Welcome to “The Big D”!

This is the Third Mustang International Academic Conference. We hope that you enjoy the academic camaraderie from the conference and the hospitality of Dallas, the heart of Texas!


All articles that appear in this volume of the Proceedings of the Mustang Business Academy International Conference have been recommended for publication by the Advisory Editors, using a double, blind peer review process. Personal thanks are extended to the Advisory Editors for all their hard work and dedication to the Proceedings. Without their work, this publication would be impossible.

I started as Publisher in 2009, and I wish to express my sincere thanks and appreciation for all the support, encouragement, assistance and advice throughout the years from my family, friends, and peers. Publishing is an intense educational experience which I continue to enjoy.

Congratulations to all our authors. I extend a hearty invitation to submit your manuscripts for all Mustang Journals.

To further the objectives of Mustang Journals, Inc., all comments, critiques, or criticisms would be greatly appreciated.

Again, thanks to all the authors for allowing me the opportunity to serve you as Publisher of Mustang Journals. We hope you enjoy the Conference!

We hope to see you in February, 2014 in Las Vegas for our spring Conference!

M.P. (Marty) Ludlum
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**Volume 3, Fall, 2013 in Dallas, Texas**

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Call for Papers

2014 Mustang International Academic Conference

Las Vegas, Nevada on Feb. 6-7-8, 2014

HOTEL INFO: Monte Carlo Resort Hotel & Casino, right on the Las Vegas Strip!

Deadline for Submission is January 10, 2014

Our Fourth International Conference will provide a friendly and supportive environment for new and established academicians an opportunity to share their research and works in progress with members inside and outside their disciplines.

The Conference and the Journals invite submissions in all business and social science disciplines, including accounting, anthropology, business, finance, communication, criminology, cultural studies, economics, education, management, international business, marketing, history, political science, psychology, sociology, social work, business ethics, and business law, in all areas domestic and international. Pedagogy, case studies, teaching notes, book reviews, cross-disciplinary studies, and papers with student co-authors are especially welcome.

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The International Journal of Social Science Research,
The International Journal of Economics and Social Science,
The Mustang Journal of Management and Marketing,
The Mustang Journal of Accounting and Finance,
The Mustang Journal of Business, and
The Mustang Journal of Law and Legal Studies.

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Students receive a discounted registration!


Submit an abstract for quick review to MustangJournals@aol.com

Can’t join us in Las Vegas? Our fall, 2014 conference will be announced soon!
Thursday, October 24

8:30am-10:30am    Registration

9:00am-10:30am    -- Moderator:  David Ritter, Texas A&M Central

Chung Baek, Troy University
    Exchange Rate Exposure of Korean Composite Stock Price Index 200 Firms: Focusing on Korean Jaebol Conglomerates

Peter Harris & Simran Kaur, New York Institute of Technology
    The Current and Future States of LIFO and Available Tax Opportunities

David Ritter, Texas A&M Central
    Utilizing Cost-Volume-Profit Analysis in Uncertain Times

Prabhakar Guragain, Hedmark University, Norway
    Perception of local people and concerned authority regarding poaching of wild animals in Nepal

Ferdinand Niyimbanira, Vaal University of Technology & Rachel Nishimwe Niyimbanira, North West University
    Dollarization as a Turning Point from a Hyperinflationary Economy: A Case of Zimbabwe

10:30am-10:45am    Break

10:45am-Noon    -- Moderator:  Richard Monahan, American Public Univ.

Faye Braithwaite, Oakwood University, Theodore Brown, Oakwood University, & Malcolm Cort, Athens State
    The Effect of Machiavellian Thinking on Willingness to Use Ethically Questionable Business Tactics among University Students

Stephanie Ward, Kent Royalty, & Thomas Madison, St. Mary’s University
    Student Perceptions of the Effect of VITA Participation on AICPA Core Competency Development

Mohammed Jahed, Curtin U., Australia
    A Proposed Model of Supply Chain Management Practice, Agility and Competitive Advantage in Bangladesh Apparel Industry

Cletus Akenbor, Federal University, Nigeria & Bariyima Kaibel, Rivers State University, Nigeria
    Accounting Estimates and Credibility of Financial Statements

Haroon Shahjahan, University of Arkansas – Pine Bluff
    The Characteristics of Households Income in Delta Region

Noon-1:30pm    Lunch Break (On Your Own)
Thursday, October 24

1:30pm-3:30pm -- Moderator: Stephanie Ward, St. Mary’s Univ.

Richard Monahan, American Public University
An Analysis of Racial Prejudice in the American Electorate

Teresa Sanders, University of Phoenix
Parental Involvement of Economically Disadvantaged Students

Alexander K. Buchholz & Yuanfang Liu, Brooklyn College of the City University of New York
IFRS Implementation in US Accounting Education

Jim Connell, University of Montevallo
The Relationships between Personal Beliefs, Life Goals, and Work Preferences in the Millennial Generation

Ferdinand Niyimbanira, Vaal University of Technology
Africa as the Future World’s Factory: An Overview

3:30pm-3:45pm Break

3:45pm-5:00pm -- Moderator: Alexander Buchholz, Brooklyn College of CUNY

Bruce Kibler, Gannon University
Internationalization and the Implementation of a Finance and Accounting Shared Services Center

Michael Williams, Prairie View A&M
Public University Economic Impact Studies and the Opportunity Cost of State Government Funding, with Examples from the State of Texas

Edgar Sentell, Mississippi College
Teaching Business Ethics and Keeping it Real

Suofei Lu, University of Cincinnati
Pedagogical Perspectives of Enhancing Transition from Middle School to High School on Student Mathematical Thinking

Lawyer Obara, Rivers State University, Nigeria, and Eiya Ofiofoh, University of Benin
Accounting and Corporate Reporting of Environmental Costs in Nigerian Business Organizations
Friday, October 25

8:30am-9:00am  Registration

9:00am-10:30am -- Moderator: Aimee Tiu Wu, Teachers College, Columbia University

Thomas Krueger, Texas A&M University - Kingsville
    Paying for Acceptance? A Study of Academic Management Journals
Bree Morrison, Bethune-Cookman University
    The Role of Social Emotional Learning in Future Leaders and Organizational Success
LaTonya Ramos, Capella University
    Public Service Networking Plan
Princess Habiba, Griffith University
    The Difference between Psychological and Social Affairs and the Implications for Key Players
Kola Sonaike, American InterContinental University, Houston
    Motivating Employees in today’s Business Setting
Kevin Jones, Indiana University – Purdue University Columbus & Zelideh Martinez Hoy, Indiana University - Bloomington
    Why Professors Matter: The Influence of Critical Conversations and Mentoring on Self-Efficacy

10:30am-10:45am  Break

10:45am-Noon -- Moderator: Lila Carden, U. of Houston

Jacek Mrozik, Minot State & Mary Anne Raymond, Clemson University
    Factors Affecting International New Product Marketing Performance in the Telecommunications Industry: The Success of Orange-FT
Rick Corum, Campbellsville University
    Efficiency and Effectiveness at the University: Revisiting the Work of Morris Cooke
Aimee Tiu Wu, Teachers College, Columbia University
    The Balancing Act of Dr. Mommy
Chinelo Nwokolo, Federal University, Nigeria
    Socio Economic Development in Nigeria? National Language Integration to the Rescue

Friday, October 25

Noon-2:00pm   Awards Luncheon (included in registration)
Friday, October 25

2:00pm-3:30pm -- Moderator: Rebecca Gunn, Oral Roberts Univ.

Love Arugu, Federal University, Nigeria, & Kabiru Dandago COB-UUM, Nigeria
Management Professionalism and Nigeria’s Sustainable Economic Development
Lila Carden, University of Houston-Main Campus, Raphael Boyd, Clark Atlanta University, Lori Boyer,
Clark Atlanta University
Project Management and Legal Requirements: A Model for Ethical Processes
John Mazzoni, Florida State University
A Neuroeconomic Approach to Probability Judgments
Richard Hauser, Gannon University & John Thornton, Kent State University
Dividend Policy and Corporate Valuation
Eldon Franks & Perry Haan, Tiffin University
Apple’s Sustainable Innovation
Mark Swanstrom & Perry Wisinger, Northwestern State University
Do Executives Really Understand Dirty Surplus?

3:30pm-3:45pm Break

3:45pm-5:00pm -- Moderator: Raphael Boyd, Clark Atlanta Univ.

Love Arugu, Federal University, Nigeria
Participatory Democracy and Good Governance in Nigeria
Leslie Campbell, Colby-Sawyer College
Women Business Owners: Self-described perceptions about personal health and wellness
Ayodele Omojuwa, University of Lagos
Drawing on the Flat Surface of the Yoruba Traditional Economy
Rebecca Gunn, Oral Roberts University
Empowerment in Management: Past, Present, and Future Implications
Akeem Abujade, Capella University
CSR Analysis and Recommendations
Saturday, October 26

8:30am-9:30am  Registration

9:00am-10:30am  -- Moderator: David Ritter, Texas A&M Central Texas

Jan Kim, Hankuk University, South Korea
Regime-switching and the (In)stability of the Price-Rents Relation: Evidence from the US

Qiang Fei, Prairie View A&M & Reginald Bell, Prairie View A&M
Diminishing Quality Gaps of Marketing Journals

Ricardo Santos, Trinity University
Predicting success at the Euro tournaments

Jimoh A. Malik, University Putra Malaysia
Financial Liberalization and Economic Growth in Nigeria

Mark Foster, U. of North Alabama, Mark Jobe, Middle Tennessee State University, & Michael Young, Central Washington University
Lock-in vs. Capitalization Market Reactions to Tax Changes

10:30am-10:45am  Break

10:45am-Noon  -- Moderator: Michael Young, Central Washington Univ.

Joanne Ma, Holy Family University
The Effect of the Commitment Problem on the Pricing Structure

David Ritter, Bonnie Denbo, Texas A&M Central Texas
Sarbanes-Oxley: The Aftermath Evaluated

Kashif Ali, University of Connecticut
Equity Stocks of the World

Christine Nwuche & Awa Hart, University of Port Harcourt, Nigeria
Performance Management Practices and Organizational Effectiveness

Noon-1:30pm  Lunch Break (On Your Own)
Saturday, October 26

1:30pm-3:30pm --- Moderator: Angela Wells, Capella Univ.

Angela Wells & Torey Kennedy, Capella University
Healthcare Finance and Strategy

Andrew Campbell, Indiana Tech.
Indepth Analysis of Global Leadership Challenges

Michael House, Middle Tennessee State University
The Effect of Parental Drinking on Children's Educational and Labor Market Outcomes

Nicholas Gerlich, West Texas A&M
Mobile App Uses and Gratifications: A Comparison of Student and General Population Samples

Zafar Ahmed, University of the Punjab, Pakistan
Academic Achievements are the Predictors of Job Performance
Aimee Tiu Wu
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Thomas Krueger
Texas A&M University - Kingsville
Paying for Acceptance? A Study of Academic Management Journals

Richard Hauser
Gannon University

John Thornton
Kent State University
Dividend Policy and Corporate Valuation
Call for Papers
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The editor of MJBE is Dr. Marty Ludlum, Legal Studies department, the University of Central Oklahoma.

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The Mustang Journal of Management & Marketing had its premiere issue in 2012.

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This study focuses on personal corporate social responsibility (CSR) concept and evaluates CSR strategy and sustainability strategy in IKEA’s organization. Furthermore, the study centers on applying and facilitating corporate compliance to government regulations, global agreements, initiatives, and business practices. The study highlights the strategic impact and risk mitigations as it relates to CSR.

**Personal CSR Concept**

CSR extends beyond incurring cost and engaging in charitable activities. CSR plays a critical role in a business competitive advantage and it serves as platform for business opportunity, innovation, and competitive advantage (Porter & Kramer, 2006; MacDonald, 2011). MacDonald (2011) asserted that business focuses on coexisting and cooperating with communities to achieve goal reflecting shared values for the promotion of a health business and healthy society. The central theme of CSR is organizations are obligated to contribute to the morale benefit of people in a community and the society itself (David and William, 1984; Fredrick, 1986; Khandelwal & Mohendra, 2010). Organization incorporates sustainability issues into its CSR guidelines. Sustainability is a strategic component of organization that focuses on the future preservation of the natural environment. Furthermore, sustainability supports interactions among natural habitats, individual organizations, and business strategies (Thorne, Ferrell, & Ferrell, 2011). Werbach (2009) highlighted that four components such as social, economic, environmental, and cultural component constitute sustainability.

**CSR and Sustainability Strategy**

The development of IKEA’s CSR and sustainability strategy stems from environmental and social issues. IKEA’s CSR and sustainability strategy focuses on meeting customer demands, minimize the price of raw materials, and regulate emissions. IKEA’s CSR and sustainability engagements require commitment and innovative approach to achieve the CSR policies and sustainability goals (“IKEA Group,” 2013). For instance, IKEA implements its CSR and sustainability strategy to respond to socials demands from public regulators in countries such as Denmark and Germany. Furthermore, organizations such as trade unions, the media, and NGOs all demand a specific response on how IKEA will tackle social and environmental issues (Maon, Lindgreen, & Swaen, 2010). IKEA uses responsible sourcing as part of its CSR and sustainable strategy. The company sources raw materials responsibly and utilizes these materials carefully. Furthermore, the organization seeks out more sustainable suppliers to help contribute
to low prices for customers. For example, IKEA formed a Forest council that enabled partnership with 19 certified foresters. The organization is able to responsibly source woods and furniture that adhere to forest standards (“IKEA Group,” 2013). IKEA’s CSR and sustainable strategy is effective because it creates long-term shareholder value (“IKEA Group Sustainability Strategy,” 2013).

**Applying and Facilitating Corporate Compliance to Government Regulations, Global Agreements, Initiatives, and Business Practices**

IKEA sustainability direction focuses on having an overall positive impact on people and the environment. The development of IKEA Way on purchasing products, materials, and services (IWAY) is the IKEA supplier Code of Conduct guided by legislations and principles. IKEA’s IWAY initiative abides strictly to International Labor Organization (ILO) standards (“IWAY,” 2008). ILO created the Fundamental Principle of Rights at Work declaration to focus on advancing and promoting decent work for men and women. The declaration promotes workers right, social protection, and encourages dialogue on work related issues (“International Labour,” 2013). For instance, IKEA does not accept child labor and the organization takes all measures to prevent child labor participation in an all its business activities. IKEA’s suppliers cannot engage in child labor practices (“IWAY,” 2008).

