.

We know little of Hugh's screening and evaluating process relative to POMS. His market research seems to be limited to one personal presentation to the local bar association. The response was, in Hugh's words, extremely positive, but he can certainly be criticized for engaging in a very limited market research process. In retrospect, Hugh should have developed and internalized a set of criteria for evaluating venture opportunities that fit his objectives. Given his personal idiosyncrasies, any textbook model will, out of necessity, have to be highly customized. In addition, students need to think about the relation between Hugh's motivations and the types of businesses he began. Q. #2 should have surfaced some of these issues.

Jeff Timmons (1999) has developed a framework for evaluating and screening ideas that can work well with the first part of this question. The instructor can either use Timmons's model as his/her organizing framework or they can solicit suggestions from the class as to how Hugh could have built an evaluation process for his own purposes.

We think it makes sense to ask students to take on the role of Hugh and provide them with several of the criteria from Timmons's model (see below). Ask them to consider what a highly attractive opportunity might look like to Hugh. Does POMS fit

these characteristics? What else would they need to know before they could make a judgment about whether or not POMS is an attractive opportunity or not?

5. Assume you are Hugh. How would you define a good opportunity (e.g., POMS) given the following questions?

How big should the potential market be? For example, do you think Hugh would prefer to start a venture in a smaller niche market or a larger national market? Less than \$20M revenue potential? Greater than \$100M? What are the advantages/disadvantages of a smaller vs. a larger market to an aspiring entrepreneur like Hugh? How does POMS fit? Does Hugh have enough data on the potential market for this software and if not, probe the students for their suggestions on where and how to find this type of data.

What level of capital required makes for an attractive opportunity? Higher potential businesses need fairly large amounts of start-up cash, but some significant ventures have begun with little or no capital. We don't know the limits of Hugh's wealth, but it appears to be primarily related to his business income as a lawyer, trainer, speaker, author, etc. Does this suggest limitations on the size of a venture he might be able to develop? Do you think he will be comfortable with the idea of taking on partners? Individuals or corporate? What about attempting to secure venture capital? What are the implications for the resources Hugh needed to start POMS?

What types of economic returns are preferred? Rather than identifying specific return percentages, we think it important that students recognize there are a variety of economic criteria that should be considered in this regard. For example, has Hugh examined the breakeven potential of this venture? How long will it take before a positive cash flow can be attained? How long should it take an attractive opportunity to meet these criteria? (Timmons suggests 18-24 months or less whereas a poor opportunity might take more than 4 years. Would this be different for Hugh, given his "inventor" mentality?) What about ROI potential? What does Hugh need to make on his investment? Again, Timmons suggests an attractive opportunity should generate returns in excess of 25% while a lower potential opportunity provides less than 15-20% returns. Should Hugh have calculated projected gross and net margins? Timmons recommends that an attractive growth venture should have gross margins exceeding 40% to provide a cushion for unforeseeable costs. A lesser potential opportunity provides gross margins below 20%. After-tax profits should be durable and above 10%.

Is it important to Hugh that an exit mechanism exists? Do you think Hugh has thought about this issue? He indicated he is not interested in making unusually large amounts of money but good entrepreneurs oftentimes have a harvest or exit mechanism

in mind when they start their firm. They do so because first it is part of good planning; many experts contend it is much more difficult to get out of a business than to get into one. Second, it is the best way of ensuring that a capital gain can be attained from your firm if and when the time comes to shift directions.

How critical are barriers to entry in the POMS industry? Does the POMS opportunity provide for any type of entry barriers that either delay or defer competitive responses? Do you think there is any type of proprietary protection? Contractual or network barriers that can be developed? How easy is it to gain distribution? In other words, just how quickly can the competition respond by either entering the industry with a similar product or by duplicating Hugh's product? For an attractive opportunity, how long should the window of opportunity be open before competition responds?

How important is the ability to build a team? Is an opportunity attractive to Hugh if it requires he build a team or because it doesn't require a team? If Hugh is willing to build a team, for what types of skills and people should he begin to search? Given the type of venture that POMS represents, what would you suggest Hugh do in this regard?

Is there a fit with his personal goals? With his risk/reward preference? Is there a good fit with the requirements of the POMS business and what Hugh wants to get out of it? What would a good opportunity look like to Hugh given this criteria and the motivations and objectives he has discussed in the case?

Does the POMS business have a competitive advantage that is sustainable for some period of time?

It is clear that Hugh has jumped on the POMS idea and perceives it as an opportunity. Yet it is also apparent that he has not done a thorough evaluation of the idea nor developed a functional business plan. He got excited about the idea, hired people, and considered expanding by leasing a building. However, he did an abrupt about-face; firing all of his people and slowing down the development process, despite the fact that he was confronted with a product that could in the future, be significantly profitable.

Another way to present this material to students is through the use of an opportunity analysis (Hisrich and Peters, 1998) or a venture screening guide (Timmons, 1999). Hisrich and Peters contends that the screening process should result in an opportunity analysis or opportunity assessment plan. This is shorter than a business plan and focuses on the opportunity rather than on the entire venture. It should include a "description of the product or service; an assessment of the opportunity; an assessment of

the entrepreneur and the team; specifications of all the activities and resources needed to translate the opportunity into a viable business venture; and the sources of capital to finance the initial venture as well as its growth--and first and second stage financing(p. 41).”

Develop a Business Plan: there is no evidence of a business plan or that any work was put into thinking through this opportunity. Hugh’s market research was terribly limited. After the fact, he learned small offices are not attractive customers. This should have surfaced much earlier in the entire process. With the appropriate market research, this information could have been uncovered and Hugh would have saved himself a lot of time and money. Hugh could have kickstarted the business plan process if he had followed through on the opportunity assessment plan. In particular, he may not have stumbled as much as he had in trying to exploit the opportunity he perceived.

Assess the resources required and acquire what is needed: Working through this process might have helped Hugh identify the appropriate procedure for commercializing his software product. He is still trying to figure out what should be the appropriate format for distribution. Should he partner with a corporation? License?

Manage the enterprise: Hugh does not seem the least bit interested in managing people, hence, it is doubtful that he has much interest in managing the operational details of a growing firm. He has already experienced one failure-as well as stress and weight gain from obsessing over his past business ventures. This may be an underlying reason that Hugh describes himself as: “sometimes I seem to drift into things in a somewhat serendipitous fashion.”

Can he discipline himself to stay with the POMS project long enough to see it come to fruition or will he begin working on the things he likes to do best? That is, will the writing and training projects begin to take precedence over the POMS project? The development process of POMS was very exciting to Hugh. It was what he liked best--problem solving for people. However, POMS is now more developed and the tasks involved in bringing the project to market are somewhat different. Will Hugh retain his interest long enough to make this project financially viable or is it time to turn it over to someone else who has the skills necessary to do what is needed at this point? Is the “inventor” personality emerging and taking precedence over the entrepreneurial character?

6. Where do you think Hugh will be in five years with respect to his POMS project?

Asking this question allows the student to ponder Hugh's future. It is designed to help the student reflect on the role past experience plays in determining future actions.

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THE ENTREPRENEURIAL EDUCATION OF AT-RISK MINORITY YOUTH: THE LAREDO CASE

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ABSTRACT

The education of at-risk youths is of prime importance to educators nationwide. The project outlined in this paper presents a method for providing entrepreneurship instruction for at-risk students. Specifically, the Hispanic culture was provided with a means to adopt an educational model to enhance student learning. The project outlined in this paper provides a method for enhancing educational efforts in Hispanic-dominated schools and offers suggestions for easy application in other minority or underprivileged environments. This paper discusses a project initiated by Drury's Students in Free Enterprise (SIFE) team that addresses the goal of teaching economically disadvantaged people about the free enterprise system.

INTRODUCTION

Laredo, Texas is a community of approximately 150,000 inhabitants near the U.S.-Mexican border. Laredo is struggling with deprivation, and losing. The unemployment rate is 11.3 percent, nearly twice the acceptable or frictional unemployment level (Rohlf, 1996). The average income is \$7,039 with approximately 40 percent of the population below the poverty level. Education, an important key in escaping poverty, lags far behind national norms.

According to the latest U.S. census, 16.5 percent of the city's population holds a high school diploma. Roughly 94 percent of the population is considered Hispanic in origin (Census, 1990).

The Students In Free Enterprise (SIFE) chapter at Drury College felt they could make a significant impact in Laredo through its entrepreneurial education and mentoring efforts. SIFE is a not-for-profit organization consisting of students from approximately 600 college and university campuses from around the world. SIFE students are challenged to employ the knowledge they obtain in the classroom in practical applications. The teams spread the ideas and beliefs of free enterprise through the use of outreach programs designed to impact schools, campuses, and communities.

Drury's SIFE team, consisting of 26 college students, participated in an ambitious project aimed at changing the lives of sixth grade students at the Los Obispos Middle School, located in Laredo. The majority of these sixth grade students are considered "at-risk," a term referring to children with inattentive and oppositional behaviors, hyperactivity, antisocial attitudes, disruptive actions, and other characteristics that may contribute to their academic failure (Grant, Acker, Guerra, Duplechain, and Coen, 1998).

The project began as a simple writing exercise. Each member of the Drury SIFE team was paired with one of the at-risk students. The correspondents communicated through a series of letters, each containing a different theme. Among the topics discussed were responsibility, academic achievement, and the importance of education. With each letter, the SIFE students attempted to position themselves as positive role-models for the younger students. Coined, "Each One-Reach One," the exercise was considered beneficial by both parties. The following is an excerpt of one at-risk student's letter to her pen pal:

"How are you doing? Everything is fine here! I passed all of my exams with 90's... I read in your letter that you need help with the gasoline prices. I didn't send my letter to you with the other one's because of this. I wanted you to be ahead so I have some prices..."

-Lupito Cantu
Dan Hoyt's pen pal

The letter clearly demonstrates an understanding of the importance of education as well as a definite awareness of personal responsibility. In addition, the project resulting in the fostering of numerous legitimate friendships between SIFE team members and their pen pals.

"Although this is supposed to be my last letter to you, as I said, I would still like to be pen pals. I wish you the best of luck in all you do! Study hard and have fun! I am so proud of you and want you to know how lucky I feel to have you as my pen pal! YOU'RE THE BEST!"

-Andrea Robinson
Drury College SIFE student

This project was to become the impetus for our entrepreneurial education model.

Several months after the initiation of the program, the team of SIFE students traveled to Laredo to conduct a series of interactive seminars. Entitled "Building for Tomorrow," the project reached more than 160 sixth graders, all of whom were Hispanic, and the vast majority of whom were underprivileged.