**Recommendations for Best Business Practices**

An organization’s compliance to international trade and commerce agreements drive its competitive force in the global business environment. There are several practices supporting an organization’s adherence to international trade and commerce agreements. These practices are as follows: I) Corporate leadership must identify adherence to international trade and commerce agreements as a priority. Leadership implements and directs compliance measures for an organization. II) Leadership and stakeholder will appoint a compliance leader and a team that will be responsible for the compliance of international trade and commerce agreements across the organization. The compliance leader and its team will develop a framework for compliance activities as it relates to international trade and commerce agreements. III) The compliance leader and its team will develop performance indicators to measure and report on adherence to international trade and commerce agreements within the organization. In addition, the performance indicators will include bottom line metrics, saved duties resulting from international trade and commerce agreements, and bypassed international business liabilities. IV) Promoting communication as it relates to adherence to international and trade agreement is critical. A compliance leader will ensure leaders and employees understand and report international and trade agreement violations. In addition, leaders and employees will initiate a follow up to correct violations. V) Corporate leadership will create an effective monitoring system process to monitor compliance activities. Furthermore, corporate leadership will hire external auditors to use the system process to audit compliance officer and its team’s activities (Osborne, 2006).

**Strategic Impact**

International trade and commerce agreements affect the strategic competitive force of an organization in a foreign market. These international trade policies allow an organization to penetrate an international market through a joint venture with a local company. Hence, an organization strengthens its market presence and the ability to control opportunities in such a market (Baron, 1997). International trade and commerce agreements support international
environmental policies. It helps leadership in organization to create an appropriate corporate strategy in complying with new environmental and sustainability regulations. An organization develops green strategy and capabilities to outperform competitors (Rugman & Verbeke, 1998). For instance, the United Nation Global Compact (UNGC) provides ten principles that allow organizations to develop wide array of strategies to tackle global environmental challenges. This strategy helps create sustainable society, markets, and generate cost savings through improved efficiencies in the international market. This type of environmental sustainable strategy helps to identify connection to environmental issues, social development, and increase in organization’s profit (“Environment,” 2004). However, a corporate strategic impact could encounter risk in a country where poor governance exists. Poor governance will alter an organization’s strategic compliance to international trade and commerce agreements (Knudsen, 2011).

**Risk Mitigation Strategies**

IKEA leadership uses its risk mitigation approach to ensure that IKEA’s investment meet the criteria for product quality in accordance with IWAY code of conduct. Furthermore, the risk management criteria must abide by standard working environment to avoid violations of international labor organization policies and care for external environment (Edvardsson, Enquist, & Hay, 2006). IKEA’s risk management and assessment must focus on safety issues for customers. For example, IKEA provides customers with easy to read sales label, dimensions, setup tools, and care instructions to avoid customer injury. Furthermore, a checklist and diagram highlighting the furniture setup outcome is available for customers. IKEA provides well-tested component that is in compliance to social and environmental standards and highlights the wood material country of origin (Dobrzykowski, Tran, & Tarafdar, 2010). For instance, IKEA’s risk mitigation and assessment for suppliers sourcing wood from China involved cooperation with the Rainforest (RA), Chinese Academy of Forestry (CAF), and World Wild Fund for Nature (WWF) China to create a risk register. This risk register contains information regarding whether a specific wood sourcing material is at risk of not complying with IKEA minimum requirement and China regulation. In addition, the policy engineering the risk assessments program includes internal (office) and external (field) evaluations to determine the specific forestry conditions in each local government areas in China (Grant & Beckham, 2013).

**Conclusion**

IKEA’s CSR and sustainability strategy drives the development of good design and selling furniture at an affordable price. The strategy requires choosing the right customers and these customers must conform to IKEA’s code of conduct. The relationship with suppliers allows a direct dealing and business transactions without a mediator. Furthermore, the company is able to integrate sustainable strategy and CSR policies that drive IKEA’s vision, mission, and profit revenue. IKEA introduces audit measures, risk measures, compliance protocols to comply with IKEA’s IWAY in accordance to governmental agencies legislation and laws, international trade and commerce agreements and measures against illegal forestry. Sustainability drives IKEA’s core strategy. Hence, it is vital the company continues to improve it sustainability measures and conform to governmental regulations.
References


EQUITY STOCKS OF THE WORLD

Kashif Ali
University of Connecticut

Abstract

The article presents a relationship of the United States equity stocks with the equity stocks of the world’s geographic regions including: South America, Europe, the UK, Russia, Asia and the Middle East, and Australia and the Pacific. The strength of the relationship is measured by using regressions, co-variances and the correlations. The results are presented in the form of Variance-Covariance matrix, correlations matrix and the betas of the different geographic regions with respect to the USA equity. The study aggregates the equity performances of the selected countries in the above-mentioned regions and finds a relationship among the equity performances of different regions and the USA equity. In addition to finding the strength of the relationship, this study also compares the trends and movements of the different regions’ equity performances.
Abstract—The study is conducted with broad objective to know the antipoaching activity that is prevailing in Nepal and its efficiency. Chitwan National Park was found to be renowned for its unique biodiversity and its outstanding natural beauty. But poaching was found to be its one of the biggest problem. The study was proposed to know the cause of poaching activities, resolving and identifying the trade roots, to know the weep holes in biodiversity conservation and contribute for biodiversity conservation. Data were collected from both primary and secondary sources from local peoples living in buffer zone of CNP and park concerned authority and the army. Data collected from the local people and concerned authority shows that the poaching problem was mainly due to high market value, lack of awareness, unemployment and insurgency. About 50% of revenue collected from tourism sector was found to be allocated for the development of buffer zone and sustaining biodiversity by effective antipoaching program. For sustainability of the antipoaching program, it is recommended to review and strengthening of security measures in all areas to minimize assess of poachers. High level antipoaching unit is required whose components include the chief warder, District forest officer and regular game scouts since such as anti-poaching unit would have provision of law informant outside the protected areas and national level committee is also necessary to form.

Keywords—antipoaching, Biodiversity, Buffer zone, CNP, Nepal Army

1. Introduction

Chitwan National Park (CNP), established in 1973 as the first National Park of Nepal and world natural heritage site by UNESCO in 1984, is world renowned for its unique biological diversity of flora and fauna and outstanding natural beauty. It has outstanding biological richness with 8 ecosystem including 7 forest types, 6 grassland types, 5 wetland and 3 main river system habitats and is one of the last habitats of many endangered wild animals, especially the Asian elephants, Asian one horned rhinoceros, Bengal tiger, gaur, gangetic Dolphin, Giant Hornbill, Bengal Florican and Gharial (DNPWC, Chitwan National Park and Buffer Zone Management Plan, 2001-2005).

Despite of its biological richness and natural beauty, CNP faces some of the most serious conservation threats of any nation of the work today (Aryal, 1995). As the excess poaching of wild animal continued, the survival of endangered species like one horned rhino and tigers has been threatened. (Chungyalpa, 1998). This has raised the great concern over the biodiversity existence of CNP with a negative impact in tourism industry too. If biodiversity of Chitwan national park is not so preserved, there will be negative impact in the environmental status (loss of biodiversity) of CNP with negative impact in whole economic status of Nepal too, due to loss in revenue collected from tourism sector.

2. Methods and Methodology

The research is mainly based on the prospective of local peoples and park concerned authorities regarding the poaching of the wild animals. Direct field visit was made to all the Buffer zone user committee (BZUC) of CNP. Different methods like questionnaire survey, Focus Group Discussion (FGD), interviews, and informal talk’s i.e. personal conversation were adopted to obtain the primary and various secondary data were also reviewed to gather information supporting the primary data.

For primary data collection, 30 locals and buffer zone members of each 21 User committee (UC) (total of 630 local respondents) were selected basis on their knowledge about the anti poaching
operation and their role of the buffer zone management committee. The questionnaire contained the questions regarding their perception about the park management, the reason of poaching and its pattern, preferred techniques to control the poaching etc.

The group discussion was done with the park’s staffs and indirect discussion was done with the local resident to identify the causes of poaching and illegal trade. Group discussion was mainly done with park staffs to know the poaching hotspots and their procedure after arrest of suspect, existing laws and regulation and to know their expectation with various governmental and non-governmental organs and the local peoples.

Secondary data was collected from the National Trust for Nature Conservation (NTNC), WWF Nepal Program Office, Department of National Park and Wildlife Conservation (DNPWC), Chitwan National Park (CNP) and other relevant offices and literatures cited. Secondary data were also generated from the variety of books, journals, published and unpublished reports.

Both quantitative as well as the qualitative data analysis techniques were used for the analysis of the gathered data.

3. Result:
During the field visit and in the direct and indirect meeting with the local buffer zone villagers and staffs, they had shown the good knowledge about the need and importance of wildlife sector for tourism and development of nation. Most of the local people had said that park was made for them and they are the main responsible person for the protection of the reserve and the sharing of the benefit from it. Prevailing security system according to the 30.45% respondent was good and 35.24% said it as satisfactory. 34.31% of them told as the security system needs the improvement. These respondents who told park security system was not satisfactory were found to be not satisfied with the park management system aspect such as provision for the compensation, fines and punishment, provision for community based forest programme as well as the provision for the use of park resources etc.

Poaching of wild animals from the park was common in and around the CNP. 31.42% out of 630 respondents said the region behind the reason for poaching was as the high market value, 39.04% said the root cause as the unemployment and poverty, 22.86% said as the lack of awareness among the villagers and 6.68% said as due to the retaliatory killing, corruption, lack of security etc. They point out the reasons for poaching in the particular area is due to easy accessibility, far from the park’s check post and also the public support. It was found similar to the poaching data collected from the park office.
Out of these respondents questioned about the socio-economic status of poachers, 74.76% told poachers were from financially backward society (low class family), 21.9% told them as they from middle class family of ex-army and polices. Remaining 3.33% told them as from financially good record family (high class family) who does wildlife crime for entertainment, fun and money. Local people were found to be aware of the poaching problems and long term effect that may be faced in the future due to the poaching problems. 59.04% of them suggested improving the security system. 29.52% of them said for the regular patrolling and field visit of APU units, 8.57% of them reported to give priority to the local people and their group to solve the poaching problem and 2.87% of them suggested giving priority to the local people.

Park’s concerned authority was found to have clear concept of wildlife conservation and issues and facts related to poaching incidents. They had the high spirit for the conservation of wild flora and fauna of the park when the discussed with park personnel, they had reported the several facts and issues related to the poaching incident.

3.1. Poaching hotspot

According to respondents, poachers mostly victimize Rhinoceros (one-horned), tiger, wild boar, bears, deers and Sal wood during the poaching incident may happen in any places of CNP and the major location with respect to the particular animals are as follow:

**Rhinos:** Khagendramali, Amrite, Bangmara community forest Bandarjola Island, Devital, Island area, Gaida khasa areas.

**Tigers:** - Sonachuri, Khagendra malli, Shauraha to Jarneli, Burandabhar, Bandar, hola, Tribeni Dumaria, Padampur, madi etc.

**Bears:** - Bharandabhar, Madi sector, Churia hills areas, Sauraha etc.

**Deers and Wild boars:** - In most of the buffer zone area (inside and outside the park).

3.2. Expectation from Conservation Partners:

There are several partners (local groups, NGOs and INGOs and governmental organizations) that had supported the park personnel in the antipoaching effort of CNP. They have expected mainly support from them in various works. Their main expectation from the partners’ institution and the organizations was as technical support from National Trust for Nature Conservation, Financial support from the WWF and BCC program, supporting administrative work from Nepal Police, as well as other Administrative work from other offices and Customs.

4. DISCUSSION

Dependency of local people on the park resource can be minimized only through alternative income generating activities. Until the local people are ensured adequate food and shelter and a signified standard of living, all efforts to establish and manage national parks and the protected areas will be failure because in many cases biology can wait but the surrounding community cannot wait. (Pilgram and Western, 1986). Yonzen (2006) also reported that the Maoist insurgency in Nepal has been considered a major factor affecting poaching in CNP in recent years.

Currently high frequency of poaching occurs during the election, public holiday, festival occasion and during the monsoon period. (Chungyalpa, 1998and Maskey, 1998). Poachers’ takes advantage of their absence as is evident from the DNPWC’s official chart. Where the areas are far from the
army post and the park staffs, poachers might feel the area easier for the poaching activities. Chungyalpa, 1998 and Maskey, 1998 also reported the lack of resource in CNP was also the cause of ineffective antipoaching operation. For controlling the poaching and illegal trade of wildlife, CNP is also lacking joint action among park army, custom police, intelligence network, NGOs and INGOs. In many cases poachers were aided by themselves or locals who live in village adjoining to park area. It also give them close and hideout, reducing their chance of caught. From the respondent, it was known that poachers mostly sold the wild animals and their part usually to the local traders, and other consumes by themselves.

Another important reason for the poaching in CNP was the international market value for the wild species and their parts. Chungyalpa (1998) reported that despite of the strict national and international legislation, rhino horns and tiger bones were as profitable business as the narcotic drugs in the international markets. The value of a horn in the international market would come to US $ 30,000. On an average, a dealer receives approximately US $ 20,000/kg of rhino horn and sometime as much as US $ 10,000/kg of tiger bone (Chungyalpa, 1998). Gurung and Guragain (2000) pointed out that community forest and the farms within the park buffer zone are the areas where the poaching occurs frequently. In recent years, due to the healthy rhino population within the CNP, more rhino are found to wander out into the community forest or farms (Martin & Vigne, 1995), suggesting that it is relatively easy for the poacher to find the rhino. On the other hand, poachers are found to target the areas with high rhino population concentration which of course leads to the lower cost in term of search efforts. DNPWC (2003) noted that the traditional hunting and subsistence economy of certain ethnic groups (Tharu, Magar, Praja, Maghi) had also adversely affected the population of the wild animals in and around the protected areas in Nepal.

4.1 Nepal Army Protection Unit
A separate Nepal army unit has been deployed specifically for protection of the park since 1975 AD. The army battalion is leaded by a lieutenant colonel under Nepal Army, National Parks and Reserves Directorate. The protection function of the park is conducted under a close co-ordination between the Chief Warden and the lieutenant colonel. The number of army post had been reduced to 10 from 34 during the insurgency periods which is now began to reinstall them and all the posts are not relocated although.
4.2 GAP ANALYSIS:

Mainly two types of gaps as institutional gap and policy gap were found as the role playing agent for the antipoaching operation in the CNP.

a) Institutional Gaps
Locals are not satisfied with protection measures for park animals. The mobilization of security personnel in the field is not considered to be effective as poachers were well aware of security systems of parks and are familiar with areas not covered by surveillance patrols. Social security, financial support and general encouragement are severely lacking, thus discouraging active involvement in anti-poaching operations. This situation of impunity has contributed to frustration among Park personnel involved in anti-poaching operations given that their task is riddled with unseen risks and weak support.

b) Policy Gaps
Wildlife is sometimes killed in retaliation. For locals, the central issue is economic hardship; rural populations are poverty stricken and always in need of money to sustain basic livelihoods. There people have been easily lured by poaching syndicates with promises of easy money. So the major policy gaps are as poverty traps, compensation issues, proper Awareness campaigns, unmanaged Government Resources, more time consuming Legal actions, Lack of CITES implementation etc.

5. Conclusion and Recommendation
Poaching occurred throughout the park with the highest concentration in Sauraha and Madi sector. This could be because of the highest concentration of rhino and tiger population in these areas. It also shows that wildlife species other than rhino are also affected by poaching activities since poaching incidence have occurred throughout the park.
Rhino is a major attraction for tourist in Chitwan and tourism makes the major source of park revenue, of which thirty to fifty percent is channeled back for buffer zone development. Since the buffer zone communities are major beneficiaries of the park revenue, they should be made more accountable towards safeguarding the park and buffer zone resources including antipoaching initiatives.

So to check out the poaching and illegal trade, the good altitudinal behaviors of the people should be raised by the help of awareness program and the concept of people should be change from single we system to multiple use system of the resources, flora and fauna of CNP. The reward & punishment system should be bolstered with an education program system so that the local villagers are given to understand the results of poaching & trafficking of wildlife species. An high level APU is required whose components include the chief warder, District forest officer and regular game scouts since such as anti-poaching unit would have provision of law informant outside the protected areas. There is the necessary for serious communication between government officials from both sides in order to prevent illegal poaching and trade.

Until international market of wild animals remains open, poaching of wild animals will not stop throughout the world in general and Nepal in particular. Therefore, a strong international Act against international trafficking of wild animals’ part should be made more effective for an effective control of poaching. Nepal is a member of Convention of International Trade in Endangered species (CITIES). The other related agencies like CITIES Networks, tiger forum and IUCN should also be involved for monitoring the export of animal parts from Nepal.

It must be pointed out that unless there are long term projects focusing on environmental education for the local people and the national and international consumers, the problem of poaching and
dealing of wildlife will not disappear, Further as long as the majority of local villagers live under the condition of subsistent-level poverty, anti-poaching units will not be sufficient against the poachers and poaching activities in the wildlife projected area.

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EXCHANGE RATE EXPOSURE OF KOREA COMPOSITE STOCK PRICE INDEX 200 FIRMS:
FOCUSING ON KOREAN JAEBOL CONGLOMERATES

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Abstract

There have been many studies that examine exchange rate exposure by the relationship between stock returns and exchange rate returns. We attempt to investigate exchange rate exposure of Korea Composite Stock Price Index 200 (KOSPI 200) firms specially focusing on Korean Jaebol firms. We split the data period into two sub-periods such as the pre-financial crisis period and the post-financial crisis period. With exchange rate volatilities as well as exchange rate returns, we measure exchange rate exposures of Korean firms and analyze factors that affect significant exposures using the cross-sectional regression and the logit regression.
WOMEN BUSINESS OWNERS –
SELF-DESCRIBED PERCEPTIONS ABOUT PERSONAL HEALTH AND WELLNESS

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ABSTRACT
This study surveyed women business owners to discover self-described perceptions of their health and wellness and to identify any links among variables including large and small age cohorts. Several areas of literature were examined including women business owners, definitions of health and wellness, and women’s health issues. A comprehensive definition of health and wellness was used that included psychological, physical, emotional, social, spiritual and environmental components as proposed by Edlin and Golanty. By obtaining qualitative and quantitative data from the participants, specific behaviors and perceptions were identified through objective surveys, as well as subjective information which was collected through personal interviews. One of the key findings indicates that, while older women business owners may have a poor self-perception of their physical health, they exhibit positive insight and behavior regarding spiritual and emotional health and wellness. The conclusion provides suggestions for future research in this growing field of women entrepreneurs.

INTRODUCTION
Throughout history, there are records of the different roles women assumed in the workforce and though the positions were primarily related to domestic service and other similar activities, women could be found in agriculture, plantation management and other entrepreneurial activities. As the world moved towards industrialization and the economy changed from home production of goods to large-scale factory production, labor became more a means of much needed income for women and they moved into other service-related fields, such as teaching, nursing, and the hospitality industry, and later into fields such as office support and manufacturing.

As women became more educated and gained more business experience, they realized they had different skills and services they could offer as entrepreneurs. In addition, the appeal of self-management, not to mention the flexibility of creating one’s own schedule, prompted many women to become business owners. Growth in women-owned businesses increased rapidly between 1997 and 2006. This increase offers the opportunity to study the effects of the pressures of trying to achieve work-life balance. Understanding the centrality of a healthy lifestyle to personal well-being, this study examines the self-described perceptions that women business owners have towards their own personal health and wellness.

DEFINING HEALTH AND WELLNESS
After review of many descriptions, the definition of health and wellness as offered by Edlin and Golanty - “health as the totality of a person’s existence recognizes the interrelatedness of the physical, psychological, emotional, social, spiritual and environmental factors that contribute to the overall quality of a person’s life” – was used in this study, largely due to its all-encompassing characteristics and especially their suggestion that health is a process rather than an inert state. (Edlin & Golanty, 2007).

RESEARCH QUESTIONS
The objective of this study was to research and understand the behaviors exhibited by female business owners towards health and wellness and if possible, identify factors influencing said behavior. To that end, the research questions framing this study are:

- Are there specific patterns in wellness practices exhibited by female business owners?
- Does membership in a certain age cohort have any bearing on behavior?
- Are there differences between two larger age groups – Baby Boomers and Generation X-ers?
- Are there differences in behavior within age cohorts with a smaller range?
• Do female business owners pay more or less attention to their health and wellness versus the
attention given to their business and/or family?
• Do female business owners place more importance on physical health than on mental health? If
so, how is this manifested? If not, is there a definable reason or reasons why?
• Does the financial success or failure of their business have an impact on health and wellness?
• Are there specific demographic characteristics, besides age, that affect behavior or attitudes
towards health and wellness?

DESIGN AND METHODOLOGY

Research Design

The strategy for this study was a two-phase design. The first was a descriptive design using the Health-
Promoting Lifestyle Profile II (HPLP-II) survey in conjunction with a demographic questionnaire to gather
quantifiable data on participant’s behaviors, attitudes and descriptive information, including but not limited to
marital status, level of education, number of children, and financial success of business. During the second phase, a
series of interviews with a group of willing participants was conducted in order to better understand the relationship
between demographics and perceptions of health and wellness.

The HPLP-II consists of fifty-two questions with responses based on a four-point Likert Scale (N for never
(1), S for sometimes (2), O for often (3), R for routinely (4)). These questions examine particular lifestyle issues
that fall into six subscales - spiritual growth, physical activity, nutrition, interpersonal relations, stress management,
and health responsibility. The statements require participants to respond to particular issues such as, frequency of
exercise, eating foods from different food groups, existence of support groups, feelings of harmony, responsibility
for one’s well-being, and utilization of resources to minimize the effect of stress. This survey is typically scored by
calculating a mean of a participant’s responses to all fifty-two items. The subscales are scored the same way
permitting comparisons across the subscales (Walker and Hill-Polerecky, 2011).

The second quantifiable survey queried participants on demographic information. This data was needed to
place participants in comparable and opposing groups in order to study similarities and differences. This survey was
designed by the author and includes thirty-nine questions in this survey. Each question has a different set of
possible answers based on the nature of the question. The survey is scored simply by tallying the scores for each or
all participants, depending on what variable is being tested.

The second phase of the design involved interviewing a select group of participants in order to better
understand the quantifiable results obtained through the aforementioned survey and questionnaire. Interview
questions were developed based on the responses to the questionnaire that related to the following sub-scales –
interpersonal relationships, spiritual growth and stress management. The questions were designed as open-ended in
order to elicit thoughtful responses from the participants. Interviews were scheduled for one to two hour sessions.
Participants were contacted through email after they submitted their quantifiable survey responses to confirm
willingness to participate, availability and preferred method of contact.

Guidelines Used for Identifying the Sample Group Characteristics

The sample size was targeted at one hundred (100) women with an acceptable response rate of twenty-five
percent (25%) and each participant was required to be a female business owner. Businesses chosen were in any
industry sector as well as franchisees of larger corporations based on the autonomy often allowed these types of
owners. Most participants’ businesses were located in New Hampshire; however, taking into account the possibility
of referrals from participants, some were from other states.

Using membership directories from several New Hampshire-based Chambers of Commerce, the author sent
out an email requesting participation in a survey for women business owners to one hundred and ten (110) potentials
participants. The response rate was 34% (thirty-seven women). Of the thirty-seven respondents, eight indicated
they were willing to be interviewed. Upon further email contact, six agreed to be interviewed.

Standardized open-ended questions were used because the author wanted to ask the same questions of all
participants in hopes of identifying trends. While no specific hypothesis was originally identified for this research,
the author anticipated that the data would demonstrate that female business owners have positive mind-sets and
behaviors (perhaps even proactive) regarding health and wellness. The author expected the data to show that
differences did exist either between or within different age cohorts regarding behavior and attitudes.
Quantitative and Qualitative Data Collection and Analysis

The data was initially separated into results for two age cohorts – ages 25-45 and 46-66, Generation X-ers and Baby Boomers respectively. Through SPSS™ (IBM® SPSS Version 19 for Microsoft Windows was used for this study), analysis of variance (ANOVA) tests were run on each of the six sub-scales of the HPLP-II to determine if any significant differences existed. All analyses were conducted and all results were accepted at the .05 level of significance. Next, the two larger age groups were divided into smaller age groups for further testing and analysis. These age groups were – 25-35, 36-45, 46-55, and 56-66+. Descriptive statistical analyses were run on each group for each of the six sub-scales, for a total of 24 sets of data. This data was reviewed to determine significance at .05 level.

Based on the data derived from the surveys, six questions were developed for the qualitative phase. It was the author’s intent to further explore the three specific subscales from the HPLP-II - interpersonal relationships, stress management and spiritual growth.

**Spiritual / spiritual growth / mental health**
1. Tell me about the ways you look forward to the future.
2. Tell me how the success of your business has either met or not met your expectations and how this motivates you.
3. Please explain why you believe you are either close to or ahead of where you thought you would be at this point in your life and how this motivates you.

**Psychological / stress management / mental health**
4. Please explain what is most stressful in your life and why is it so.
5. Tell me about the things you do to balance your time between work and play.

**Emotional / Interpersonal relations / mental health and stress management**
6. Tell me about the support you get from your network of personal and professional friends and how this helps you.

The initial approach to this study was to control for age and to review possible differences in responses to questions that fell under the six subscales of the HPLP-II - spiritual growth, health-promoting lifestyle, physical activity, nutrition, interpersonal relations, and stress management. Results of the ANOVA between the groups failed to show any significant difference between the responses of the age cohorts. As evidenced, the differences were negligible; thereby suggesting that age cohort held little difference in assessing the perceptions covered by the HPLP-II. The two larger age cohorts were further divided into four smaller groups. These smaller groups were 25-35, 36-45, 46-55, and 56-66+. Descriptive statistics were run on each group for each of the six subscales. In all, twenty-four sets of descriptive tests were run in order to determine what, if any, differences existed based on standard deviation within the smaller groups.

**QUANTITATIVE RESULTS**

**Age Group One – 25-35 years of age**

This was the smallest cohort consisting of only three respondents. A group of this size is too small to provide any meaningful data; however, it is interesting to note some of the consistencies and differences in their responses. Of the six subscales of the HPLP-II – spiritual growth, health-promoting lifestyle, physical activity, nutrition, interpersonal relations and stress management – the area with the most statements with response variance for this group was the physical activity area, where there was recorded deviation on five of the eight related statements.

Based on their responses to all of the HPLP-II questions, one can infer that this group of women albeit small demonstrates a tendency to try to engage in health-promoting behavior for the sake of themselves and their children, despite the admitted stress of balancing business and family responsibilities. Their perceptions of health and wellness were fairly consistent with each other, indicating similarities within this age group likely based on comparable demographics. In total, this group recorded “routinely” or “often” as their answers 67% of the time, indicating overall positive self-perceptions of good health with respect to all six components of the definition of health.
Age Group Two – 36-45 years of age
This age group totaled eleven respondents, tied with the 56+ age group for the second most number of participants. Although larger than the first group, there was a similarity in the deviation of responses between the two for one subscale. Both groups saw the most deviation in answers in the physical activity subscale. Based on these responses, one might assume that other subscales have similar tendencies. This does not appear to be true. While there were variances among the responses within the subscales, there were trends that appear to be opposite of the low physical activity scores. In the health-promoting lifestyle and the nutrition subscales, the majority of responses fell in the “routine” and “sometimes” categories, indicating self-described perceptions of positive or even proactive behavior. What we can surmise about this group is that despite logging the most work hours and feeling equally stressed about their business and their family responsibilities, they remain optimistic about their future, looking forward to it while having an awareness of what is important to them in life. The self-described perceptions of health and wellness for this group also appeared to be somewhat consistent among all participants. In total, this group recorded “routinely” or “often” 60% of the time, indicating overall positive self-perceptions of good health with respect to all six components of the definition of health.

Age Group Three – 46-55 years of age
This age group was the largest of all four, with a total of twelve respondents. Unlike the first two groups, the physical activity subscale is not where the most deviation lies. The most variance in responses was found in the stress management subscale for this group, with significant variance on four out of six statements. The responses were fairly evenly split between “routinely,” “often” and “sometimes,” with no particular consistency among them.