The purpose of this paper is to outline the procedures used to assist in the education of these students. A model is offered that can be adapted for use in other underprivileged domains, as well as a review of the project. Finally, extensions and implications are presented.

SUPPORT FOR INSTRUCTIONAL MODEL

The instructional model is essentially a manual for the education of at-risk students. Particularly, it is a tool for those who deal with at-risk youth regularly. The following description details all aspects of the program. Additionally, although much of the original program remains intact, many changes have been instituted due to continual research and participant feedback.

The program targets at-risk students in middle school grades. At this point, many children have already been identified as poor performers. "These children come into school relatively normal and, after third grade, are already identified as failures," says Barbara T. Bowman, president of Erikson Institute. "We have a situation where children come into school and do progressively worse the longer they are there" (Sautter, 1996). Targeting this age enables instructors (or SIFE students) to halt this downward spiral. The mentality of a youth at this age allows for positive interaction and an understanding of the more complex business ideas which may be too difficult for younger children. By intervening at this crucial time, students can be reached before "they end up rejecting the world of the school which seems to have so little relevance to their real lives" (Sautter, 1996)

The Hispanic influence of these at-risk students is a key aspect of the program. According to the *Journal of Early Adolescence*, "Spanish-speaking people represent the largest group of the language-minority population in the nation" (Singh, Hernandez, 1996). The Spanish-speaking population makes up approximately 40 percent of the total LEP (Limited English Proficiency) population and is the fastest growing ethnic group in the United States (Singh, Hernandez, 1996). They are also among the poorest minorities in the country. "Over 25 percent of all Americans with Hispanic backgrounds are below the poverty line" (DeBlasie, DeBlasie, 1996). The poor socioeconomic status is a direct result of the lack of education within the Hispanic community. "The national high school dropout rate for Mexican American... youths is about forty percent... and at least ten percent of Hispanic students do not even enroll in high schools" (Singh, Hernandez, 1996). These communities demonstrate the greatest need and here the greatest impact can be felt. Although challenging, improvement is possible and necessary.

The business curriculum is the cornerstone of the project. Business-related materials provide much greater incentive for these children to learn. The integrated lesson plans

emphasize the correlation between business curriculum and more traditional material. The at-risk children quickly realize the importance of their education. Steve Mariotti, president of the National Foundation for teaching Entrepreneurship believes business-related lessons are far more effective and well-received than traditional lessons. He writes, "...practical economic training is the only kind of education with a chance of leading to self-improvement. Training for business and work is the inner city's real hope" (Mariotti, 1995). Mariotti notes many students who lack basic skills, excel in a business-type atmosphere (Mariotti, 1995).

Disadvantaged youth are generally well-suited for business related lessons. These children are typically risk takers and tough minded, two often-cited ingredients necessary for success in entrepreneurship and free enterprise (Mariotti, 1995). The business activities also provide an atmosphere in which the students are required to treat others with respect. When a student is treated as a professional business person, the student almost always assumes such a role and begins to treat others with the same courtesy (Mariotti, 1995).

The letter exchange portion of the program also serves as an integral element of the model. The "pen pals" provide a crucial personal link between the at-risk child and the SIFE team member which continued to deepen through classroom experiences during the on-site seminars. This type of interaction fosters a supportive learning environment, a necessity for the successful education of at-risk children. According to Dr. Cynthia Franklin, assistant professor of social work at the University of Texas, Austin, "...extended relationships are believed to provide an opportunity for social support, sense of belonging, and bonding that extends beyond the interpersonal experiences found in most traditional schools" (Franklin, 1992). The letter exercise brings the at-risk children into close contact with their mentors (SIFE students in our case). This type of support is essential to the positive educational outcomes of these disadvantaged youths (Franklin, 1992).

THE CURRICULUM

The curriculum surrounding the seminar sessions was created using three primary ideas. These theories form a comprehensive framework that can be applied in situations encountered while utilizing the program. With this platform in place, the program produces greater results while maintaining a more stable learning environment (Grant, Acker, Guerra, Duplechain, and Coen, 1998).

During the initial series of seminars (a detailed description of these follows), SIFE team members quickly discovered that interactive lessons were far more effective than traditional methods. At-risk youths were far more responsive to lessons in which they took an active role. Interactive learning allows for the short attention spans typically associated with children of this age (Reick, 1996). Using this type of learning focus, SIFE members found the children more attentive and considerably more willing to learn the material.

In addition, activity based learning allows the student to grasp more complex material. By using the material in a practical application, children discover the basic ideas behind the

activity with more regularity (Mariotti, 1995). During the initial set of seminars, children demonstrated a vastly enhanced understanding of the material after an interactive lesson. Additionally, at-risk students may simply perform better in a less restrained environment. William Reick, head of the Department of Curriculum and Instruction at the University of Louisiana, Lafayette, writes, "...instruction is based on the learning preferences of the abstract sequential learner, who likes to deal with ideas presented in a very ordered fashion. Many at-risk students view that style as antithetical to their own (which could be one reason that they are considered to be at-risk)" (Reick, 1996). Activity-based learning fosters the type of informal environment in which at-risk students can excel.

Motivation is also an essential component of the interactive seminars. Proper motivational techniques are crucial to the development and success of an at-risk child. Reick (1996) identifies four main bases for motivation: interest of self, level of concern, knowledge of results, and success. According to Reick, successful education programs typically observe all of the aforementioned motivational techniques. Each lesson plan created for Laredo was developed with the intent of addressing these four requirements.

The issue of self-interest was addressed by promoting an environment in which students feel comfortable exploring their own personalities. According to Reick, "...students are concerned about their images; they have definite ideas about themselves and about how others view them. A concern with image can even be more pronounced in at-risk students..." (Reick 1996). The letter exchange program and other such exercises adequately address this "concern with image" and promote proper motivation. In order to affirm a "reasonable" level of concern, students are encouraged to share the results of their work. Faced with the scrutiny of their peers, students generally demonstrate a greater concern for the accuracy and quality of their performance.

Knowledge of results is addressed through the use of immediate feedback. Although formal grades are not utilized, immediate feedback and constructive criticism from SIFE team members provide the student with an adequate understanding of personal results. Success is promoted through a non-competitive environment in which students are regularly rewarded for their individual accomplishments.

The development of each lesson within the interactive seminars was based on five principles described by Reick (1996) that facilitate worthwhile learning activities, thereby promoting success in the classroom. The five principles are: identify the objective or objectives for each lesson; design an activity to have high initial student interest; allow the student some type of creative freedom; provide for some type of student interaction; and provide for the students to experience some type of success (Reick, 1996). These five principles are used extensively throughout the Laredo program.

Finally, cultural exchange is crucial to the seminar program. This idea evolved largely from what is known as the "cultural capital theory," which asserts that an education system favors students who conform to the characteristics of the dominant culture in a particular society. "Schools use particular linguistic structures, authority patterns, and types of curricula... It is argued that teachers will give more attention and favorable treatment to students exhibiting [the

proper] capital” (Hampton, Ekboir, Rochin 1995). In a situation where a minority culture is present, conflict may occur. Thus, “...the underclass, in rejecting values, attitudes, and beliefs of the larger society, has become increasingly socially isolated” (Hampton, Ekboir, Rochin, 1995). The at-risk youth of Laredo, shaped by the Hispanic culture, were unable to effectively relate to the local school system, dominated by American traditions and standards. The cultural exchange aspect of the seminars is designed to submerge students in the dominant culture while allowing them to continue to embrace their traditional way of life.

ABOUT THE PROJECT

During the first day of instruction, a series of four seminars was taught simultaneously to four classes, giving each sixth grader the ability to attend each two-hour session. Session one dealt with the construction of web pages and other technological capabilities and advancements. Session two gave students the opportunity to develop their own business plans. Included in this session was a detailed review of each step of a business plan, including illustrative explanations of the four “P’s” (price, placement, product, and promotion). Session three included an overview of various career opportunities and the requirements necessary to pursue such jobs in the marketplace. This was particularly important, given the makeup of the student body and the lack of “real-world” role models after whom the students could pattern their careers. Session four taught business ethics through skits and role-playing games emphasizing ethical business practices.

On the second day, utilizing skills gained from the first session of seminars, the at-risk students initiated their own entrepreneurial venture. With a “small business loan” obtained from the SIFE team, each of the four sixth grade classes initiated a production line and manufactured their selected products (magnets, plastic cups, bulletin boards, and jewelry). Emphasis was also placed on marketing. Following previous instruction concerning marketing and the importance of promotion, students were instructed to design and produce advertisements for the following day’s sale. As extra incentive, the most creative and innovative designs were displayed throughout the school to promote the upcoming sale.

The third day of seminars took the form of an interactive lesson. Students held a large “mercado” sale (thereby combating the potential cultural exchange conflict outlined earlier), at which they were permitted to sell their products. These sixth graders assumed control of each aspect of the sale including layout of the merchandise, product pricing, the use of the cash register (including making change), and even the selection of background music. The substantial profit was used to assist in a class field trip later in the semester.

The program was deemed successful in terms of student involvement and all learning outcomes. Pretest/post-test evaluations showed a dramatic increase in learning in specific areas. (Note: Testing material and evaluations are available from the authors upon request.) More importantly, the project generated a great deal of participant enthusiasm which may very well carryover to other academic disciplines. The following excerpts are from various pen pals’ letters:

"I did have fun with the SIFE team. We made banners and mine was one of the first five to be sold. We also made light switches and we decorated them, and some more things."

-Lupito Cantu
Dan Hoyt's pen pal

"I am so glad you wrote to me already. I kept thinking when you were going to write again. Everything is going fine. I also had a fun time meeting you and wish you didn't have to leave so soon."

-Rosie Olmedo
Shaina Frichtel's pen pal

"Thank you [sic] for coming. I really enjoyed it... Thanks for being here. you [sic] are a great person with the best sense of humor I ever met."

-Cindy Gallardo
Mark Garner's pen pal

However, upon careful examination of the program, necessary modifications became apparent. The large number of student participants as well as the vast cultural differences were not fully understood in the project's preliminary stages. For instance, it became apparent that few of the student participants had ever traveled and experienced cultures other than their own. This oversight resulted in a less than complete understanding of several of the seminar topics. The new revised model, designed to accommodate these modifications, has been scheduled for testing in the upcoming academic year.

CONCLUSIONS AND EXTENSIONS

The project outlined in this paper presents a method for providing entrepreneurship instruction for at-risk students. Specifically, the Hispanic culture was provided with a means to adopt an educational model to enhance student learning.