With half of the women reporting that they have children, we are beginning to see the effects of belonging to the sandwich generation for these respondents. The National Longitudinal Survey of Young Women identifies the sandwich generation as those persons, particularly women ages 45 to 56 years old, who are supporting for their own children and their parents (bls.gov, 2006). Support can mean residing with, providing financial assistance or help with activities of daily living including errands for elderly parents or childcare for children or grandchildren. Given this distinct possibility, it is easy to see why this group’s responses to stress management questions were so varied.

It is reasonable to infer that there is a growing success for the older groups with this subscale which, according to Walker and Hill-Polerecky, “focuses on the development of inner resources” (1996). This kind of inner development is a direct result of life experiences and allows one to draw on those in order to look to the future and find purpose in one’s existence. Overall, there was consistency within this group regarding their perceptions of their health and wellness. In total, this group recorded “routinely” or “often” for their responses 73% of the time, indicating overall very positive self-perceptions of good health with respect to all six components of the definition of health. One can suggest that, in spite of the high level of stress, they find meaning in their work and family which might have a mediating effect on stress and a positive effect on their perception of a healthy lifestyle.

Age Group Four – 56+ years of age
This group has the same amount of participants as our second group – eleven participants. According to the BLS standards mentioned earlier, this group is also considered part of the sandwich generation which may impact their responses. An interesting observation about this group - more than half stated that they regularly engage in faith based activities, resulting in a higher percentage than any of the other three groups.

Reviewing the six subscales, the area that demonstrated the most variance in responses for this group was the health promoting lifestyle in which seven out of ten statements had noticeable variations. Responses varied between all four options with the most responses coming in as “sometimes.” The statement that received “routinely” as the predominant answer was “question health professionals in order to understand their instructions.” This is positive in that this group is exhibiting proactive behavior by having conversations with health care professionals which is important in maintaining good health. They are also getting older, are probably more apt to visit physicians and to be concerned with making sure they are following advice.

Overall, there is consistency within this group regarding their perceptions of health and wellness, indicating like-mindedness on the areas covered by the HPLP-II. In total, this group recorded “routinely” or “often” 70% of the time, indicating overall very positive self-perceptions of good health with respect to all six components of the definition of health.

Based on the results summarized here, it can be inferred that, three groups in this research – the three older age cohorts - have expressed strong perceptions of positive health in the spiritual growth component of the total health definition which is important to mental health as discussed in the literature review. One group, the youngest group, demonstrated their perceptions of positive health within the psychological (stress management) component.
Conversely, one can also conclude that, because of the considerable variation of responses in three subscales among the three older groups, these participants have self-described low perceptions about their state of health and wellness in the components of physical (physical activity), psychological (stress management) and environmental (health promoting lifestyle). Based on the overwhelmingly positive perceptions in the spiritual component among these three groups, it was determined that further research should be conducted in this particular area using qualitative methods.

Qualitative Interviews

In planning this qualitative research component, open-ended questions were developed to allow the participants the opportunity to communicate their attitudes and beliefs, while keeping the questions to a minimum number out of respect for their time. There were no expectations on the part of the researcher as to what the answers might be, though it was anticipated that trends would emerge based on the responses to the questions. None of the participants had prior or subsequent knowledge of what the others had said. It is worth mentioning that each interviewee’s business is in the service industry. The length of time each has been in business ranges from just a few years to over twenty. One of the respondents recently closed her business due to the economy. Each of the interviewees falls into the third age cohort of the study – ages 46-55.

The participants who were interviewed expressed hopefulness for their futures, despite experiencing personal and professional setbacks in the past. These women run their own companies and in many cases run their households as well and are able to remain focused on both their personal and professional futures. As much as they are committed to their businesses, they are committed to themselves as they struggle and strive to manage the stress in their lives in an attempt to maintain good mental health and, to a related extent, good heart health.

DISCUSSION AND FUTURE DIRECTION FOR STUDIES OF TODAY’S WOMAN BUSINESS OWNER

In general, the women in this study appear to have sanguine perceptions about their overall health and wellness. Clearly there are areas in which they admit that more proactive behavior could be employed in achieving good health. Regardless, the data reviewed in this study holds implications for a number of fields. Business administration researchers could review financial success and its link to any number of variables, including but not limited to the owner’s perception of her health, education level, or the number of other businesses started by the participants.

Health care researchers may want to examine any number of variables from this data including but not limited to diet and nutrition habits, stress management, exercise frequency and relationship issues. In the area of health care policy, researchers may want to understand frequency of medical office visits along with educational programming, relationships with medical professionals and self-directed preventive behavior.

Researchers in the mental health field may find this study and its data rich with exploratory opportunities, particularly in light of the results of the statistical testing of the spiritual growth subscale perhaps to uncover possible links to other mental health issues or diagnoses. With stress being linked to so many mental and physical health illnesses, experts in this area may find this to be another vital area for research.

Relationship researchers may find this study to be helpful or even to hold the key to questions because of the interpersonal relationship subscale responses. More in-depth studies could be conducted that includes more probing questions of the participants on their relationships with their spouse or significant other, children, friends or business associates.

LIST OF WORKS CITED


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MOBILE APP USES AND GRATIFICATIONS: A COMPARISON OF STUDENT AND GENERAL POPULATION SAMPLES

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ABSTRACT

In the six years that have elapsed since the introduction of smartphones (2007) and tablets (2010), mobile application (“app” or “apps”) use has grown exponentially worldwide. At the time of the iPhone 5 release and introduction of the iPad mini, the Apple App Store claimed more than 25 billion app downloads, with the Android-oriented Google Play close behind. Apple and Google play each carry in excess of 700,000 different apps. While 56% of American cell phone owners now use a smartphone, usage is skewed toward a younger demographic. In the face of these usage statistics, this study seeks to provide a better understanding of user motivations and gratifications obtained from app use. Very little is known about how and why people use apps, especially with regard to comparing user groups.

The following research questions guided this research project:

RQ1: What are the uses and gratifications obtained of mobile apps?
RQ2: How well does an adapted uses and gratifications scale explain the motivations of mobile app users?
RQ3: Are there any differences between a student sample and a general population sample with regard to these uses and gratifications?

An online survey was administered via Qualtrics to a nationwide convenience sample using Amazon’s Mechanical Turk panel. The survey was administered in May with two samples. A student sample (n = 189) was solicited among the authors’ students, with invitations disseminated in the classroom and via the university’s online learning management system. A general population sample (n = 540) was solicited using Mechanical Turk’s Human Intelligence Task (HIT) procedure in which requesters can offer tasks for a fixed financial amount for task completion.

A Principal Components Analysis exploratory factor analysis (EFA) was performed on the 25-item Uses & Gratification Scale for both samples, resulting in two factors are best described as a bi-modal engagement/disengagement dimension, and pass time. A Principal Components Analysis EFA was also performed on the second 10-item scale for both samples, as well as a Varimax Rotation. The two factors can best be described as endogenous (e.g., acquisition of knowledge and education), and exogenous (e.g., social in nature). Further analysis showed there to be no significant differences between the two samples with regard to their uses and gratifications of mobile app usage.
The findings are of critical importance for marketers because of the time and financial investment needed for developing and marketing apps. The ubiquity of apps means that there is substantial competition for consumer interest (for both downloading/purchasing as well as usage), with numerous highly substitutable apps available in many categories. It is therefore imperative for marketers to more fully understand how and why people acquire and use these apps, with advertising and in-app sales revenues dependent upon it.

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THE RELATIONSHIPS BETWEEN PERSONAL BELIEFS, LIFE GOALS, AND WORK PREFERENCES IN THE MILLENNIAL GENERATION

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This manuscript examines the interaction between beliefs of the millennial generation related to personal beliefs, life goals, and work preferences. The results are based on a survey of 937 millennial students attending 10 universities in 10 different states. Both linear and non-linear structural equation models of the relationships between personal beliefs, life goals, and work preferences were estimated. Unexpectedly, the linear model did not improve model fit, so the reported results are based on the non-linear model. Students appear to be primarily determined to achieve their life goals, which are influenced by personal beliefs. Work preferences seem to be secondary to achieving life goals and strongly influenced by those life goals. Personal beliefs impact both life goals and work preferences, but primarily by working through life goals instead of directly. The path coefficient between personal belief and work preference is statistically significant, but also was the smallest of the path coefficients. This suggests that personal beliefs do not explain as much about the millennial generation’s work preferences as they explain about their life goals. Models controlling for gender and whether the response was from a business major were estimated but controlling for these effects did not add to the explanatory power of the model.
APPLE’S SUSTAINABLE INNOVATION

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Introduction

This case study on innovative business practices looks at Apple, which operates in computer industry, entertainment industry, communications industry, tablet industry, and maybe the watch industry. Apple started as a computer company in 1976 by Steve Jobs and Steve Wozniak (Finkle & Mallin, 2010; Isaacson, 2012) with an innovative and creative product that created a very loyal following of customers. As the leader in the personal computer industry, Apple refused to allow others to copy its system, leaving it with only a small market share once IBM opened its design to everyone (Bower & Christensen, 1995). Apple came to a breaking point in the late 1990s, having to take an infusion of cash from Bill Gates to create a translator program for the exchange of documents between Microsoft Office and Apple’s operating system (Bower & Christensen, 1995).

Apple understood the disruptive innovation and innovative business model concepts required them to change but it kept the core values that made it unique. Ander and Kapoor (2010, p. 311) stated, “successful technology leaders, by virtue of having beaten their rivals to market, enjoy reduced competition when presenting their offer to customers.” Apple demonstrated that combinations of innovation strategies could propel a company from a niche performer to the world leader. This case study will consider eight factors of innovation along with sustainable innovation management concepts to evaluate Apple’s innovative strategy.

Innovative Theory

This paper will first discuss a combination of the factors from the literature that have been used to describe the characteristics of innovative creativity. Dyer, Gregersen, and Christensen (2009) developed a list of five characteristics that innovators possess in their creative intelligence. The skills to think creatively are one-third genetics and two-thirds from the skill set learned. The way people learn a skill is to understand the skill, then practice it, experiment around it, and finally gain confidence to create. They broke the discovery skills into doing and thinking categories. The doing skills are questioning the status quo, observing behaviors to discover new ways, experimenting to gain new perspectives, and networking with individuals from diverse backgrounds. The thinking skill is the ability to associate the patterns of action into new ideas (Dyer, et al. 2009).

B birkinshaw, Bouquet, and Barsoux (2011) stated innovation is the responsibility of the entire organization. The innovation an organization uses depends on the problem. Organizations need to view innovation discovery as a chain of linked activities with the idea as the beginning of the chain. Once the idea is recognized the hard work is about to begin, which is the first problem organizations fail to realize. To become innovative, organizations will have to consider organizational realignments to place decision-making at the right levels. The concepts and techniques for innovation require new tools and freedom to think (Birkinshaw, et al., 2011).
From Dyer, et al. (2009) and Birkinshaw, et al., (2011) the following list of characteristics was assembled for organizations to practice to be innovative: 1. Associate information across industries, 2. Question why something is, 3. Observe what people do and why, 4. Network with others to gain varied perspectives, 5. Experiment on new concepts from multiple levels of the organization, 6. Find a good idea and follow through on it, 7. Remember positive leadership is necessary, 8. Remember this is baseball not football. The ability to associate is demonstrated by an organization in its ability to take technology into other markets. The question and observation steps allow the discovery of new concepts. Networking not only provides ideas but also finds solutions from others. Experimentation is the development that companies must perform to turn ideas into actual products. The development of the best ideas is what leads to sustained competitive advantage. Management must remain positive so when ideas are rejected the team remains committed (McGrath, 2011). Management must recognize that the success rate will be lower than the failures. The innovation process will have more failures than successes.

Apple Case Study

Innovation is defined as the idea, product, or behavior new to an organization with a distinguishing feature that defines newness or the perception of it (Lyytinen & Rose, 2003). Finkle and Mallin (2010) stated Apple has been one of the most innovative companies of all time. Of particular note, the Apple Board of Directors fired Jobs in 1985. After three other CEO dismissals the Board asked Jobs to return in 1997, which began the innovation period that this case study will evaluate (Finkle & Mallin, 2010; Isaacson, 2012). The innovations Apple would introduce took it from $1 billion in 2003 to $150 billion by late 2007 (Johnson, Christensen, & Kagermann, 2008).

Apple saw the market for personal entertainment with the iPod as a new market that could be modernized. Johnson, et al. (2008) stated that in 2003, Apple introduced the iPod and iTunes Store, which revolutionized the portable entertainment industry. Almirall and Casadesus-Masanell (2010) stated the iPod was a closed innovation strategy that saved Apple and was selected as product of the year. The Apple iTunes store would be an example of a company using knowledge management to take and idea to create a competitive advantage by using innovation of the technology of music sharing and a business model for crossing industries. This changed the way the public bought and listened to music so much that it made all of the incumbents irrelevant, giving Apple an 80% market share (Schmidt & Druehl 2008), a prime example of value innovation.

Apple watched the trends and chose what it thought would be winners. Success included launching the iPad and refusing to enter the netbook market (Cusumano, 2010). There is evidence of the eight characteristic of creative innovation discussed in this paper at Apple. This is not surprising since Dyer et al. (2009) used Steve Jobs as one of the subjects of their study to define their characteristics for creative intelligence. However, delineating what those characteristics look like in Apple is still important.

Associate information across industries. If there is one thing Apple does better than anyone else, it is associate technology from one industry to another. Apple was a computer company that had been out performed by Microsoft and the Personal Computer (PC) competitors for almost 20 years even though their software approach had been easier and better than the PCs in the market place (Bower & Christensen, 1995). In 2001, Apple made a decision to enter the market of personal musical entertainment with the iPod. This was a new market for them where they brought an innovative technology that the incumbent products were ill equipped to compete
The iPhone was released in the summer of 2007 with the iPod Touch following it a few months later; both brought another series of changes to another set of market segments. They both brought the same two innovations together; much like the iPod did six years before as Apple used the same business model that had made the iPod so successful (Johnson, et al., 2008).

**Question why something is.** To bring in fresh ideas Jobs did something that is hard for most companies in he removed almost everyone on the board upon his return (Finkle & Mallin, 2010). This may have been the most significant change that allowed Apple to become an innovative company. Innovation must begin at both the top and the bottom (Birkinshaw, et al., 2011). Apple made a business significant model shift between 2001 and 2003. Girotra and Netissine (2011) warned emulating another company’s business model would likely fail due to the culture inside the two companies would be different. Apple definitely found a business model different from other organizations.

**Observe what people do and why.** Bell (2011) described how Apple continued the innovation with incremental improvements of the iPod. Each time a competitor would introduce a new or better way to get music Apple would offer an updated iPod that was better looking and had the same features. By not ignoring the market, while working on the next by testing innovations as incremental improvements, Apple dominated the personal music entertainment industry.

**Network with others to gain varied perspectives.** Finkle and Mallin (2010) stated after being fired by Apple, Jobs toured college campuses across the U.S. to solicit input from academics and student thought what the ideal computer. In 1986, Jobs bought the graphics company Pixar from George Lucas to create short animated films featuring computers. When Pixar teamed with Disney to produce several mega pictures, Jobs was the personality that negotiated the deal. The addition of networks in the entertainment industry gave Jobs a different perspective when he returned to Apple. It was Jobs networking skills that got Microsoft to agree to the have Microsoft Office and Internet Explorer support the Mac OS (Finkle & Mallin, 2010).

**Experiment with new concepts.** When Apple worked to create the iPad it gained significant advantage due to 10 years of innovating with the iPod to the iPhone (Bell, 2011). Bell (2011) noted that it took two years to sell a million iPods but only one month to reach that goal with the iPad. Another new concept was the collaborating with CompUSA to create an entire department only for Apple products; the forerunner of the Apple Store. Another payoff was the exposure to more people to the Apple line (Finkle & Mallin, 2010).

**Find a good idea and follow through on it.** Apple introduced the iPad under slightly different circumstances than the previous two product groups discussed. There were no established competitors for the iPad as Apple was the first to market the tablet. Many companies were working on tablet technology, but Apple was able to secure the rights to the breakthrough touchscreen and produced the first tablet. Apple followed the same business model as it did with the iPhone in taking a breakthrough technology of a larger (9” screen), but portable touchscreen, providing access to the App Store and iTunes.

**Remember positive leadership is necessary.** Jobs could change between a detailed, confident, controlling personality with an erratic temper into a charismatic negotiator in helping sell the product (Finkle & Mallin, 2010). In many cases, the new product did not sell immediately and Jobs kept Apple steady in not rushing to dump the iTunes Store or the iPod. With the iPhone, Jobs brokered alliances with AT&T, Yahoo!, YouTube, and Google to enable services, providing a level of leadership not seen across the industry (Finkle & Mallin, 2010).
Jobs would take his top 100 people on a retreat each year and work through what the top 10 things the company needed to accomplish in the next year, which he would then slash to the top three (Isaacson, 2012).

**Remember this is baseball not football.** The one area that Apple has defied the rules of innovation compared to the rest of the industry was its successes. Apple had a long winning streak. However, Apple missed the ability for the Mac to burn music on CDs; to compensate Apple created the iTunes Store and iPod to help the Mac get ahead of the PC (Isaacson, 2012). Management realized the innovation of the computer belonged to the PC but found a way to capitalize on a different innovations. Now no one remembers the failures, only the disruptive innovation.

**Conclusion**

In this case study, Apple demonstrated that the truly innovative companies are able to create a culture of innovation. Apple institutionalized the characteristics of innovation and followed through the business practices of decision-making rules and sustainability. Lessons to take away are that Apple uses every innovative characteristic from ensuring the company understands the big and small pictures, combining humanities with science, engaging people face-to-face, keeping only the best personnel, and staying hungry (Isaacson, 2012). The literature demonstrates Apple understood disruptive innovation and innovative business model concepts, allowing them to become the world leader in innovation.
References


A HISTORICAL PERSPECTIVE ON MANAGERIAL EMPowerMENT

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ABSTRACT

This paper focuses on analyzing historical perspectives of empowerment within a business context. A review is given specifically regarding empowerment in a management setting and the management theorists who contributed to the formation of empowerment. A brief consideration is given to the future of empowerment and potential issues of the topic.

INTRODUCTION

The concept of empowerment infiltrated into business settings during the 1980’s through various business publications including Bennis and Nanus’s 1985 Leaders: The Strategies for Taking Charge (Conger and Kanungo, 1988), as well as The Empowermed Manager: Positive Political Skills at Work (Block, 1987), and Zapp! The Lightning of Empowerment: How to Improve Productivity, Quality, and Employee Satisfaction (Byham and Cox, 1991). Prior to these publications, empowerment had existed in other industries such as political settings, women’s rights, and minority groups (Lincoln, Travers, Ackers, and Wilkinson, 2002; Randolph, 2000). The books that were released in the 1980’s paved the way for empowerment to break into business and management strategies (Forrester, 2000).

DEVELOPMENT AND ACCEPTANCE

As empowerment broke into business industries, it revolved around the concept of power – who was giving power and what the perceptions of power were by those receiving it (Forrester, 2000; French and Raven, 1958; Lincoln et al., 2002). Over the past several decades, the concept of empowerment has expanded but “no single guru” (Lincoln et al., 2002, p. 272) has emerged in the field. Providing foundational work, Conger and Kanungo (1988) released an article in the late 1980s that described empowerment as an extension of Albert Bandura’s self-efficacy approach. Thomas and Velthouse (1990) extended the research two years later and described empowerment as “increased intrinsic task motivation” (p. 667) with four factors that were necessary for the creation of empowerment. These four areas included meaningfulness, impact, competence, and choice. Building on both Conger and Kanungo’s (1988) and Thomas and Velthouse’s (1990) work was Gretchen Spreitzer (1995) who approached empowerment from a psychological perspective. She defined empowerment as an active approach to fulfilling duties set before employees in their jobs.

While empowerment has progressed over time, the several factors of self-efficacy, motivation, meaningfulness, competence, power, autonomy, and information have not changed (Conger and Kanungo, 1988; Spreitzer, 1995; Thomas and Velthouse, 1990). Conger and Kanungo (1988) defined empowerment as an increase in worker self-efficacy and as an extension of meeting the needs of employees. Thomas and Velthouse (1990) continued to expand the definition of empowerment and included motivation as a key factor. A recent definition explains empowerment as a process in which a person who lacks power sets a personally meaningful goal oriented toward increasing power, takes action toward that goal and observes and reflects on the impact of this action, drawing on his or her evolving self-efficacy, knowledge, and competence related to the goal. (Cattaneo and Chapman, 2010, p. 647)

Of all the definitions that have emerged from empowerment, the one concept that has remained constant has been the one that empowerment is a process (Argyris, 1998; Cattaneo and Chapman, 2010; Conger and Kanungo, 1988; Lincoln et al., 2002; Forrester, 2000; Quinn and Spreitzer, 1997; Randolph, 1995, 2000; Siebert, Silver, and Randolph, 2004; Spreitzer, 1995; Styhre, 2004; Thomas and Velthouse, 1990). It is not a quick solution
that can be applied to business with a few words but must be a journey that one is committed to embark on (Argyris, 1998; Randolph, 2000; Quinn and Spreitzer, 1997; Styhre, 2004).

HISTORICAL ROOTS

An early management theorist who can be credited with welcoming empowerment in management contexts is Mary Parker Follett (Gehani and Gehani, 2007; Howard, 1996). In the 1920’s while scientific management was in full implementation, Follett prepared the way for human relational aspects. She believed that people provided more to an organization than just mechanistic efficient movements (Gehani and Gehani, 2007). She believed that power was not something exerted over others but rather shared among each other (Phelps, Parayitam, and Olson, 2007). Elton Mayo’s studies into human behavior can be considered another forerunner into development of empowerment (Styhre, 2004). Rensis Likert also provided building blocks of empowerment by attempting to show how traditional scientific management did not allow subordinate needs to be met (Conger and Kanungo, 1988).

Abraham Maslow’s concept of self-actualization provided empowerment concepts (Conger and Kanungo, 1988; Lee and Koh, 2001). With Conger and Kanungo’s (1988) foundational work, they believed that self-actualization could be reached when an individual is given high self-efficacy – something that could be considered a central concept of empowerment. Furthermore, Maslow’s (1954) description of the desire of esteem in his hierarchy of needs can also show threads of the empowerment concept of power.

In the 1950s and 1960s the human resource management movement began taking place in businesses (Simons, 1995). Frederick Herzberg’s Motivation-Hygiene Theory contains aspects considered to be a building block of empowerment (Conger and Kanungo, 1988; Hackman, Oldham, Janson, and Purdy, 1975). For example, Conger and Kanungo (1988) believed self-efficacy to be an essential factor of empowerment and identified four areas that could lower it. These four areas consisted of organizational factors, the style of leadership exhibited by managers, rewards, and job design (Conger and Kanungo, 1988) which could be considered factors similar to those areas observed through Herzberg’s studies (Herzberg, Mausner, and Snyderman, 1959).

Douglas McGregor also studied the human relations segment in his Theory X and Theory Y concepts (McGregor, 1960). The latter view, Theory Y, was considered by McGregor to be the better approach and understood employees as being willing to accomplish tasks set before them, allowing for higher self-efficacy which could lead to higher empowerment (Conger, 1989; Forrester, 2000). Self-efficacy, researched by Albert Bandura in the 1970’s (Bandura, 1977) provided empowerment with additional foundational aspects (Conger and Kanungo, 1988). Self-efficacy considers the perceptions that people have of themselves or think others may have of them (Bandura, 1977).

While empowerment was beginning to make an appearance in the United States workplace during the 1980’s, W. Edwards Deming was already incorporating some empowerment concepts into his work in Japan (Phelps et al., 2007). Deming was in favor of teamwork, growth and development, visions and missions of organizations, and no barriers of communication between departments – all concepts which appear in the study of empowerment (Howard, 1996; Quinn and Spreitzer, 1997; Randolph, 1995; Styhre, 2004).

Theorists such as Mary Parker Follett, Elton Mayo, Abraham Maslow, Frederick Herzberg, Douglas McGregor, Edwards Deming, and Warren Bennis provided managerial aspects that can be applied to modern empowerment (Conger and Kanungo, 1988; Forrester, 2000; Gehani and Gehani, 2007; Leach, Wall, and Jackson, 2003; Lee and Koh, 2001; Phelps et al., 2007; Styhre, 2004). Whereas scientific management focused on time saving standardized motions in order to achieve a higher level of efficiency with limited decision making by subordinates (Blake and Moseley, 2010), empowerment seeks to provide efficiency through the motivation of employees using self-efficacy, vision, meaningfulness, impact, and self-determination (Conger and Kanungo, 1988; Spreitzer, 1995; Thomas and Velthouse, 1990).

EMPOWERMENT’S IMPLEMENTATION

The key to empowerment is implementation and in order to implement it, leaders need to recognize it is a process that is developed over time (Forrester, 2000; Randolph, 1995, 2000). When implemented correctly, empowerment can provide positive benefits to organizations (Forrester, 2000; Lee and Koh, 2001; Randolph, 1995, 2000; Spreitzer, 1995; Styhre, 2004). Ritz-Carlton has incorporated empowerment into its organization by providing employees with the freedom to make decisions within specific parameters and within a certain budget (Quinn and Spreitzer, 1997).

In addition to the hotel industry, empowerment has also found its way in the telecommunications, retail, food, financial services, and automobile industries (Quinn and Spreitzer, 1997; Randolph and Sashkin, 2002; Styhre,
In retail and food industries, Wal-Mart and Trader Joe’s have shown elements of empowerment within their strategies (Randolph and Sashkin, 2002). With the example of Trader Joe’s, their retail sites increased and sales grew from 15% to 26% in one year after they implemented empowerment. In addition to these areas, Ford Motor Company has initiated what they call their Leadership Education and Development (LEAD) program (Quinn and Spreitzer, 1997). Participants enrolled in the program are able to see their mistakes and make adjustments without being punished. This program enables the workers to feel a sense of empowerment as well as greater self-efficacy. Additional benefits of empowerment include an increase in productivity and efficiency and positive attitudes among subordinates (Conger and Kanungo, 1988; Hall, 1994; Howard, 1996; Logan and Ganster, 2007; Randolph and Sashkin, 2002; Seibert, Silver, and Randolph, 2004; Thomas and Velthouse, 1990). From an organizational perspective, empowerment can provide better customer service, faster problem-solving, and flexibility (Howard, 1996). Current research suggests that empowerment is a highly sought after aspect that continues to be discussed and implemented across business settings (Cattaneo and Chapman, 2010). In the past two and three decades of its development, it has not lost its attraction or its desire to be attained.

ISSUES IN EMPOWERMENT

Because empowerment is still developing, various aspects are remaining under review (Spreitzer, 1995; Spreitzer, de Janasz, and Quinn, 1999). In addition, a concrete definition of empowerment does not exist and it can have different definitions among many people leading to confusion (Lincoln et al., 2002). It is also a concept that exists in a variety of environments. Lincoln and her colleagues have suggested that a way to describe what empowerment truly means from a business standpoint is to classify it using a completely different term. While this would eliminate the multiple definitions and images of what the concept means and separate it from other uses outside the business realm, it has not caught on.

Some companies are afraid to implement empowerment for fear that their newly empowered employees may make decisions that put the company at risk or in an unfavorable light (Simons, 1995). Empowered behavior can sometimes lead to overconfidence and in return, costly mistakes (Conger, 1989). Empowerment is sometimes considered as the exercising of entrepreneurial skills by employees within an organization and some employees may not be up to the challenge (Forrester, 2000; Styhre, 2004). In addition, while empowerment can be a good strategy for some companies, it is not for every organization (Conger, 1989). The abilities of subordinates as well as the culture of the organization need to be considered before implementing empowerment programs to ensure that management is dedicated to the concept (Randolph, 1995, 2000; Styhre, 2004).

To implement empowerment within an organization, a change must take place (Lee and Koh, 2001; Randolph, 2000; Seibert et al., 2004; Spreitzer et al., 1999; Styhre, 2004). When ushering in a new concept into an organization, it is important that it be conducted correctly in order to avoid apprehension or failure during the initial phases of empowerment (Randolph, 2000). Empowerment must be implemented by those in leadership, but those in leadership are not always capable of incorporating such behavior (Conger, 1989).

While benefits can be attained if implemented correctly, failure to properly incorporate empowerment can lead to frustration and belief that the concept is a passing fad (Argyris, 1998; Quinn and Spreitzer, 1997; Randolph, 2000). In addition, financial authority of senior managers may halt a process of empowerment due to skepticism as well as a lack of a proper reward system (Howard, 1996). Ultimately, improper empowerment implementation or a lack of commitment to the concept can result from managers not being capable of exercising the needed behaviors or characteristics in order to develop the strategy (Howard, 1996; Randolph, 1995).