The three-day program served as a basis for numerous follow-up applications. For example, subsequent lessons were designed to inform about stocks and the stock market, with each student selecting a stock in which to invest his or her profits. This “purchase” then became the source for future lessons about calculating a stock’s price (fractions) and portfolio diversification. Additionally, the profits from the sale were invested in a stock of the students’ choice and were later liquidated to assist in an end-of-the-semester field trip. The use of the stock market not only facilitated the learning of such core fundamentals as reading as mathematics, but only provided an exciting and well-known basis for the facilitation of education. SIFE team members continued communication via letters and e-mail throughout the year providing crucial feedback and enhancing each lesson.

The results of our initial application are encouraging. Student performance in desired categories rose dramatically in pretesting and post-testing measures. Additionally, anecdotal evidence offered by instructors and participants suggests improvement in behavior, self-esteem, and overall academic achievement.

As with any educational endeavor, the project (and related instructional model) is continually being evaluated and modified. For example, this year’s project has been restructured in light of evidence obtained from Hofstede’s Cultural Relativity of Organizational Practices and Theories. Hofstede (1983) identified four general criteria, or “dimensions,” found in all cultures: Individualism versus Collectivism, Large and Small Power Distance, Strong and Weak Uncertainty Avoidance; and Masculinity versus Femininity.

Hofstede’s research illustrates that the Hispanic or Mexican culture has a relatively low individualism index, indicating a tightly integrated society that places emphasis on collectivities or groups. The Mexican culture demonstrates a large power distance, indicating an extremely unequal distribution of power and wealth which corresponds to a high degree of centralization within the society. Mexican culture also displays a strong uncertainty avoidance indicating a large aversion to risk, and general aggressiveness. Finally, Hispanics present a strongly masculine society, indicating the importance of values such as wealth, status, and visible achievement. Hofstede’s research indicates that the American culture demonstrates a highly individualistic society, a small power distance, a weak uncertainty avoidance, and a strong masculine influence (Hofstede).

Armed with this Hofstede’s findings, SIFE team members are working to develop a comprehensive strategy designed to address both the American and Hispanic culture throughout the interactive seminars using the masculine influence of each society as a starting point. This strategy demonstrates and explains the tendencies of American society, while using the Hispanic society as a cultural base. The use of this material is not an attempt to accentuate the differences between cultures. Rather, it is an attempt to use the differences that do exist to the mutual advantage of both the SIFE students and the student participants. Specifically, the use of Hofstede’s material addresses a significant portion of the SIFE mission. This aspect of the mission addresses the need to educate others in the skills necessary to succeed in a global marketplace. These skills include: technology, communication, social, attitude, personal responsibility, business ethics and moral conduct, and entrepreneurial spirit.

The education of at-risk youths is of prime importance to educators nationwide. The project outlined in this paper provides a method for enhancing educational efforts in Hispanic-dominated schools and offers suggestions for easy application in other minority or underprivileged environments. Additionally, its use by SIFE members demonstrates the importance of college students becoming involved in the educational process and the need for entrepreneurial education on all levels for all participants.

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FREE ENTERPRISE EDUCATION IN PRACTICE

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ABSTRACT

This paper presents the results of a free enterprise educational program conducted by the local chapter of Students In Free Enterprise and Westside Elementary School. It discusses a hands-on activity where students learned to apply free enterprise principles in a real-life market setting. The program was selected as the First Place Winner of the Business Week Best In-depth Educational Program at the SIFE International Exposition in May, 1998.

BACKGROUND

Imagine a fourth grade student being elected the mayor of his or her own city, taking out a loan to start a business, supervising a production facility or actually publishing a newspaper. Welcome to a place called Just Imagine City - a place where teachers' imagination of what their students are capable of learning and where students' imagination into their own entrepreneurial abilities meet reality. Just Imagine City is *both* - a curriculum based approach for helping young people imagine, investigate and prepare to become citizens of their city - as well as a hands-on learning lab site: an authentic kids size community.

Just Imagine City is a kids size city created by the Students In Free Enterprise (SIFE) chapter. It is used to provide free enterprise educational experiences throughout the elementary curriculum. The buildings in the city were constructed by PITSCO, Inc., one of America's leading educational companies and a top ten finalist in INC. Magazine's entrepreneur of the year award. The city was designed to be transportable: it can be easily moved and set up in schools throughout the area. The curriculum guides teachers step by step through the preparation they need to give their students exciting insights into economic and governmental processes.

On the day of their visit to Just Imagine City, the students assume various roles, such as business owner, employee or government official. Students learn what it means to secure and pay back a bank loan, meet a payroll, supervise employees, personally earn and manage money, work to meet customer expectations, hold elected office and serve the public through tax supported services. This mini-economy, which consumes an entire gymnasium, includes a city hall, bank, newspaper, radio station, manufacturing facility, two retail stores, restaurant, computer cafe and office supply store. It is a living, functioning, self-sufficient city, with one

small exception - all of the business owners, employees, government officials and other citizens are fourth grade students.

Each business in the city was sponsored by a local company. The owner or president of each sponsoring business was invited to visit the classroom and discuss how he or she ran the business, particularly their thoughts on the subject of running a business and business ethics. Then the students working at each of the eight businesses and city hall used this information to model their business after that of their sponsoring company. They even developed their own set of business standards.

PEDAGOGICAL FOUNDATION

If you were to take the National Council on Economics Education test of basic economic knowledge how would you do? In a test of 1,010 adults and 1,085 high school students, 49% of the adults and 66% of high school students received a grade of F. Why such poor score? The fact is that only sixteen states require schools to offer a course in economics and only thirteen states require students take an economics class in order to graduate. According to Robert Duvall, President of the National Council of Economic Education one reason that economic courses are not offered is that educators fear they do not have the background to teach economics.¹

PSU – SIFE wanted to eliminate the fear of teaching economics by providing an elementary economic curriculum written by master elementary teachers. This curriculum is designed to integrate economic topics into the regular social studies, math and reading courses for fourth and fifth grade students. Following the National Council of Economic Education goals, the curriculum attempts to make economics come alive by allowing the students to actually own their own business and run a city for a day.

Just Imagine City is an interactive economic lesson which allows students to learn economic concepts while playing the parts of banker, business owner, mayor or employee. Active learning is a technique which involves the student in the learning process by providing interactive exercises, thus allowing for better comprehension of the subject than does the normal passive classroom learning process.² Active learning provides enhanced insight into the subject, and students tend to grasp the concepts more readily. Using a city as a framework allows economic concepts to be integrated into daily activities so that students can see the relevance of economics in their lives. Both teachers and students are motivated by active learning experiences.³

Another positive effect of Just Imagine City's active learning experience is the involvement of parents. As the parents are involved in the active learning experience of Just Imagine City, they too are exposed to the basic economic concepts being taught. PSU SIFE believes that by providing active rather than passive learning experiences students are more likely to comprehend and understand how economic concepts play a part in their daily lives.

TABLE 1						
Anova: Single Factor						
<i>Groups</i>		Count	Sum	Average	Variance	
Pretest		47	282	6.00	2.782609	
Posttest		47	377	8.02	2.064755	
ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	96.01064	1	96.01064	39.61355	1.04E-08	3.944535
Within Groups	222.9787	92	2.423682			
Total	318.9894	93				
Summary Statistics						
		<i>Pretest</i>		<i>PostTest</i>		
Mean		6.00		8.02		
Standard Error		0.23		0.21		
Median		6.00		8.00		
Mode		7.00		9.00		
Standard Deviation		1.63		1.44		
Sample Variance		2.67		2.06		
Kurtosis		0.97		0.33		
Skewness		-0.42		-0.87		
Range		9.00		6.00		
Minimum		1.00		4.00		
Maximum		10.00		10.00		
Sum		294.00		377.00		
Count		49.00		47.00		
Confidence Level(95.0%)		0.47		0.42		

LEARNING

Learning actually occurs for all the constituents: elementary students, teachers and parental helpers, SIFE students, and business sponsors.

The program begins with the in-class curriculum, which was designed by several SIFE students, two local elementary teachers and an elementary education specialist working for PITSCO, Inc. A formal curriculum was developed to amplify all of the topics in the Social Studies textbook, but went far beyond the academic topics to include experiences available from participating in a business setting. The elementary students participating in Just Imagine City have spent weeks prior to their visit completing the preparatory materials. They have worked through several general economic lessons in their Social Studies class, learned the role of government in a market economy, elected government officials, learned about work and the idea of division of labor, applied for various jobs and trained to perform their specific job duties.

Indication of learning was examined through the use of a pretest administered after six weeks of curriculum instruction and a post test administered the day after the Just Imagine City simulation. The pre/post test covered business topics such as supply and demand, target marketing, counting change, pricing, running a business, and administering city government. A one-way ANOVA was run on the pre- and post test scores to determine if there was a significant increase in scores after the students' participation in the simulation. Table 1 shows the results of the single-factor ANOVA, with the null hypothesis being that there was no significant difference between the pre- and post test scores. Because the calculated F value was larger than the F table critical value ($p < .05$), the null hypothesis was rejected. The significant improvement in test scores indicated learning from participation in the Just Imagine City simulation.



In addition to the quantifiable results of the pre and post tests, the students experienced a substantial amount of experiential learning. Specifically:

The interdependence of businesses in a free market economy

Each business owner starts the day by visiting the bank to take out a loan for the operation of their business. The owners use the loan to purchase operating supplies from the wholesaler as well as meeting initial payroll. The products or services of each business are then dispersed to the “public” except in the case of the manufacturing plant, whose products are first sold to the retail store.

Economic aspects of business such as taxation, loans/interest, and payroll

Before the day at Just Imagine City, business owners must develop cost projections for start up and operation of their business. Start up costs include initial supplies and payroll. During the day, the students must meet payroll and make deposits at the bank. Immediately following the close of business at Just Imagine City, the students fill out

income statements to determine the profit/loss of their business. They must also calculate and pay taxes on their business as well as going to the bank to repay the loan principle with interest.

Managerial aspects of business such as scheduling, inventory management, and conflict resolution

The business owners are responsible for developing a work schedule for their employees. In addition, all the students learn the value of working as a team. For example, the manufacturing plant utilizes an assembly line type of process for the production of their goods. Each student's job is dependent on the other workers on the line, which builds an interdependence among the members of the business. Also, all students are responsible for counting and calculating the values of the business inventory at the close of the day.