Because the implementation of empowerment involves an extended period of time and it is easier to give up rather than press on, it creates disgruntled employees when implemented but not continued (Argyris, 1998; Forrester, 2000; Quinn and Spreitzer, 1997). Empowerment is a main concept, but has several branches of theory that are related yet describe different characteristics (Conger and Kanungo, 1988; Leach et al., 2003; Lee and Koh, 2001; Quinn and Spreitzer, 1997; Spreitzer, 1995). Confusion concerning which behaviors to exhibit can eventually cause managers to shrink back to the old ways of management.

FUTURE OF EMPOWERMENT

Of great importance within the idea of empowerment is the definition of what the concept represents in business organization settings (Lincoln et al., 2002). It has been suggested that managers explain to their workers how they intend to use empowerment without adding enticing descriptions that lead to false expectations. Managers are encouraged to explain to their subordinates in clear and simple language the intent of empowerment and what they can expect as a result of the program.
Because the concept of empowerment is still considered a new topic, it is still being researched and studied in various environments (Quinn and Spreitzer, 1997). Additional empirical studies are recommended as a way forward in developing empowerment (Styhre, 2004). Leach, Wall, and Jackson (2003) suggest the study of other disciplines in relation to empowerment as a next step in the advancement of empowerment. The study of performance results by employees in an empowered environment is one such area that could be further researched. In much of the research that has been conducted concerning empowerment, the effect of empowerment has been observed among individuals and teams, however, the effect of empowerment has not been researched on individuals within empowered teams (Chen, Kirkman, Kanfer, Allen, and Rosen, 2007). This is one area that can be further studied going forward. As empowerment continues to receive more research and scientific studies, combining it with other management and leadership ideas can strengthen its use and applicability (Zhang and Bartol, 2010).

Empowerment is still being developed although key concepts have been proven to be successful in some organizations (Quinn and Spreitzer, 1997). As it continues to be studied and practiced in the business arena, additional ideas and strategies may branch out from it. While the benefits of empowerment can be luring to companies, it is important to ensure that both managers and workers are ready to dedicate themselves to the process (Randolph, 2000). Only after companies commit to the journey will they successfully see empowerment provide beneficial results.

REFERENCES


Abstract

Healthcare finance practices play a very critical role in ensuring that healthcare services are provided in an economically appropriate manner. Moreover, they ensure that healthcare finances are management with regard to high levels of accountability thus reducing fraudulent cases in the medical sector. For adequate healthcare services to be ascertained, best healthcare finance practices ought to be exercised in all healthcare facilities. Failure to follow all the healthcare finance strategy protocols may result to gross economic challenges in a healthcare facility. It is therefore paramount for a healthcare facility to ascertain best healthcare finance strategies if it is in need of remaining at the helm of healthcare service delivery.

Owing to the above healthcare facts, this study will basically give a rationale on the best healthcare finance practices. The study involves an introductory part pertaining to healthcare finance after which a literature review of the most common strategies used in healthcare finance is given. Afterwards, a critique of the research design adopted during the study is illustrated and the results alongside the discussion given.

Keywords: Health care system, health care finance, public-private partnership, health care strategy.
Secondly, the urge for regular or routine preventive care particularly for children and women of reproductive age is extremely predictable. Yet, economic and social disadvantages may lead to lower health access than it is anticipated. Fee waivers or subsidies then may at one point be called upon on economic efficiency and equity grounds (Schoenbaum, Afifi, Deckelbaum, & Rand Corporation, 2005).

Third, illness may unfavorably affect one’s income and even economic pursuit, which often has an enormous negative impact on a family’s capability to control its day to day demand for the most crucial goods (Reid, 2009). In order to be effective on the above eluded conditions, a health facility financing mechanism ought to offer financial security against ailing health as well as from fiscal consequences allied with obtaining therapeutic care (Matcha, 2003). Based upon the above alluded realities pertaining to health care finance, viable strategies need to be established to curb any disparities in line with the provision of health services. For that reason, this literature will lay emphasis on the best health finance practices.

**Literature Review**

Even though health care finance is very critical, to some extent the core driver is perhaps one of numerous components that altogether constitute a multifaceted heath care system (Goldsmith, 2011). There is a variety of broader and wider development and therefore health care finance system is a decisive aspect to the success of any strategy in the health domain (Reid, National Academy of Engineering, Institute of Medicine (U.S.), & National Academies Press (U.S.), 2005).

As expected, best health care strategies and practices sustain the economic sphere of any given health care organization (McDonough, 2007). Even though it is hard for health care entities to adopt best healthcare finance practices, the beneficial outcome resulting from executed practices makes it easy for one to notice the significance of the adopted financial intervention (Shi, & Singh, 2012). These practices are diverse and take many forms. However, the following represents a number of the best health care finance and strategy; social safety nets, pharmaceutical management and realistic use of drugs, human resource management along with development, public-private partnership and governance, sufficient health care technology, and community participation (Brown, & Grundy, 2011).

**Research Design**

In this study a survey was conducted to ascertain the best practices in healthcare finance and strategy. A qualitative research approach was adopted in order to put a comprehensive investigation of the health care finance. To gain a contextual phenomenon relevant to best financial practices, a descriptive case study approach was conducted (Gluck, Di, & Orlans, 2002). In addition to qualitative research, the researcher incorporated diverse qualitative sources of information so that both empirical and objective results of study could be well known. Most importantly this heaped in reflecting reality mathematically thereby enhancing the authenticity of information given at the end of the study (Hughes & Sharrock, 1999).

**Sampling Methods**

In order to establish the relationship between items understudy, the research items were tested once. Owing to the number of practical and theoretical reasons, the researcher adopted
probability sampling method (stratified sampling method). In this case, in choosing the sample, the population of public and private health care facilities in New York City was divided into small groups (states). Thereafter, a random sample of financial managers was chosen from each group. The target population was made of only one group of individuals; financial managers. The research subjects were chosen from 20 groups from the health care facilities and from each group, 5 financial managers were selected. Therefore, the total sample size consisted of 100 financial managers. The rationale for adopting a large sample size (100 subjects) was to improve the extent of exactitude of study results (Gravetter & Forzano, 2011). These financial managers were interviewed on the best practices in health care finance and strategy.

**Results and Discussions**

From the study, over 80% of the participants asserted that pharmaceutical management and realistic use of drugs was the best health care finance and strategy. They claimed that, pharmaceutical management ensured that health care facilities to adequately their pharmaceutical assets thus cutting on costs resulting from misuse of pharmaceuticals. Moreover, they argued that realistic use of drugs greatly helped in ensuring that drugs are used appropriately thus saving on the facility’s funds and resources.

However, 75% of the respondents asserted that public-private partnership and governance ensured that healthcare finance was sourced effectively. There should be an amalgamation between the public and private health care sectors for best practices to be attained. With an indication for the need of public-private partnership, the utilization of national health insurance (NHI) model is vital. Here, the employee-employer contributions are used by the government as an insurance fund, though the government pays private provider in turn. Within the scope of NHI model, the government is considered as the sole player, and thus has a considerable bargaining power on the prices of medical drugs and services. The application NHI model entails critical tradeoffs. In order to realize universal coverage in cost controls, the government must restrain the number of selected procedures and services constrict the number of services covered, and strongly determined prices.

Health care finance faces a number of challenges as evident from the study. They include in effective use of current resources, inequity in health utilization and financing, and inadequate health financing.

**Conclusion**

The only way for health care services to meet the economic challenges of present times is by adopting viable practices of health care finance and strategy (Ellery & Hansen, 2012). This will enable patients, health care entities, and government agencies in charge of health services to respond to health challenges promptly and more swiftly.
References


THE CURRENT AND FUTURE STATES OF LIFO AND AVAILABLE TAX OPPORTUNITIES

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ABSTRACT
The Last in First out Method (LIFO) is presently under severe scrutiny from the financial community, which may soon culminate in its repeal as an acceptable accounting method. There are pressures from the International Financial Accounting Standards Board to standardize accounting standards worldwide. In addition, there is political pressure imposed by US Congress to raise additional revenues. Both groups strongly oppose LIFO, raising the possibility of its complete elimination as an acceptable accounting method. However, adverse economic and political events in 2011 and again in 2012 have greatly renewed the lifeline of LIFO indefinitely. In the unlikely case of its ultimate repeal, the author presents some tax opportunities available in this transition period.
Keywords: LIFO, LIFO Reserve, IFRS, US GAAP, FIFO.

INTRODUCTION
At present, LIFO faces a possibility of its elimination by the year 2015, as political forces coming from the International Financial Accounting Standards Board, the world financial community and the US administration strongly oppose this method. The International Financial Reporting Standards (IFRS) prohibits LIFO as an acceptable accounting method, and the Obama administration proposed in its 2010 budget to repeal LIFO altogether in the future. However, given new developments against Senator Rangel, LIFO's biggest critic and the renewed worldwide recession, as well as an unprecedented report by the SEC, which avoided a critical due date of convergence, LIFO's repeal is now very unlikely. This paper will examine the current and future states of LIFO and available tax opportunism assuming the unlikely repeal of LIFO.

CURRENT STATE OF LIFO
LIFO was facing pressures from both: the International Reporting Standards Board in cooperation with the SEC and the U.S. Congress for its possible complete elimination by the year 2014. On June 18, 2008 the SEC issued a press release stating that the world’s securities regulators are uniting to increase their oversight of international accounting standards. There are plans set forth by the SEC and the IFRS to standardize accounting standards, on a worldwide basis with a target date set for periods ending after December 31, 2014. Under IFRS rules, LIFO is not a permitted acceptable accounting method. IFRS is balance sheet oriented and on this basis, disallows LIFO as an inventory method. The use of LIFO disrupts the theoretical foundation of the IFRS. More importantly is the current tax position on LIFO. The Obama Administration has proposed in its 2010 budget to repeal LIFO altogether in an attempt to generate greater tax revenues.
Recently in 2010, Senator Rangel, the biggest political critic of LIFO was brought up on a number of ethical violations. This in effect has pushed LIFO repeal backwards and has at best delayed its possible repeal. Additionally, the economic crisis has resumed unexpectedly in 2011 as the pale state of the economy was announced, which was contrary to the belief that it was in a recovery stage. Most significantly in 2012 the SEC announced that it has no target date if any for IFRS convergence in the US and expressed major constraints if plans for convergence were to continue. Clearly, the SEC is in no rush and non-enthusiastic about convergence, which is not likely to happen anytime in the intermediate future. These developments have put LIFO repeal on the backburner and the result is that the political pressures against LIFO have eased in a significant manner and the likelihood of its eventual repeal now is very unlikely.

THE FUTURE OF LIFO

There are four possibilities of LIFO going forward, and illustrated as follows:

<table>
<thead>
<tr>
<th>Case</th>
<th>Tax Purposes</th>
<th>Financial Reporting Purposes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>2</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>3</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>4</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

In case 1, LIFO would continue as present. Although dual resistance from IFRS and Congress exist, recent developments and charges against senator Rangel coupled with the continued weakness in the worldwide economy makes the status quo a reality. Although the continued use of LIFO will greatly and potentially hinder the goal of uniform financial reporting going forward, the ultimate goal here has moved to convergence and not uniformity, adding to the real probability of continued LIFO use in the USA. Compromises between US GAAP and IFRS in our opinion will be the norm rather than the exception going forward; commonly called endorsement of IFRS into US GAAP.

In case 2, allowing LIFO for tax purposes and not for financial reporting purchases represents the best of both world, as a company report the highest income for financial reporting purposes and pay the least amount of tax. The scenario would effectively eliminate the LIFO conformity requirement. The likelihood of this happening is most unlikely and not feasible. In case 3, the worst of both worlds for a company; that is, the lowest income for financial reporting and the highest tax payment. This scenario is also not feasible.

Case 4 represents the complete elimination of LIFO. This will only occur if LIFO is eliminated at the tax level. If so, then it will be eliminated for financial reporting purposes, as the advantage for business purposes would not exist. Given the SEC’s non commitment to IFRS adaption in the US, the spiraling US deficit which now exceeds 16 trillion Dollars, LIFO is safe and unlikely that any repeal will occur in the future. In addition, the continuing worldwide economic problems, LIFO at this time is just a footnote for the US regulators, similar to the second term of then President Bush, which leads us to predict that this issue will not be addressed well beyond the 2012 election. Our prediction then is a status quo on LIFO at this time and in the near foreseeable future.

TAX PLANNING OPPORTUNITIES AVAILABLE FOR THE CURRENT USERS OF LIFO
Assuming the repeal of LIFO, which seems very unlikely, what are some of the tax planning opportunities available to taxpayers to help ease in this transition? Extended Payment Adjustment Period: Under current tax rules, if a taxpayer charges its accounting period form LIFO to another acceptable method, and it results in a higher inventory value, the difference in additional tax is payable over a period of four years. Under the current Obama Administration’s 2010 Budget Proposal, which would eliminate LIFO, the difference would be spread to taxable income and payable over eight years. Consequently, the termination of LIFO would be mitigated as the resulting extra tax would be payable to the tax authorities over an eight year period.

Conclusion
Given the worldwide continued recession, political concerns, spiraling US Deficit and most importantly, the SEC’s non commitment to US IFRS compliance, LIFO is insulated from the possibility of repeal in the indefinite future. In the authors’ opinion, the status quo of LIFO in the US will continue.

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BIOGRAPHY
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EFFICIENCY AND EFFECTIVENESS AT THE UNIVERSITY: REVISITING THE WORK REVISITING THE WORK OF MORRIS COOKE

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ABSTRACT

Morris Cook (1872-1960) was an original “disciple” of Frederick Taylor. Cooke shared a passion for efficiency with Taylor. One area where Cooke attempted to implement Scientific Management was in universities. While his studies indicated a value for the application of Scientific Management at the university level, he met great resistance from professors and failed to get it implemented. This research replicates the work of Morris Cooke and assesses the need to enhance effectiveness and efficiency at the university level from the perspective of the faculty in order to save the American University System.

Introduction

Small and mid-sized colleges and universities are in a constant struggle for survival and for growth opportunities. Tuition based revenue models are not enough to keep these universities competitive. In order for non-state supported universities to survive and thrive they need to develop sustainability models that include both revenues and cost controls. This research is focused on the cost controls.

There are several ways to control costs; this research will focus on controlling costs through increasing efficiency. Efficiency can be defined as the maximization of utility; achieving the best possible result from the lowest possible input (Witzel, 1999). In the common vernacular it is “getting the most bang for your buck.” Historically steps to increase efficiency are not always popular with everyone, but are often times are truly necessary if the organization is to be sustained.

The notion of increasing efficiency at the university level is not a new one. As a matter of fact, the two primary ideas that will be explored or perhaps better stated re-examined are over one hundred years old. The ideas were presented to several of the leading universities (Harvard, Haverford, MIT, Princeton, Toronto, Williams, and Wisconsin) by a student of one of the greatest efficiency leaders of the day. They were considered so radical at that time that the university administrators dismissed them immediately. The time has come to consider these ideas as the financial and competitive pressures mount for small and mid-size universities.

This study will re-examine the works of Scientific Management theorist Morris Cooke. Two areas identified by cook as areas of inefficiency for universities were the practice of granting tenure and the use of committees for decision making. The hypotheses for this study are:

H1: Faculty committees are an efficient way for decisions to be made at the university.

N1: Faculty committees are not an efficient way for decisions to be made at the university.

H2: Tenure is an obstacle for efficiency within the university organization.

N2: Tenure is not an obstacle for efficiency within the university organization.
LITERATURE REVIEW

Morris Cooke was born in 1872 in Carlisle Pennsylvania. Like Frederick Taylor, Morris Cooke studied Engineering. Cooke was highly intrigued with the work of Taylor and, over time became one of Taylor’s most ardent supporter and confidant. Cooke was a true disciple in the promises of Scientific Management. Cooke took the teachings of Taylor and attempted to apply them into non-manufacturing facilities, or what we would call today the service industries. Cooke’s first attempt to apply Scientific Management in the service industry was in the area of higher education. Cooke did a study of several university Physics departments and his findings were very disturbing to the academics and university administrators. He found that the management of universities was in worse shape than the management of industry.

He highlighted the problems with individual departments having so much autonomy that they took away from the mission of the university. Other problems brought out by Cooke’s application of Scientific Management into the University settings included the practice of tenure for professors (which he was opposed to), pay for longevity rather than performance and the idea of committee work for professors (rather than professional administrators). Most of the issues Cooke brought to the attention of the universities are still in existence today (Wren, 2005).

After the failing attempts to incorporate Taylor’s Principles of Scientific Management within the university setting, Cooke moved into a different, even less efficient type of organization, the government. In 1911 Cooke was hired by the mayor of Philadelphia to examine city government administration. Cooke was named Director of Public Works for the city. By applying the principles of Scientific Management to the trash hauling alone, he was able to save the city of Philadelphia nearly 1.5 million dollars annually. He brought the idea of pensions and benefits for city workers to the forefront. Cooke was also responsible for laying-off over 1000 employees who were deemed inefficient. Cooke recommended the idea of employing a professional city manager to run the day-to-day operations of the city, taking it out of the hands of committees and politicians and giving it to trained professionals. Like his work at universities, government workers were less than receptive with the results of Cooke’s work (Wren, 2005).

Cooke rose to very high levels within the government ranks, in part because of the work he did with Scientific Management. He served as the head of the New York Power Authority. He lent his managerial expertise to President Franklin Roosevelt doing several jobs including head of the project to bring electricity into rural parts of the United States and working on increasing productivity in war related industries. He also acted as a consultant to President Harry Truman on several occasions. Cooke also took his knowledge to South America, serving as the head of American Technical Mission (1942) traveling to Rio de Janeiro with a delegation of managers and other technical experts, in hopes of spreading the Scientific Management. Morris Cooke died in 1960 at the age of 88 (Wren, 2005).

FACTS PERTAINING TO UNIVERSITIES

Some facts that are relevant to Universities today, that were pointed out by Morris Cooke in 1910 include:

“The cost of university education has risen throughout the world, but nowhere so rapidly as in the United States. Single universities in America are now spending larger incomes than any educational institution has ever spent in the world’s history” (p v).

The university must, at a minimum examine its level of efficiency from an internal and an external perspective for the good of the organization, and the long term sustainability and survival (pp5-10).

“The human side of administration consists in getting out of the men who compose the machinery the most devoted service and cooperation of which they are capable. …That organization is the most successful and most efficient which, having planned clearly and wisely the machinery of its operations, develops also such leadership as to make the machine a living organization, each man contributing the best there is in him and cooperating with every other man” (iv).
Initially, Cooke compared universities to industry. He examined the Physics department at eight prestigious universities: Columbia, Harvard, Massachusetts Institute of Technology, University of Toronto, University of Wisconsin, Haverford College, Princeton University, and Williams College (Cooke, 1910).

Cooke identified two major areas where universities proved to be the most inefficient; the use of faculty committees and faculty tenure. Cooke believed that public universities had to become more efficient in order to survive economically. One could certainly argue that efficiency and sustainability are linked, and this linkage is far more relative to private universities than to their much wealthier and supported public institutions. Cooke’s identification of faculty committees and tenure has areas of potential inefficiency bear examination by university administration (Cooke, 1910, 1915).

COMMITTEES

Cooke referred to committees as “the most costly hallucination of democracy” (Cooke, 1915 p. 488). For many faculty members committees are considered a way to prevent the intrusion of the administration into faculty areas of concern, as well as giving a voice to the faculty in areas of university administration. For some faculty, committees are considered to be a waste of time (Cooke, 1915).

The committee process is fraught with disadvantages to the organization employing it. Non-academic committees take professors away from the work they are most efficient at and put them in a situation where they have little to no experience, knowledge, or interest.

Scientific Management focuses on keeping workers working at what they are best at, and avoid working in areas where they are less engaged. The professor is a highly specialized job, and economically they should remain focused on the work they were hired to do, trained to do, love to do, and do best, while other “work” should be done by people who are either hired directly to do that work (better qualified), or at minimum people who cannot do the professors job. Most universities consider (or should consider) the professor as the most specialized worker in the organization and their time should not be wasted on non-professor work (Cooke, 1910).

Cooke’s 1910 report was critical of the amount of the professor’s time spent in meetings, yet the average time spent in meetings and administrative work by professors at the studied school was approximately 3 hours per week. Almost 100 years later, the Higher Education Research Institute published the results of a survey addressing the workload of professors. In this report, professors indicated that they spend more time working than they did just four years earlier. The professors also indicated that they spent less time teaching (averaging almost an hour less teaching time per week per professor). Strangely though, the typically inverted relationship between teaching and research is less inverted, since professors also indicated that they are spending less time doing research than they did four years ago. The researchers concluded that the additional time has been taken up by department and committee meetings; with professors spending nearly twice as much time in meetings as they did just four years earlier (http://www.heri.ucla.edu/).

The value of the work of committees is questionable. Some will argue the benefits of decisions made by a group of people benefit from a larger experience pool, a broader understanding of implementing the decision, and confidence in group decisions tend to be higher than individual decisions. Members of groups may be more willing to suggest more radical alternatives when they are in a group (Borchers, 1999).

There are also many drawbacks to decisions that are made by groups. Most group decisions are achieved by one of 5 ways: consensus, compromise, majority vote, decision by the leader, or arbitration. All of these methods promise that the “best” possible alternative will be selected, but this is not always the case (Borchers, 1999). Often times the “best” option may get watered down, or weakened in order to achieve consensus or compromise. Group decision making can get bogged down politics or favor seeking in order to attain a vote and a majority, arbitration puts the decision in the hands of someone else and if the decision is going too made by the leader, then why does the group need to come to a decision?
Decisions made by committee might also suffer from such phenomena as an Abilene Paradox and Groupthink. An Abilene Paradox is where “Organizations frequently take actions in contradiction to what they really want to do and therefore defeat the very purposes they are trying to achieve” (Harvey, 1977). Others have defined an Abilene Paradox as a failure to manage agreement. Many organizational committee decisions fall into an Abilene Paradox situation out of fear, a sense of loyalty or friendship, or lack of access to all the necessary information.

Groupthink is another potential pitfall of the committee decision making process. Groupthink can be described as a social phenomenon where in attempt to protect the level of group cohesion decisions are made with, in part an insufficient amount of critical inquiry. These groups value the group over the decision (Callaway and Esser, 1984). When Groupthink is in play groups limit the number of alternatives that are reviewed, group members are not very critical of other group’s ideas, selective and limited information, and not contingency plan (Borchers, 1999).

Groups who are engaging in Groupthink tend to rationalize poor decisions, believing they are the high moral authority, and the group does not see itself as vulnerable to the results of poor decision or organizational response. Group members involved impacted by Groupthink do not express their feelings in the group, share and believe in stereotypes, do not pressure other group members, and are more interested in the group than the decision. Groupthink focuses more on harmony and cohesiveness of the group, rather than on the quality of the decisions they are charged with making (Borchers, 1999).

Another issue regarding faculty committees is the authority given to these committees. Ultimately, faculty committees have little power to create or change policy within the university. The role of the faculty committee is much more advisory in nature. Faculty committees can offer suggestions, make decisions relative to existing policies and procedures, but truly break no new ground. Ideas for new programs or policies may come from faculty committees, but the true power to enact anything must be approved by administration and trustees (Lustig, 2002).

Committee decisions are often achieved by employing the “garbage can decision making model”. The garbage can decision model was developed in 1976 by March and Olsen. The authors used the garbage can model to describe any organization that functions via organized chaos. These organizations have high uncertainty rates with the problem identification as well as with problem solutions. The authors identified strong examples of the garbage can theory in practice as both universities and governments.

The garbage can model of decision making in committees suffer from serious disagreements on goal determination and technological knowledge. The relationship between cause and effect are not clear to the committee. The garbage can model problems or potential decisions are categorized as one of the following: solutions without problems, alternatives selected that solve none of the problems (and perhaps cause more problems), unsolved, and persistent problem (March and Olsen, 1976).

TENURE

There are several good definitions of tenure, perhaps one of the clearest definitions is this: “tenure can be defined as assurance of academic freedom and permanence of contract in the sense that it may be terminated by either party only for just or serious cause” (Murphy, 1985 p 19). The American Association of University Professors official statement on Tenure dates back to 1925 and reads:

Tenure is a means to certain ends; specifically: (1) freedom of teaching and research and of extramural activities, and (2) a sufficient degree of economic security to make the profession attractive to men and women of ability. Freedom and economic security, hence, tenure, are indispensable to the success of an institution in fulfilling its obligations to its students and to society.

ADVANTAGES AND DISADVANTAGES OF TENURE

By definition, tenure represents job security. This job security is used as a lure by universities recruit and retain the best and the brightest. Tenure represents for many universities a level of legitimate professionalism within the university macro-environment. To some faculty, tenure represents a certain level of influence in the operations of
the university. There is also a perception that having tenure enhances the overall quality of the faculty (Mallon, 2010).

Tenure remains to this date the primary method of faculty retention for universities. Many universities feel they will not be able to attract or retain qualified faculty without the ability to offer tenure. Many schools are, however offering faculty alternatives to tenure, and there is academic support for the non-tenure models of faculty retention (Harris and Lumsden, 2007).

Many of the proponents claim that tenure protects the ideal of academic freedom. Whether this is true or not, it is irrelevant. Faculty at all levels, tenured or not must have the same academic freedom if the academy is to grow. Tenure forces the university to be rigid, and without flexibility it is increasingly more difficult to create new departments and programs. Often time’s tenure creates a financial hardship for the university, forcing them to retain higher paid, less productive (or in some cases non-productive faculty) while prohibiting the hiring of new faculty (Mallon, 2001).

Like labor unions, tenure protects the mediocre as well as the high achievers. There is little motivation to be a top performer within your discipline once tenure is granted. Supporters of tenure argue that it gives the university stability within its ranks; minimizing turnover. Tenure is a one way street when it comes to loyalty, the university is locked into a relationship with the university, but the tenured professor can walk away at any time (Chait, 2002).

Harris and Lumsden (2006) surveyed small to midsized universities that granted tenure to the faculty. The top reason for granting tenure was the ideal of academic freedom (22%). 14% of small to midsized universities participating in the survey granted tenure for the appearance of mutual commitment between the faculty and school. Retaining faculty and recruiting of faculty both scored around 12%.

Cooke (1910) believed that tenure took away the control necessary to motivate a functioning organization. It took away the control from the administration and gave it to no one. Scientific Management would require accountability for performance and is fully in control of the administration. Tenure at its best application leaves the granting authority, at least in part to the faculty colleagues. In the post tenure era there is no administrative accountability at all, or is there any collegial accountability, and no individual accountability. Short of government workers, there is no other organization with such a total disregard for accountability and quality. Tenured faculty can literally sit back and relax for the balance of their career (a time in which they decide) and collect their pay.

In a 1977 study by Holley, those faculty members in the “pre-tenure” status were more productive, in terms of research than those faculty members with tenure. Although publication records play an important part in the decision to grant tenure, there is no correlation between publication productivity in the post tenure environment. Tenure is deemed an essential qualification of the job in the pre-tenure environment, once tenure is granted there seems to be little interest in conducting research (Park and Gordon, 1996).

Universities with their primary focus on teaching have very little to gain by offering tenure. If a tenured faculty member tires of teaching and begins putting little effort into the classroom, the university has little to no recourse and the students will suffer. Universities where the primary focus is research can benefit for years by one good piece of research, attracting students and donors. Research faculty in most research institutions actually spend little time in the classroom, utilizing teacher assistants (Riley, 2011).

RESEARCH DESIGN

A survey was developed to gage 1) how faculty and administrators feel about the use of committees in the decision making process and 2) how faculty and administrators view tenure. The survey (Attachment 1) was established on a website and invitations were sent out electronically to the faculty and the administration at several small universities, some were tenure granting schools and others were not. One of the survey elements ask if their institution was a tenure granting university. The data analysis for this research included cross tabulations and ttesting. The survey results of these data analysis techniques will indicate if the hypothesis or the null hypothesis is supported.
RESULTS

62% of the respondents held the title of professor, with another 31% being associate professors. Of the respondents, 42% were female (57% male), and 40% of the respondents never published any research.

COMMITTEES

Responding to the survey element “I think committees make the university more efficient”, 52% of respondents agreed (or strongly agreed), and only 31% disagreed (or strongly disagreed). Asked if they thought that committees … “make the university more efficient” nearly 70% of the respondents agreed (or strongly agreed) with this statement. Major elements of the survey addressing committees, and their responses can be found in Table 1.