Career development skills

The students are required to fill out job applications for positions they desire. Included on the job applications are three references, some of which are checked by the students' instructors. In addition, students desiring to be mayor must run a short campaign which culminates in the class voting for the mayor. Therefore, students are given a basic experience of the political process.

Teachers, and the parents who helped to run the Just Imagine City, not only learned in greater depth about the curriculum and subject matter, but also experienced the angst of coordinating a major project, and the problems associated with securing budgetary support. The SIFE students, who had the vision and started the whole project, became heavily involved in selling their ideas to schools, teachers and community sponsors. Once this was accomplished, they arranged for financing the program, coordinated all activities, and helped to design curriculum. A further learning experience came when they had to work with a local manufacturing company to design and build the physical buildings which are used as part of the City.

Even the business and community sponsors got involved and learned more about themselves and the free enterprise system. Many community leaders visited the classrooms involved. Having to discuss their business operations, plans and ethical dilemmas with elementary students was itself a learning experience for many. Beyond this, a number of business persons visited Just Imagine City on the day the activities were run. All were very appreciative of the opportunity to communicate with a new generation and to see how future workers and consumers reacted to their products.

EXCITEMENT

Most importantly, Just Imagine City is a learning environment in which students are given opportunities for real rather than imagined experiences, active rather than passive learning, and actual economic decision making with consequences they will bear. As students prepared for their roles in the Just Imagine City throughout the semester there was obvious excitement and anticipation (many had talked with upperclass persons who had run Just Imagine City the previous year). This excitement translated into much more focused learning during the preparation stages (when foundation learning took place). It was also evidenced in many little touches that students generated themselves. For example, each student designed and developed on a computer his or her own business card that was indicative of the business or position

COMMITMENT

Just Imagine City started as an annual project of the Students In Free Enterprise chapter. Initially devised as an in-depth free enterprise educational project, it has become one of the most endearing projects the university students participate in. All of these students are committed to learning more about and communicating the benefits of the private enterprise system, but the Just Imagine City program has given them the ability to actually use much of what they are learning in their university classes in real-life situations. This has created far higher levels of enthusiasm and commitment.

There has also been a great deal of enthusiastic support from the community. Beside business leaders going to the classrooms to discuss with students what they do, many visited the actual Just Imagine City. Beyond being a learning experience for these business leaders, it engendered high levels of commitment. They were able to see and appreciate the benefits of developing free enterprise awareness among the elementary students.

CONCLUSION

Just Imagine City is the ultimate test of the idea that young students can learn about Free Enterprise and Entrepreneurship in a meaningful way. Although only three classes have been through the program so far, teachers from throughout a four state region have begun talking about scheduling Just Imagine City to visit their schools next year. PITSCO, Inc. is even considering offering this program as one of its many educational projects to teachers across the country. Just Imagine City was featured in two television news stories on the local CBS and NBC affiliates. It was also the subject of two stories in the local newspaper.

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FREE ENTERPRISE EDUCATION PROJECTS

This section of the *Journal of Entrepreneurship Education* features descriptions of the award winning, free enterprise education projects from the *1999 Hallmark Cards/Students in Free Enterprise International Exposition*. These applications have been selected as the best examples of free enterprise education in the United States by the Special Competition judges.

Special Competition: *AT&T Best Use of the Internet: Kindergarten Through High School*. This competition, sponsored by AT&T, recognizes a project for use of the Internet in providing free enterprise education to kindergarten through high school students. The top three SIFE teams and their cash awards for 1999 were:

First Place:	\$3,000	Drury College
Second Place:	\$2,000	Walters State Community College
Third Place:	\$1,000	University of Saint Thomas

A description of the first place project is included in the following section.

Special Competition: *AT&T Best Use of the Internet: Aspiring Entrepreneurs and Small Businesses*. This competition, sponsored by AT&T, recognizes a project for use of the Internet in providing free enterprise education to aspiring entrepreneurs and small businesses. The top three SIFE teams and their cash awards for 1999 were:

First Place:	\$3,000	San Diego State University
Second Place:	\$2,000	California State University-Chico
Third Place:	\$1,000	Louisiana State University at Eunice

A description of the first place project is included in the following section.

Special Competition: *BusinessWeek Best In-Depth Education*. This competition, sponsored by *BusinessWeek*, recognizes a project for free enterprise education. The top three SIFE teams and their cash awards for 1999 were:

First Place:	\$3,000	Southwest Texas State University
Second Place:	\$2,000	Alverno College
Third Place:	\$1,000	Wichita State University

A description of the first place project is included in the following section.

Special Competition: *BusinessWeek Best Use of Mass Media*. This competition, sponsored by *BusinessWeek*, recognizes a project for the use of mass media in free enterprise education. The top three SIFE teams and their cash awards for 1999 were:

First Place:	\$3,000	Southwest Texas State University
Second Place:	\$2,000	University of Saint Thomas
Third Place:	\$1,000	Butte College

A description of the first place project is included in the following section.

Special Competition: *Del Laboratories Economic Education Integration: Kindergarten Through High School*. This competition, sponsored by Del Laboratories, recognizes a project for free enterprise education integration at the K-12 level. The top three SIFE teams and their cash awards for 1999 were:

First Place:	\$3,000	Pittsburg State College
Second Place:	\$2,000	Butte College
Third Place:	\$1,000	Arkansas State University

A description of the first place project is included in the following section.

Special Competition: *Del Laboratories Economic Education Integration: College Age and Adults*. This competition, sponsored by Del Laboratories, recognizes a project for free enterprise education integration at the college level. The top three SIFE teams and their cash awards for 1999 were:

First Place:	\$3,000	Elizabethtown College
Second Place:	\$2,000	Fulton-Montgomery Community College
Third Place:	\$1,000	Northern Arizona University

A description of the first place project is included in the following section.

Special Competition: *Del Laboratories Economic Education Integration: Teachers*. This competition, sponsored by Del Laboratories, recognizes a project for free enterprise education integration for teachers. The top three SIFE teams and their cash awards for 1999 were:

First Place:	\$3,000	Southwest Texas State University
Second Place:	\$2,000	Ashland University
Third Place:	\$1,000	North Central College

A description of the first place project is included in the following section.

Special Competition: *Visa USA, Inc. Responsible Use of Credit*. This competition, sponsored by Visa, USA, Inc., recognizes a project for free enterprise education concerning the responsible use of credit. The top three SIFE teams and their cash awards for 1999 were:

First Place:	\$3,000	North Central College
Second Place:	\$2,000	Butte College
Third Place:	\$1,000	Southwest Texas State University

A description of the first place project is included in the following section.

Special Competition: *United Stationer's Supply Company Make a Difference Day*. This competition, sponsored by United Stationer's Supply Company, recognizes a project for free enterprise education concerning ethical business behavior. The top three SIFE teams and their cash awards for 1999 were:

First Place:	\$3,000	Butte College
Second Place:	\$2,000	West Texas A&M University
Third Place:	\$1,000	Lake Superior State University

A description of the first place project is included in the following section.

Special Competition: *Entrepreneurship Assistance*. This competition, sponsored by Students in Free Enterprise, recognizes a project for free enterprise education which provides assistance to entrepreneurs. The top three SIFE teams and their cash awards for 1999 were:

First Place:	\$3,000	Southeastern Illinois College
Second Place:	\$2,000	Southwestern Adventist University
Third Place:	\$1,000	Elmira College

A description of the first place project is included in the following section.

Special Competition: *Entrepreneurship Education*. This competition, sponsored by Students in Free Enterprise, recognizes a project for free enterprise education which provides education to entrepreneurs. The top three SIFE teams and their cash awards for 1999 were:

First Place:	\$3,000	Fulton-Montgomery Community College
Second Place:	\$2,000	University of Saint Thomas
Third Place:	\$1,000	University of Arizona

A description of the first place project is included in the following section.

Special Competition: *The Jack Shewmaker Spirit Award*. This competition, sponsored by Students in Free Enterprise, recognizes the SIFE team which best exemplifies the spirit of competition. The 1999 winner was:

Award Winner:	\$1,000	University of Nebraska-Lincoln
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A description of the team is included in the following section.

SPECIAL COMPETITION AWARD

AT&T BEST USE OF THE INTERNET: KINDERGARTEN THROUGH HIGH SCHOOL

Drury College SIFE Team
Robert Wyatt, Sam M. Walton Fellow

PROJECT DESCRIPTION

In only our second year of existence, the Drury College SIFE team sought to develop a project that would assist in the dissemination of the substantial number of good teaching ideas, lesson plans and classroom activities developed by our team. The answer to our question of how to best provide this resource can be found in the project we are submitting for this award: YEA!, Young Entrepreneurs Association.

The primary educational objectives of YEA! are:

1. To develop a worldwide network of middle school teachers and students dedicated to providing educational material about free enterprise, market economics, the world of business, entrepreneurship and the skills needed to succeed in the global marketplace.

2. To provide Internet access to our YEA! network, allowing teachers and students a method of obtaining our curriculum, supplemental worksheets, lesson plans and activity ideas.

3. To help students become more technologically savvy by providing on-line avenues to "surf the Net."

OVERVIEW OF THE PROJECT

Originating as an idea to help one classroom teacher generate activities for her students, this project has grown to perhaps one of the largest ever attempted by a SIFE team. YEA! allows classes of 6th and 7th grade students from around the world to participate in free enterprise education. After completing a membership packet (including a pre-test, of course), teachers are provided computer passwords allowing them and their students an opportunity to navigate the YEA! website. At our site, teachers can download proven lesson plans on ideas as simple as supply and demand, to as complex as the impact of inflation and competition on equilibrium pricing.

For those teachers without Internet access, we provide printed lesson plans, which can be requested from our toll-free number, staffed during normal business hours by SIFE students. Additionally, pre- and post-tests are available for each lesson, which have been pilot-tested at a YEA! school in our community.

There are currently 72 YEA! Schools located in the Continental United States. Our YEA! program also has chapters in Japan, Canada and Brazil.

WHY IS THIS IMPORTANT?

Middle-school students are often neglected in entrepreneurial and economic educational efforts. Our initial inquiries of various middle school faculty confirmed this finding. For example, consider this response from Dave Elliott, principal of a middle school in Marinette, Wisconsin:

"You guys must have read our minds. . . this is exactly what we have been needing."

YEA! Highlights	Sample YEA! Lesson Plans
Web site at www.yea1.org	Goods and Services
Password-protected access for teachers & students	The Stock Market
Proven lesson plans classroom pilot-tested	Demand and Pull Inflation
Activities, games, puzzles	The World on a String
Toll-free phone number	How the Constitution shaped our economic system
Membership Certificates	Products and Consumers (Who buys what is made?)
Pre- and post-tests	Give and Take
77 chapters, 30 states, 4 countries	Where have all the dollars gone?
YEA! cheer competition	Supply and Demand (What can be learned from Mark McGwire?)
Essay Contest	
Produced promotional video	

EVALUATION OF JUDGING CRITERIA

1. How creative and innovative was the project in teaching students how to use the Internet?

Our site provides “fun” activities (e.g. puzzles, games, etc.) for students to use while learning about the business world. Additionally, links to interactive learning sites are also provided.

2. How creative and innovative was the quality of the educational content of the project?

Each lesson plan and activity available in YEA! was created by a team of SIFE members consisting of mostly education majors. Additionally, each lesson plan was pilot-tested in a local YEA! chapter and revisions incorporated. Established educational norms (e.g., was the lesson/activity developmentally appropriate?) suggested by education experts, such as Department of Education professors, were used to ensure the validity and accuracy of each.

3. How well did the SIFE team document and quantify the overall effectiveness of the project?

Each YEA! participant completes a pre-test upon enrollment in the program. Additionally, each lesson plan includes pre- and post-tests to be completed and graded by each teacher. Each teacher is requested to submit these results to YEA! headquarters for review by the YEA! curriculum team in an effort to determine what, if any, revisions need to be made.

Additional evidence of understanding is provided by entries in various YEA! contests. For example, one contest asked participants to track prices of a commodity and calculate a price index for this product. Another asked participants to submit an essay explaining “why shoplifting hurts everyone,” designed to emphasize the importance of business ethics.

As mentioned previously, YEA! chapters have been established in more than 75 classrooms worldwide. A complete listing of these chapters, as well as sample material distributed to each chapter, is provided in our supplemental material.

4. How well did the SIFE team incorporate Judging Criteria 3, 4 and 5 into their project?

Each lesson and activity was designed to teach the ideas included in the three judging criteria above. When possible, lessons and activities were designed to incorporate multiple criteria. For example, our basic lesson about

market economies (criterion three) included discussions about what is necessary to produce a product or service (criterion four) and the need for personal responsibility and responsible advertising in an ethical manner (criterion five).

SPECIAL COMPETITION AWARD

AT&T BEST USE OF THE INTERNET:

ASPIRING ENTREPRENEURS AND SMALL BUSINESSES

San Diego State University SIFE Team

Don Sciglimpaglia, Sam M. Walton Fellow

PROJECT DESCRIPTION

The SIFE San Diego Webmasters program is designed to teach small businesses and aspiring entrepreneurs how to best use the Internet and engage in electronic commerce. The major objective of this program is to help these businesses and individuals become more successful through the use of the Internet. Our program is designed to provide instruction on the Internet and web marketing by becoming actively involved with real businesses and working with them to develop their full potential. In addition, we provide a wealth of information on our web site which can be used by small businesses and aspiring entrepreneurs. We use our web design skills and Internet knowledge to help local businesses and start-ups overcome the complications of E-Commerce and using the Internet.

WEB CONSULTING PROGRAM

To aid local non-profits, small businesses and start-ups, SIFE San Diego students created over fifty actual Business Web Sites. The clients of our SIFE San Diego Webmasters program was divided into 4 categories. These include:

- | |
|--|
| |
| <ol style="list-style-type: none">1. Product Marketers2. Service Providers3. Start-Up Businesses4. Non-Profit Organizations |
| |

As examples, some of our web consulting projects (which can be viewed at <http://www.aznet.net/~sife>) included the following:

Café Luna

We designed a web page to show the ambiance of the restaurant and its surroundings as well as typical menu items and prices. Café Luna now has its services online with a map and directions on how to get to the restaurant.

Gretchen's Collars

For this small company making custom pet collars, we created a web site that contains product information, available services and pricing. It serves as a web-based "brochure" for the company, allowing potential customers to see the product offerings and order on-line.

Surf Socks

This entrepreneurial venture, started by three SDSU students, attempts to solve a major problem for serious surfers—how to transport a surfboard without damage—by selling a protective container. The venture can now market globally on the WWW.

New View Professional Window Cleaning

This is a service company that provides professional window cleaning to commercial and residential buildings. The purpose of the web site is to provide potential customers with information concerning services offered and pricing. New View can offer its window cleaning, construction services and pressure washing service on-line.

Greater Golden Hill Community Development Corporation

Golden Hill works to improve and revitalize this area of San Diego. The web site that SIFE Webmasters developed includes information about the organization, frequently asked questions, a calendar with upcoming events and a photo gallery of past events.

GMAC

After returning from competition last year, SIFE Webmasters conducted a project for General Motors' GMAC division which is intended to help GM sell cars on the Internet. While GM is certainly not a "small" business, we agreed to take on this challenge to extend our expertise in web marketing and utilize the \$2,500 budget provided to us by GM to help fund our SIFE Webmaster program activities. Through extensive research, we determined how GMAC's existing web site can be redesigned to make it more appealing to college-age consumers. We conducted a review of over 50 web sites and completed extensive customer interviews. GMAC was so pleased with our suggestions that they gave us a bonus award of \$500, which we used for travel to the competition.

BUSINESS RESOURCES

To support our SIFE Webmaster activities we developed and continue to maintain an extensive business resources section on our web page. This can be used by businesses or entrepreneurs with whom we are working or by anyone who visits our web site. Our resource site is located at <http://www.aznet.net/~sife>. The extensive business resources links include references to Internet Marketing, Entrepreneurial Information, Marketing, Company and Market Information, Marketing Research and Demographic Information. For example, you can find information about starting a business in San Diego, information to help research a market, and even sample business and marketing plans. New this year is an extensive on-line Internet "Resource Guides" hosted on our SIFE web site. These were all researched and designed by students and cover topics such as media planning, how to write a marketing plan, Internet advertising and on-line marketing strategy.

OUTREACH

Our *Future Directors of E-Commerce* (FDE) outreach project targeted non-profit organizations, small businesses and aspiring entrepreneurs on how to best use the Internet and apply electronic commerce. Creating a web site just isn't enough anymore to get your ideas across and compete in the global markets. So, our FDE outreach provides instruction not only on creating a Web presence but applying strategic Internet marketing, web positioning, site registration and site management. Along with our entrepreneurial spirit, we carried out the mission statement for profit organizations to "work locally and compete globally" and for non-profit organizations to "work locally and communicate worldwide." The entrepreneurial

educational technology was supported by our Internet resource guides which contain a wealth of information on web design, Internet marketing and E-Commerce.

Examples of how the SIFE San Diego team helped local businesses and non-profit organizations actively become *Future Directors of E-Commerce* are as follows:

Kalusugan Community Services

SIFE San Diego implemented a Web site for Filipino non-profit organizations to succeed in their community outreach by improving their lines of communication between different Filipino agencies. We first did a computer needs assessment survey followed by a market research study of their organization. Then, SIFE San Diego developed a start-up Web site to teach volunteers the advantages of online communication so that they can meet the needs and quickly resolve many social issues in the Filipino community. As a result, they have increased the use of e-mail from 25% to 70% and online communication by 50%.

Business Start-up for African-Americans

Our program targeted African-Americans who have the talent and potential for success but lack financial resources and Internet expertise. As an example, we worked with two potential entrepreneurs, a graphics designer and a production artist to plan, execute and promote their very own business web site. Their graphics-oriented business can benefit from a web site because of the low cost and low expense overhead it provides the owners. They are now open for business and ready to take orders online. Examples of some of the results of this program can be seen at <http://www.aznet.net/~sife>.

SPECIAL COMPETITION AWARD

BUSINESSWEEK BEST IN-DEPTH EDUCATION

**Southwest Texas State University SIFE Team
Vicki West & Jim Bell, Sam M. Walton Fellows**

PROJECT DESCRIPTION

The Southwest Texas State University Students In Free Enterprise Team is pleased to present *Garden-to-Market*, a fresh creation of SWT SIFE as a submission for the *BusinessWeek* Best In-Depth Education Project.

Garden-to-Market achieves the following *educational objectives*:

1. To involve high-school students in a realistic business scenario

2. To motivate high-school students to expand their knowledge of free enterprise.

3. To help students understand the risk and responsibility involved in the ownership of a business.

DESCRIPTION

True to its name, *Garden-to-Market* involves the growing and selling of fresh, organic and local herbs and vegetables. SWT SIFE visited Gonzalo Garza Independence High School, an alternative school for at-risk teenagers, where we implemented a hands-on lesson in free enterprise and economics. SWT SIFE initially led classroom discussions, but then it was time

to get our hands dirty. Garza students went to work planting the garden and running their business with the assistance of SWT SIFE. The agricultural nature of this business allowed for plenty of time to teach the students *how market economics work, how businesses operate and how to identify and meet market need for a product*. This project physically took students through the following steps:

Starting and operating their own corporation
Growing, advertising, selling the products
Issuing stock
Accounting for capital
Conducting market surveys
Repaying loans
Borrowing capital
Issuing dividends
Purchasing materials
Personal responsibility

PROCEDURES

SWT SIFE visited the students twice a week as a means of teaching business concepts as well as giving these at-risk students a sense of belonging and continuity. We began with the concept of stock and interested students set a price of \$1 per share, noting that people could buy as many shares as they chose. Before the students invested, we discussed how it was particularly important for them to invest themselves both physically and financially in this business since it takes a great deal of time, money and labor to grow quality produce. The students invested a total of \$29 dollars. Stockholders then elected company officers, including president and vice-presidents of finance, advertising, production and sales. The stockholders chose to name their business Griffen's Garden.

Each vice-president formed a committee and they began brainstorming duties. SWT SIFE helped focus their energies on the obligations that were vital to company success. Below is a summary of duties that were suggested and subsequently performed. Teaching and supervising the execution of these duties fulfill criteria 3, 4 and 5.

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COMMITTEES	DUTIES
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Finance	Determine capital on-hand and obtain budgets from other co
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Determine needed capital and meet with bank
Record revenues and expenses; price product

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Advertising	Create and conduct market survey to determine demand
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Design advertisements using technology; assist local restaurant with advertising
--

Prepare a budget for the finance committee
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Production	Make final decision about what to plant
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Prepare a budget for the finance committee
--

Contact and receive advice from agricultural expert

Plant and maintain and harvest the garden

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Sales	Finalize location for the sale
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Serve as a liaison between the corporation and the buyers

Prepare a budget for the finance committee
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The students quickly learned that growing superior produce was the key to success. Thus, all students worked on the production committee at some point in time to ensure the profitability of their business.

With the help of an expert agricultural consultant from Sustainable Foods Center, the students harvested their produce at optimal times and sold it to a local chef at The Bitter End restaurant. The production committee provided a quality product and thanks to the calculations of the finance committee, a profit of \$112 dollars was earned. The principal and interest of the loan was repaid to Norwest Bank, followed by the payment of dividends to shareholders, in accordance with the number of shares owned.

VALIDITY AND ACCURACY OF PRESENTED MATERIAL

SWT SIFE utilized many experts in order to provide the most accurate information possible. Several professors in the School of Business were consulted along with members of our Advisory Board. In addition, only junior and senior business students were asked to participate in this project, in order to guarantee a level of expertise and knowledge.

INCREASED LEVEL OF UNDERSTANDING

Garza students took pre- and post-tests that reflected a 110% increase in knowledge. Furthermore, SWT SIFE noticed a dramatic improvement in school attendance, excitement for learning and a willingness to ask questions. These improvements were difficult to document, but we felt they were a crucial part of our success.

POTENTIAL FOR NATIONAL APPLICATION

Garden-to-Market deeply impacted the students of Garza High School. Not only do the students wish to continue their project in the future, but they also discussed the idea of franchising their business as a means of affording others the same opportunity that they received.

Furthermore, following each meeting with the Garza students SWT SIFE created a detailed report of the events of that day, therefore, creating a turn-key kit to guide others in their effort to implement *Garden-to-Market*.

SUMMARY

In conclusion, *Garden-to-Market* is a project that successfully met the objectives of teaching how businesses operate, motivating the students to learn about the free enterprise system, and teaching the skills necessary to compete in a global market.

SPECIAL COMPETITION AWARD

BUSINESSWEEK BEST USE OF MASS MEDIA

**Southwest Texas State University SIFE Team
Vicki West & Jim Bell, Sam M. Walton Fellows**

PROJECT DESCRIPTION

In 1999, SWT SIFE focused its efforts on promoting the visibility of SIFE and advancing its educational projects through the use of all available media resources locally, statewide and internationally.

The SWT SIFE Chapter Objectives are:

1. Build the reach of our program, especially our most successful projects, to include the Cupcake Factory and Garden-to-Market projects.

2. Promote an awareness of SWT SIFE's programs by gaining media presence using print, television, radio and the Internet.

This year, SWT SIFE, through our Internet and mail project distribution and wide disbursement of students from state to state, has reached far beyond the boundaries of the tri-county area of Travis, Hays and Williamson Counties, into the rest of the country and the world. Through the use of radio, network television, newspapers, university publications, local magazines and the SWT SIFE Website, we have disseminated our projects and the message of SIFE globally.

Satisfying judging criteria three, four and five through the development and implementation of our projects, SWT SIFE used the mass media to promote and publicize our projects, free enterprise and the overall mission of SIFE. In the past the location of SWTSU has

posed a challenge for SWT SIFE. Because San Marcos is located between Austin, the state capital, and San Antonio, the “noise” in the marketplace, combined with the number and size of other local colleges and universities, made it challenging to receive mass media coverage.

However, not this year! Using 20 various media outreaches, SWT SIFE has made 3,100,988 gross impressions (see chart below). SWT SIFE projects were promoted in such mass media outlets as the *El Paso Times*, the *Austin-American Statesman*, *KINT News Channel 26 TV*, in El Paso and *KEYE News Channel 42 TV*, in Austin. Not only were we able to “break into” a tough media market, but we also capitalized on smaller markets as well.

Although the surrounding area of San Marcos is deemed as prosperous, much of the area is economically disadvantaged, lacking entrepreneurial knowledge and initiative. SWT SIFE therefore, used mass media to promote our most rewarding and entrepreneurial focused projects such as the Cupcake Factory and the Garden-to-Market projects.

The Cupcake Factory, one of our most successful projects, teaches grade-level students how to run a business, from the development of the business plan, to forming corporations, buying stock, obtaining a loan, promoting and selling the product and repaying investors. The project received media coverage from one of Austin’s largest television stations, *KEYE 42*, and *KINT 26* in El Paso (a Univision affiliate), showing 150,000 people the difference that SWT SIFE makes in the community and the potential that our future leaders possess to be successful in today’s capitalistic society.

Garden-to-Market, a new project for SWT SIFE this year, taught economically disadvantaged high school students at Gonzalo Garza Independence High School how to successfully run an herb business. The students participated in many of the same business process steps as set forth in the Cupcake Factory project. However, instead of selling cupcakes to fellow classmates, the students grew, marketed and sold herbs to local chefs at a gourmet restaurant in Austin, The Bitter End. This project received media coverage from Austin’s *KXAN Channel 36*, and it was featured in an article in the *Austin American Statesman* in late April or early May, reaching a total of 257,044 people. Media coverage of the Garden-to-Market project enhanced the overall success of the project, and it allowed SWT SIFE to further promote the ideas of the free enterprise system.

SWT SIFE feels confident that we have successfully achieved our media objectives this year. A summation of all of our mass media outreaches is included in the chart on the following page.

MEDIA COVERAGE

Mass Media/Public Relations Outlet	Reach	Frequency	Impact
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Television/Radio Stations

KEYE CH. 42 (Austin Metro Area)	100,000	1	100,000
KINT CH. 26 (El Paso)	50,000	1	50,000
KXAN CH. 36 (Austin Metro Area)	67,000	1	67,000
KTSW 89.0FJ (SWTSU Campus)	24,000	11	264,000
KEYI 103 (Oldies 103)	114,000	15	1,710,000

Newspapers

Cameron Herald (Dec. 17, 1998)	4,000	1	4,000
The Daily University Star (Jan. 27, 1999)	9,000	1	9,000
The San Marcos Daily Record (Dec 3, 1998)	8,500	1	8,500
Zavala County Sentinel (Nov 19, 1998)	2,300	1	2,300
The San Marcos Daily Record (Mar 2, 1999)	8,500	1	8,500
The Monitor (Apr 2, 1999)	50,000	1	50,000
El Paso Times (Apr 2, 1999)	80,000	1	80,000
Neal Spelce Newsletter (Apr 1999)	2,500	1	2,500

Collins Intermediate School Newsletter (Mar 1999)	624	1	624
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Southbelt Ellington Leader (Apr 1, 1999)	1,000	1	1,000
ADCOM Newsletter (May 1999)	1,000	1	1,000
Austin American Statesman (April 1999)	190,044	1	190,044
Slidell Picayune (Dec 24, 1998)	400,000	1	400,000
The Valley "View" Newsletter (Nov 1998)	520	1	520

Magazines

Hillviews (SWTSU Alumni Magazine)	76,000	2	152,000
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Totals	1,188,988	45	3,100,988
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SPECIAL COMPETITION AWARD

DEL LABORATORIES ECONOMIC EDUCATION INTEGRATION: K-12

**Pittsburg State University SIFE Team
June Freund, Sam M. Walton Fellow**

PROJECT DESCRIPTION

PSU SIFE has developed the following General Educational Objectives for each of our projects:

[Redacted]

1. Provide teachers with resources they can use in their classroom year after year

[Redacted]

2. Provide teachers with the resources they need to integrate economic concepts across curriculum lines

[Redacted]

3. Provide students with hands-on learning activities, allowing them to develop skills they can use the rest of their life

[Redacted]

The following Specific Educational Objectives are designed specifically for Just Imagine City:

[Redacted]

1. Teach the interdependence of businesses in a free market economy

[Redacted]

[Redacted]

2. Teach the economic aspects of business such as taxation, loans/interest, and payrolls

3. Teach managerial aspects of business such as scheduling, inventory management, and conflict resolution

4. To integrate all academic skills

Just Imagine City (JIC) is a hands-on approach to teaching the free enterprise system to fourth and fifth grade students. It is a miniature economy designed to integrate all aspects of economic education into a single package. The primary goal of JIC is to reinforce economic concepts that are being taught by educators in the classroom. This kid-sized community integrates the aspects of living and working in a real city by placing the students in the roles of business owners, managers, elected officials, and employees. Students learn first-hand what it means to live and work in a free enterprise society, by becoming members of their very own community.

Just Imagine City consists of 10 businesses and community organizations:

City Hall
Bank
Wholesaler
Manufacturing Facility
Retail Stores
Restaurant
Computer Café
Newspaper
Radio station

Preparation for Just Imagine City begins with an intensive four-week training period in the classroom. During this period, students fill out job applications for the positions they desire, and are required to submit three real references that are checked.

The classroom preparation continues with the students learning basic accounting procedures such as profit loss, inventory, and payroll statements.

This mini-economy functions as a democracy. Students who choose to run for elected office are given the opportunity to campaign before Election Day. Following elections, the mayor appoints the police force and other city officials. Along with electing the mayor, the students must vote on a set of city laws. During the day at JIC, two young police officers are in charge of enforcing the law and writing fines for infractions. At the beginning of the day in Just Imagine City, the mayor opens with a few introductory remarks. The city moves into full swing with business owners and managers preparing for the opening of their businesses. For starters, each manager must visit the bank to get a loan in order to meet opening payroll and purchase raw materials and supplies to operate their business.

An example of the process follows:

1. The owner of the manufacturing facility visits the bank to get the initial loan

2. They must then visit the supplier to purchase the raw materials used by their business in the production of goods, such as picture frames, jewelry, and novelty items

3. Their line workers then make the products that are sold to the retail store

4. Eventually, these products are sold to the public of Just Imagine City

Citizens of the city are given one break per hour. This provides them time to get a bite to eat, shop at the retail stores, or request some music from the radio station. The business owners deal with real life issues, these include: customer service, employee supervision, paying back bank loans with interest, and paying taxes to city hall. The business owners also calculate profits, manage checking accounts, keep track of ledgers, and count ending inventories. What makes this program even more impressive is the support of the former JIC students. Students that were owners and managers of past JIC programs returned to mentor and provide assistance and expertise to the new entrepreneurs.

As large and involved as Just Imagine City may be, one of the most remarkable aspects is that it is completely portable and fits comfortably into any school gymnasium. Disassembled, JIC can be moved in the back of a small trailer. Setup and tear down times for Just Imagine City are approximately three hours. Because the power of Just Imagine City resides in its concept and the curriculum, SIFE chapters in any community could implement it. The

portability of JIC allows PSU SIFE to offer this program to any school within the four-state region surrounding Pittsburg.

Exemplifying this portability, JIC was taken across state lines and overseas this year. Bronough, Missouri was the site of JIC's first journey across state lines. In addition to this breaking of the state barriers, students in the Ukraine are getting the opportunity to experience JIC. These students are learning about the meaning of Free Enterprise with the help of our PSU SIFE team.

Students completed a pre-test before they began their classroom preparation and a post-test after their day at Just Imagine City. *Post-test scores increased 22% over the pre-test scores.*

But perhaps, most importantly, Just Imagine City is a learning environment in which students are given opportunities for real, rather than imagined experiences, active rather than passive learning, and actual decision making with consequences they will bear. It is truly a hands-on learning experience!

SPECIAL COMPETITION AWARD

DEL LABORATORIES ECONOMIC EDUCATION INTEGRATION: COLLEGE AGE AND ADULTS

**Elizabethtown College
Hugh G. Evans, Sam M. Walton Fellow**

PROJECT DESCRIPTION

After five years of planning, teaching and revising the materials, a revolutionary new methodology for teaching basic business and economic principles is complete. The employment of six mystery novels, written specifically so students might observe how economics occurs in everyday life has resulted in the course, "The Great Mysteries of Economics". Over 250 college students and 40 adults have experienced this new technique and methodology. Given the increasing hesitation for college students and adults to elect economics as a field of study, this experiment has tremendous promise. Its application to national audiences is relatively simple and should prove to be quite enthusiastic. For five years, SIFE students have assisted in the development of this course and the results will be evident in the following pages. In addition to the basic business and economics concepts presented in the novels, all participants were exposed to the elements of critical thinking, sequential reasoning and creative writing. The following summary will detail the most important aspects of this project.

1. Most basic principles of business operation and economics (both macro and micro) are covered.
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2. Student evaluations on course relevancy and their willingness to recommend it to others is over 80% positive.
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3. Student comprehension of concepts and principles improved over 60%.
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4. Application to adult classes and homeschooling courses was effective and well received.

5. Course content was employed by other faculty in the adult education evening division with excellent results.

6. Over the five-year experimental window, the course was elected at the rate to fill all classes offered at a 90% of maximum rate.

7. All of the objectives stated in the judging criteria were met in a clever, innovative and imaginative method.

We trust you find our experiment interesting, challenging and worthy of your consideration. It has been some time since a new and exciting change to the methodology for teaching business and economics has been offered. Could this be it?

SPECIAL COMPETITION AWARD

DEL LABORATORIES ECONOMIC EDUCATION INTEGRATION: TEACHERS

**Southwest Texas State University SIFE Team
Vicki West & Jim Bell, Sam M. Walton Fellows**

PROJECT DESCRIPTION

One might think that teaching teachers isn't necessary. After all, many people feel that they already possess all the knowledge they need to do their job effectively. But in reality a teacher's job is to prepare today's students for the upcoming "real world." To effectively prepare students, teachers must have knowledge and skills in a multitude of areas.

One major area that today's students will need for their future is an understanding of the concepts of business and capitalism. Students In Free Enterprise has the ability to teach today's educators the benefits of the capitalistic system and also demonstrate innovative ways of teaching students about everyday business practices.

The purpose of this competition is to encourage SIFE teams to take an active role in improving America's educational systems by working to integrate free enterprise education into the community. Since the day Southwest Texas State University's SIFE team was founded in 1992, we have worked very hard at not only improving our own community's educational system, but also in communities throughout the United States and the world.

Southwest Texas State University's "From One Schoolhouse to Another" submission definitely meets all the requirements of the DEL Laboratories competition geared toward educating teachers about free enterprise. SWTSU has completed a very comprehensive program to teach teachers the concepts of free enterprise and what SWT SIFE can offer each school it visits.

The primary objectives of "From One Schoolhouse to Another" include:

-
1. To educate teachers about Students In Free Enterprise

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2. To motivate teachers to use SIFE as a resource in their classrooms

SPECIAL COMPETITION AWARD

VISA USA, INC. RESPONSIBLE USE OF CREDIT

**North Central College SIFE Team
Gary Ernst, Sam M. Walton Fellow**

PROJECT DESCRIPTION

“While most students use credit cards responsibly, it is estimated that more than one in ten students do not. These students are at risk for accumulating a level of debt that can seriously undermine their future” (William Stanford, *About Campus* Mar-April 1999).

“One in five students report an average balance of \$1,000 or more. 49% have four or more credit cards and only 18% pay off their balances each month” (Stanford, *About Campus*).

“Between 10-20% of students are risking unacceptable high levels of debt” (Stanford, *About Campus*).

The solution is to deliver the message of better credit card use through media as well as educate college students on better credit card practices.

In order to better prepare college students for better credit card use, North Central College implemented the Credit Card Blues campaign.

The program consists of:

Credit Card Blues Booklet

This 13-page instructional booklet focuses on *How to use a credit card, Suggestions on how to avoid trouble, How to create your own budget, and Damage control*. The booklet also defines and explains many credit card concepts: Annual Percentage Rate; Late Fees; Grace Periods; Cash Advances; Interest Backdating; Negotiable Fees and Teaser Rates. In addition, a sample credit card recorder shows the importance of keeping track of credit card bills.

Credit Card Kid

The Credit Card Kid is the spokesperson to our Credit Card Blues Campaign. He can be found on every poster, place setting, and bookmark distributed by NCCSIFE. He is also featured on our Web page.

Credit Card Awareness Media Campaign

The campaign used various mediums of media including: Posters, Table Settings, Bookmarks, Radio PSAs, Television PSAs, and Newspapers. Our slogan included the “3 S’s” of Smart Credit Use:

Charge Safe, Charge Smart, Charge Selectively

CREDIT CARD SECTION (WEBSITE)

At the www.nccsife.edu website, the following support information is available:

Credit Card Blues Booklet

easy to access and download

Interest Calculator

allows visitors to see how much interest they will end up paying if they make only the minimum required payment on their credit card bill. It will also tell them how many minimum payments they will make before their balance is paid off (up to a maximum of 600 payments).

Credit Card Related Links

are available to assist visitors, including the Federal Reserve Board, National Center for Financial Education, and the Consumer Credit Counseling Services.

NCC SIFE Hotline (630) 637-5474

The hotline allows callers to listen to our “credit card tip of the week” and leave a message, question or comment.

Criteria 1: How effective were the SIFE students at teaching fellow collegians an understanding of the responsible use of debit and credit cards, and wise money management skills?

North Central College SIFE went directly to the college classrooms to present our 30-minute interactive presentation on better credit card use. We reached over 450 students at 5 Illinois Colleges, with each student receiving a Credit Card Blues Booklet. The presentation focused on annual percentage rates, keeping track of monthly payments, understanding of the terms to a credit card, and some common misconceptions. The Credit Card Blues Booklet includes a 9-step section on “How to Use a Credit Card,” a 4-step section on “How to Avoid Trouble,” and a detailed 3-part process on “How to Create Your Own Budget” with a sample budget.

We also use radio and television PSAs to blanket the Chicagoland area with the “3 S’s” of Smart Credit Card Use: Charge Safe, Charge Smart, Charge Selectively. Audio PSAs were delivered to 60 radio stations in Central and Northern Illinois with an estimated reach of 3.7 million listeners. The television PSA is still being aired on NCTV and ACTV with an estimated one-time reach of 144,000 viewers. In addition, 165,000 college students were reached through our Credit Card Awareness posters, featuring the Credit Card Kid, which continued to spread the message of the 3 “S’s” of Charging. These posters were delivered to 55 Colleges. An additional 1,500 college students were reached with The Credit Card Kid Table-Settings and Bookmarks.

Criteria 2: How well did the students document the success of their programs, identifying the number of people reached and the amount of knowledge retained by those that were reached?

The presentation was documented through pre- and post-testing. The same questions were asked before and after the presentation to measure the students’ increased knowledge and the success of the program. The test displayed the students’ knowledge of annual percentage rate (increased by 50 percentage points), the importance of paying

off monthly balances (increased by 13 percentage points) and the understanding of positive and negative aspects of cash advances (increased by 48 percentage points). We measured the number of college students attending the presentation by counting the pre-and post tests. Other reach measurements were based on SIFE's definition of reach: The estimated number of unduplicated or different households or persons that viewed a specific station at least once for five minutes during the average week for the reported period of time. For print media that equals a circulation.

Criteria 3: The quality of program used. This includes the production quality (i.e., artwork, layout, design) of the program, accuracy and educational value of the materials and the teaching effectiveness of the format used.

The Credit Card Blues Booklet was written, designed and printed by NCC SIFE members. We designed and illustrated our spokesperson, the Credit Card Kid. He is on every poster, table setting and bookmark; as well as the icon for the credit card section on our website. Through research, such as articles from "About Campus," facts and figures were integrated in our credit campaign. Students were educated with detailed real-life examples, including interest (APR) calculations and the significance of not paying off monthly balances. The educational presentation emphasized the continued use of the Credit Card Blues Booklet. The format was so effective because with the interactive presentation, students were able to ask questions and contribute real life credit card dilemmas. With our website, (www.nccsife.edu) and NCC SIFE hotline (630-637-5474), students were given the tools to learn the additional information and access links to credit card and debt specialists.

SPECIAL COMPETITION AWARD

UNITED STATIONER'S SUPPLY COMPANY MAKE A DIFFERENCE DAY

**Butte College SIFE Team
Al Konuwa, Sam M. Walton Fellow**

PROJECT DESCRIPTION

Butte College SIFE effectively Made a Difference through free enterprise education by conducting service learning activities in two cities spanning four locations. By incorporating the concept of service learning. We were able to Make a Difference in the lives of over 200 adults and children as well as more than 100 volunteers and SIFE members. Our target areas were a huge success as documented by two newspapers and one radio station.

Area 1~ SIFE Youth Entrepreneurship Camp, YMCA Oroville, Ca.

We chose the final day of instruction of the SIFE Entrepreneurship Camp for youths to be held on the Make a Difference Day. Twenty-one school aged kids in Oroville from grades four through nine received certificates of achievement in entrepreneurship. Oroville is in the third poorest county in California. SIFE believes that transforming Oroville into economic viability will come through entrepreneurship targeted at the future leaders of the area—the kids. They had received four weeks of additional instruction in business planning and operations, ethics, and civic responsibility. Each kid developed a business idea that culminated in the actual production of goods, including gourmet dog snacks, gift packs, survival kits, and lollipops. On Make A Difference Day, each kid in the camp received \$20 in start-up capital as money earned for hard work and dedication within the entrepreneurship camp. Two additional youths, the producers of gourmet dog snacks and survival kits, were the winners of our business plan competition--each receiving a \$100 grant. The President of Butte College, Dr. Sandy Acebo, and the Vice President of SIFE, Mr. Tom Payne, were on hand to present certificates and checks. The project was coordinated with the

office of the Mayor of Oroville, who will help these young entrepreneurs get business licenses.

Area 2~ SIFE Backpack to School, Family Resource Center South Oroville, Ca.

To demonstrate their instruction in civic responsibility and community service, the twenty-one kids enrolled in the Entrepreneurship Camp joined their SIFE mentors and instructors to present 60 backpacks to disadvantaged kids in South Oroville, the most economically depressed location in Butte County (most kids in this area come from broken homes or have at least one parent in jail). The kids presented the backpacks, a visible sign of education, to reflect the fact that it is only through education that kids in South Oroville can change their conditions of poverty and economic disadvantage to conditions of opportunity and economic independence. Through Backpack to School SIFE taught the young entrepreneurs the importance of giving back to society; by being socially responsible, an entrepreneur can develop the strong client base needed for sustainable businesses. These students made a difference and practiced civic responsibility.

Area 3 ~ MADD (Make a Difference Day) Butte College Annex Chico, Ca.

Butte College SIFE held a resume writing and computer skills workshop that targeted 15 at-risk teens from two Butte County continuation schools – Fairview High School and California School for Alternative Learning. Each student was presented and assisted with the skills involved in writing a professional resume. The students were then taught how to register for and use e-mail accounts. With e-mail account and resume in hand, these students now have the skills to apply for jobs both on-line and in the community. By giving at-risk teens the opportunity for employment, it is now possible to earn competitive wages, having positive returns for the community.

Area 4 ~ “I’m Going to College” (@CSU Chico) Cal State Univ, Chico

Butte College SIFE, in conjunction with Chico State SIFE, held “Hey Mom, I’m Going to College” at the campus of its sister school (Cal State, Chico). More than 100 kids from third grade through high school participated in activities that included computer literacy, college preparation and career planning. This teamwork between the two colleges ended with the launching of over 1,000 balloons that said: “SIFE MAKES A BIG DIFFERENCE.”

SPECIAL COMPETITION AWARD

ENTREPRENEURSHIP ASSISTANCE

Southeastern Illinois College SIFE Team
H. Daniel Hoyt, Sam M. Walton Fellow

PROJECT DESCRIPTION

The SIC SIFE team provided management consulting services to many businesses through our Secret Shopper Series. During the 1998-99 school year, the Series assessed customer satisfaction for eight restaurants, a local accounting firm, and the SIC campus bookstore and cafeteria. The projects are universally applicable as evidenced by any number of SIFE teams.

SIFE UNDERCOVER RESTAURANTS

We conducted a secret shopper service for eight Harrisburg restaurants. The objectives of the project were to:

1. identify key elements of good customer service

2. develop greater appreciation of its importance

3. benefit restaurants by providing a customer service

4. benefit restaurants by providing a customer service training brochure to employees

We developed a rating sheet to evaluate such factors as friendly greetings, prompt accurate service, and cleanliness. We developed a training brochure which answers the important question, "What do customers want?" and includes valuable customer service tips.

This project brought together a wide cross section of our constituents. Eight students made twenty-four total visits to secretly shop and evaluate eight restaurants. Eleven business advisors assisted with the development and validation of the rating sheet. The brochure was distributed to 217 restaurant employees. Nearly all of the participating managers completing our feedback survey agreed that they:

- | |
|---|
| |
| 1. will use the Secret Shopper results, |
| |
| 2. will use the brochure, and, |
| |
| 3. want to participate next year. |
| |

Managers gained a better understanding of how their patrons viewed their services, employees, and location appearance.

ACCOUNTING FIRM CUSTOMER SATISFACTION SURVEY

We created a satisfaction survey for customers served by three branches of a Southern Illinois accounting firm. The survey asked customers to evaluate items such as efficiency, friendliness, and professionalism, as well as the firm's ability to communicate with customers effectively.

We got a remarkable 18% response on over 1000 surveys mailed out. We summarized the results and provided the firm with our analysis and suggestions. Two primary areas were found that were of concern to their clients. Clients were somewhat dissatisfied with the fees charged for services and lacked an awareness of the range of services the firm offered. Doing this survey gave us good insights and gave the firm's management valuable information for their use in marketing and building customer loyalty.

SECRET SHOPPER – SIC CAMPUS BOOKSTORE AND CAFETERIA

Our college president asked us to provide the secret shopper service and may propose it as a model for other college evaluations. We conducted a secret shopper service, similar to the restaurant service described above, for the college cafeteria and bookstore.

We developed rating sheets, recruited the help of seven student groups and twenty-seven students to give this a true campus-wide perspective.

SUMMARY

The managers of the various firms benefitting from these projects will use the information to benefit their own customers. Please refer to the feedback information in each appendix for verification. These surveys were organized, conducted, and tabulated by SIFE members. This type of project may be used by any SIFE team and can be easily adapted to any type of industry. The surveys were built around questions that would provide relevant information to benefit the managers of each firm. Participants evaluated such factors as quality of service, timeliness of service, and professionalism and courtesy. Customer service is fashionable, regardless of *industry, time, or place*.

SPECIAL COMPETITION AWARD

ENTREPRENEURSHIP EDUCATION

Fulton-Montgomery Community College SIFE Team

Arthur J. Recesso, Sam M. Walton Fellow

PROJECT DESCRIPTION

The old philosophy of educating our young people until they reach 20-25 years of age is gone. In the fast paced information age of today, it is imperative to continually expand our knowledge daily. The SIFE team at Fulton Montgomery Community College knows that to be truly effective, we must look beyond our school campus and reach out to serve those in our communities. Our efforts, concentrated in three areas, have gained much attention thanks to the dedication of our SIFE members and advisors—the entrepreneur thinking about his/her own business, the displaced individual and those employers who wish to offer further training to their people.

Under the guidance of our advisor, the SIFE team sponsors four Small Business Seminars annually. There is one scheduled each semester at the minimal cost of \$20 per individual and it is open to anyone who may be interested. If demand suggests that there is a need for more than four, we are delighted to oblige. To prepare for these seminars, each member of the club chooses a specific part of the business plan to research. When each is completed, all are put together into a step-by-step detailed business plan. This plan maps out each phase—start-up to the successful maintenance of ones' own business. This program has been extremely successful with over 200 people having completed the seminars. Many times it will clearly define those who truly have the “entrepreneurial spirit.”

Another seminar that SIFE hosts is for the LIFT program, or Living Independently for Tomorrow. This is a program that provides training and education for displaced homemakers. Each student researches a topic dealing with the free enterprise system. The information is then presented in a clear and concise manner. The goal is to offer insight and encouragement as they prepare for new and exciting careers. Those in the LIFE program have expressed much appreciation for our work.

As a spin-off of the Small Business Seminars, the third area that our SIFE team identified is a need for providing extended education for those already in supervisory roles. As a result, the Supervision course that has recently been incorporated into the FMCC curriculum. This

course offers textbook knowledge with a unique forum quality. The participants are currently on the job supervisors, by and large are sent to this course by their employer, seeking both increased knowledge and personal growth for their employees. An interesting thing happens when you get twenty supervisors in the same room. It becomes a forum for exchanging ideas and discovering new techniques. The program has become a huge success, with complimentary result for both the employer and individual.

The SIFE team and advisors at Fulton Montgomery Community College are united in the continuing effort to identify areas of need. We will seek to influence not only within the boundaries of our campus, but stretching beyond, to take an active role in offering solutions to improve the economic standard of our communities.

SPECIAL COMPETITION AWARD

THE JACK SHEWMAKER SPIRIT AWARD

University of Nebraska-Lincoln SIFE Team

PROJECT DESCRIPTION

1998-99 was a year full of challenges for our team. Two days before the 1998 International Exposition our presentation team captain became critically ill. At a time when we should have been full of competitive spirit and excitement, we were more concerned with the fight our friend and teammate had begun for his life. He was diagnosed with Wegener's Disease and lie comatose in critical condition for six weeks. In that six weeks we organized a raffle and sold snow cones to help with his medical expenses. We also rallied the media to create awareness of our teammate's disease and educate the public. We are grateful to say that our teammate fought for his life, recovered, and graduated in May of 1999. He's our very own Secretariat and we're proud of him.

Our Sam Walton Fellows have always provided strong support and direction for our team. In July we lost our inaugural Sam Walton Fellow. In December, we lost our Co-Fellow. The President of our team (who was new to SIFE) and the executive officers had difficulty in the transition. We gained two new Fellows. Both were trying to settle into their positions at the university and had very little time to advise the team. They also knew very little about SIFE.

This spring had many miscommunications and struggles. We experienced a "revolution" of sorts as members and advisors had different objectives and ideas on how to meet our team's goals. In the end, we re-defined our SIFE team, strengthened our mission and affirmed our dedication to our team. We have learned to adapt to and utilize change to our advantage and our team has become 95% student directed.

We have learned first-hand that persistence pays. Our team, despite the challenges we faced, managed to recruit five new officers, six new business advisory board members and complete 20 of the 24 projects we outlined in the fall of 1998. Most importantly, the strong tradition of SIFE continues at our school. Our team exemplifies the spirit, knowledge, dedication, and ethics SIFE embodies to produce productive citizens that will lead to the continued economic growth of our country and world.

As you read this, remember what TEAM stands for: Together Everyone Achieves More!

ALLIED ACADEMIES AFFILIATES

**International Academy for Case Studies
Academy of Entrepreneurship
Academy of Accounting and Financial Studies
Academy of Managerial Communications
Academy of Educational Leadership
Academy of Marketing Studies
Academy of Strategic and Organizational Leadership
Academy of Free Enterprise Education
Academy of Information and Management Sciences
Academy for Studies in Business Law
Academy for Economics and Economic Education**

Each affiliate publishes a journal, and the Academy of Entrepreneurship publishes three journals. Manuscripts submitted to conferences are double refereed for consideration in the appropriate journal. In addition to the physical conferences, the organization sponsors an Internet conference each year. For complete information on upcoming conferences, the Allied Academies and its affiliates, please check our web page:

www.alliedacademies.org

CONFERENCES

**Allied Academies International Conference
October 12-15, 1999
Las Vegas, NV**

**Allied Academies National Conference
April 5-8, 2000
Myrtle Beach, SC**

**Allied Academies International Conference
October 11-14, 2000
Maui, HI**