Table 1 – General Responses to Committee Elements

<table>
<thead>
<tr>
<th>Survey Element</th>
<th>Agree or Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty well equipped to serve on committees</td>
<td>57%</td>
</tr>
<tr>
<td>Protect faculty from encroachment</td>
<td>54%</td>
</tr>
<tr>
<td>Ensure democracy</td>
<td>64%</td>
</tr>
<tr>
<td>I should never have committee assignments</td>
<td>89%</td>
</tr>
<tr>
<td>I think all committees should be voluntary</td>
<td>53%</td>
</tr>
<tr>
<td>I think committees are unnecessary</td>
<td>86%</td>
</tr>
</tbody>
</table>

Gender played a very small role in how faculty viewed committees. Only one survey element drew different responses from male and female faculty. The element “Committees tend to be an inefficient means to decision making” found nearly 54% of female respondents disagreeing with this statement versus 56% of male respondents agreeing with the element. No other element addressing committees had a major gender variance.

One cross tabulation analysis revealed a variance in the response to the element “most faculty are well equipped to serve on committees” respondents in the age range of 51-60 years responded somewhat disagree where the majority of respondents in other age categories responded somewhat agree.

TENURE

Responding to the survey element “I think tenure makes make the university more effective”, nearly 50% of respondents disagreed (or strongly disagreed), and only 28% agreed (or strongly agreed). Asked if they thought that tenure makes the university more efficient nearly 68% of the respondents disagreed (or strongly disagreed) with this statement. Major elements of the survey addressing tenure, and their responses can be found in Table 2.

Table 2 – General Responses to Tenure Elements

<table>
<thead>
<tr>
<th>Survey Element</th>
<th>Agree or Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenure protects mediocre professors</td>
<td>75%</td>
</tr>
<tr>
<td>Tenure has outlived its original intent</td>
<td>45%</td>
</tr>
<tr>
<td>Replace tenure with stronger contracts</td>
<td>63%</td>
</tr>
<tr>
<td>Only work for tenured university</td>
<td>51%</td>
</tr>
<tr>
<td>All Tenure should be eliminated</td>
<td>48%</td>
</tr>
<tr>
<td>Tenure should be mandatory</td>
<td>65%</td>
</tr>
</tbody>
</table>

There was no variance in gender responses in the area of tenure. The results in the Academic Discipline category rendered a variance in the discussion of tenure. The majority of responses from the Social Sciences and Religion
areas responded agree or strongly agreed to the survey element “I would only work for a university that offers tenure.” The Business and Education disciplines disagreed or strongly disagreed with that statement.

DISCUSSION

COMMITTEES

The results of this preliminary study suggest that university faculty members are committed to the idea that committees serve an important purpose to the organization. Faculty members recognize value in the efforts involved in establishing and serving on committees. These findings do run counter to the suggestions of efficiency and effectiveness of Cooke; they do not support the hypothesis and do support the null hypothesis. University officials should continue utilizing committees in their administration.

TENURE

The results regarding tenure suggest that the faculty members do not recognize value (to the organization) of tenure. The findings do support the suggestions of Cooke and support the hypothesis of the research. University leaders should reconsider their stance on offering tenured faculty positions, as faculty members themselves see it as a hindrance to organizational effectiveness and efficiency.

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### Attachment I

#### Survey

**Demographics**

I am ___ Administrator ___ Professor ___ Assistant Professor ___ Associate Professor ___ Instructor ___ Lecturer ___ Adjunct

Length of Employment

___ 0-5 years ___ 6-10 years ___ 11-15 years ___ 16-20 years ___ 21 or more years

My institution

___ Grants tenure ___ Does not grant tenure

I have tenure ___ Yes ___ No

I am ___ Male ___ Female

My age

___ 20-30 yrs old ___ 31-40 yrs old ___ 41-50 yrs old ___ 51 or older

My Race

___ Caucasian ___ Black ___ Hispanic ___ Asian ___ Other ____________

My last publication or presentation was:

___ Within the past year ___ 1-2 years ___ over 2 years ___ Never

**Tenure**

1. I would only work for a university that offers tenure ___ True ___ False
2. Tenure protects academic freedom in my classroom ___ True ___ False
3. Tenure can protect mediocre and poor performing professors ___ True ___ False
4. Most universities of similar size to mine offer tenure ___ True ___ False
5. Tenure was designed to protect professors engaged in research ___ True ___ False
6. The notion of tenure has outlived its original intent ___ True ___ False
7. Tenure should be replaced with better paying, long term contracts ___ True ___ False
8. Tenure should be eliminated at all universities  ____ True  ____ False
9. Tenure should be made mandatory at all universities  ____ True  ____ False
10. Tenure should apply only at research universities  ____ True  ____ False

Committees
1. Committees ensure democracy for the faculty  ____ True  ____ False
2. Committees protect faculty from encroachment by administration  ____ True  ____ False
3. Committees tend to be an inefficient means of decision making  ____ True  ____ False
4. Most faculty are well equipped to serve on committees  ____ True  ____ False
5. Most colleges utilize too many committees  ____ True  ____ False
6. I would like never to have another committee assignment  ____ True  ____ False
7. I enjoy all of my committee assignments  ____ True  ____ False
8. I think all committees should be voluntary  ____ True  ____ False
9. Teaching loads could be increased if there were no committees  ____ True  ____ False
10. Committees do not always render the best decisions  ____ True  ____ False
WHY PROFESSORS MATTER: THE INFLUENCE OF CRITICAL CONVERSATIONS AND MENTORING ON SELF-EFFICACY

Kevin J. Jones

Indiana University Purdue University Columbus

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This study reviews the influence that college professors have on the college matriculation retention, persistence and completion. The focus is on the mentoring approaches and “critical conversations” that college professors engage in with students to develop “collegiate self-efficacy.” The authors review the literature that discuss mentoring approaches for professors and communication that occurs within the professor-student dyad. The authors compare their mentoring and critical conversation experiences through their pursuit of seeking and attaining undergraduate and undergraduate degrees. The contexts for the conversations are examined with reporting on the outcomes of the critical conversations. The research is supplemented with interviews of some professors involved in the mentoring and critical conversations to gain their perspectives on the context, their motivation and expected outcomes for the conversations. Finally, this study delivers a model that describes the prevalent processes that describe college professor mentoring critical conversations that yield positive results.
TELECOMMUNICATIONS MARKET SATURATION IN EUROPE: INNOVATION VERSUS COST EFFICIENCIES AS A SUCCESSFUL STRATEGY
A CASE STUDY ON Deutsche Telekom AG

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Abstract

The following is a case study which gives the background market developments and the implementation of a shared services center for the finance and accounting function of Deutsche Telekom AG subsidiaries in Europe. The privatization and liberalization of telecoms markets in Europe was performed swiftly and showed a balanced approach between commercial and societal interests. As Deutsche Telekom AG (DTAG) privatized and consequently took advantage of the other privatizing markets in Europe, thereby establishing a de facto internationalization, through a combination of greenfield and M&A activity. Struggling with its own privatization and change to a competitive market entity, DTAG did not necessarily follow a direct path to efficiencies but nonetheless an organic one. This case study illustrates this process on the case of the F&A consolidation across all European subsidiaries of DTAG.

When we look at the DTAG internationalization process, including the internationalization of its subsidiaries T-Mobile and T-Systems, we see a preponderance for inorganic growth, i.e., M&A as the major tool of internationalization, especially for T-Mobile. M&A is reflected in the FDI literature as the major form of international expansion and the major form of FDI after M&A is intra company business, which is indicative of the convergence of the two maps above showing DTAG properties. There are very few countries where a T-Systems presence does not accompany the presence of a mobile subsidiary. Only in the South Eastern European (Macedonia, Croatia, Albania and Montenegro) geography does one see the lack of accompanying T-Systems presence. Additionally, T-Systems is poised in a number of other countries in West and Eastern Europe, should an additional opportunity for expansion arise. Most notably in Western European countries where DTAG had earlier successes but subsequently divested or mitigated risk via partnering (Italy and the UK, respectively). So, which countries grew from a Greenfield approach and which from an acquisition? Austria, the Czech Republic and Poland were all Greenfield mobile investments which were planned and built by DTAG subsidiary T-Mobile (Poland being originally a partnership with US West and some local investors). Every other telecommunications subsidiary of DTAG/T-Mobile was the product of an acquisition. This is certainly not a bad thing, however, what this means is that IT systems, processes and software were certainly not in conformance with any corporate norm. This made the issue of controlling and reporting an onerous task, a task which was very costly in creating patches for IT systems and software for consolidation of financial data and reporting purposes. This translates into the purchase and maintenance of numerous IT platforms and software licenses as well as the monies required to maintain the inter-system interoperability. These represent multiple layers of costs, direct and indirect that did not contribute to the economies of scale in operations required for long term competitive advantage. Clearly, this was a subject which was discussed and planned from the outset of the internationalization process. Mitigating circumstances for not having consolidated these systems and processes earlier were the nature of DTAG being itself comprised of various regional telecommunications carriers in their home market of
Germany and having these same issues, organizationally and financially. All the while European directives were forcing the privatization and liberalization of the telecommunications markets in Europe. There was no time and not enough qualified resources to tackle all of DTAG’s issues at the same time. Additionally, DTAG was still struggling with an overabundance of employees via the introduction of competition in Germany and the advent of the digital revolution, both of which had a tremendous downward pressure on necessary headcount….keeping in mind that DTAG had assumed the responsibility for many thousands of lifelong civil servants through its own privatization process.

So, there is an inability to solve the issues in the mother organization and a privatizing European telecommunications market which mandated immediate attention in order to retain control of the home market in the long run. Had DTAG attempted to solve its own internal issues before internationalizing, the market would have been taken by others, relegating DTAG to the role of a second or third tier player in the European market, possibly becoming a takeover object over time. This is actually a very interesting aspect of internationalization and globalization, in general, i.e. the potential loss of sovereignty over national assets and potentially therefore a loss of national security, financially or otherwise. There is a plethora of literature and especially criticism in the business press of the establishment of the national regulatory agency in many countries, Germany is no exception. Although one can argue many sides of the issue, the regulatory office in Germany often supported DTAG over the newly formed competition. The circumstances under which DTAG was privatized (organizationally, civil servants, the multitudes of IT systems & software etc.) it seems as if the German government had read Alexander Hamilton’s plea for infant industry protection (although infant is perhaps not the right word here), i.e., to support and aid their own industries in order to allow them to thrive enough to eventually then be able to compete on higher levels, nationally and internationally. This tried and true practice, the U.S. having been one of, if not the largest usuarper of this anti free trade doctrine, was necessary in ensuring German national security on many levels. Telecommunications is one of the key industries which form the underlying infrastructure of a successful modern industrial base. The loss of this to other national entities could very well have led to Germany not being the European economic powerhouse it is today.

The infant industry protection availed during the privatization, liberalization process as well as the intra company FDI practiced via foreign subsidiaries, has enabled DTAG to grow and retain cash flow within its international organizational structure. This has been a key to their success. However, in today’s more mature market, with other large competitors, this is not enough. To drive cost savings, standardization as well as process efficiencies across Group units, DTAG has, among other initiatives, initiated a project to consolidate dedicated financial and accounting processes of the group called “Telekom EMEA Shared Service Accounting II” (“TESSA II”, the first TESSA project focused on the German home market), which is being performed via Deutsche Telekom Accounting GmbH (DTA) and its international subsidiary, Deutsche Telekom Shared Services (DTShS) out of Bratislava, in the Slovak Republic. The following illustrates the ongoing process and many of the anticipated benefits of this project.
TESSA II

Internal Strategic Rationale for the project:

- Deutsche Telekom Group investigated the feasibility of a centralization of transactional F&A processes across the Europe Middle East Africa region (EMEA) into a Shared Service Center (SSC) Accounting
- A SSC approach for transactional F&A processes has been proven and is an industry standard - competitors like Telefónica and Vodafone have such approaches already in place
- The centralization applies to the EMEA region
  - Functions of 775 Full Time Employees (FTEs) from 48 Finance and Accounting (F&A) organizations in 24 countries (without Germany) in transactional F&A processes should be transferred
- The feasibility study identified the following quantitative and qualitative benefits
  - Qualitative benefits for both the Group and the local entities include increased transparency, standardization of guidelines and their operational realization:
  - Major annual OPEX savings can be realized by centralizing F&A functions in a Shared Service Center by economies of scale, process optimization and labor arbitrage
  - A small part of the process optimization has already been considered in the strategic planning of the national telecommunications subsidiaries
- The setup of an (Europe, Middle East, Africa) EMEA Shared Service Center Accounting for transactional accounting processes with respective budget allowance was approved by the Corporate Board of DTAG in late 2010: For this purpose, the existing organizational platform Deutsche Telekom Shared Services s.r.o. (DTShS), in business for T-Systems from 2006, was chosen.

Operating Model and one off costs:

- DTShS operates as a separate legal entity, reports to the segment Group headquarters and Shared Services and is almost fully owned by DeTeAccounting GmbH
- It operates as a service center without intention to realize profits ("Cost Plus") and the clear target to focus on efficiency in end-to-end processes and savings from a group-perspective
- Transactional processes are centralized in the DTShS while closing activities remain local
- The migration focuses on maintaining operations, quality assurance and fast realization of savings. 80-120 FTE are built up per year and it will take approximately 4.5 years until 2015 with 1st go-lives in Q1/2011
- Transfer price requirements are considered for tax reasons, most one-off costs must be carried-and eventually earned- by DTShS
- Expected severance payments should be carried by local organizations
- In most countries sign-off from local statutory bodies is required
- With cultural, temporal and linguistic proximity as a key requirement for a future SSC location, Bratislava was the chosen site as it offers the best combination of immediate time to operation, moderate labor costs, sufficient availability of required skills and a lower migration risk due to brownfield approach
The above graphic illustrates the overall project implementation process mapped against the potential cost savings over time and extent of implementation. This amounts to achieving economies of scale, reduction of site licenses, manpower, physical plant and process redundancy.

The projected savings are significant, up to 50% per year in Operating Expenditures (OPEX) related to transactional accounting by full implementation. From FTE reduction, process optimization/standardization to consolidation, economies of scale, and labor arbitrage, savings add up along the entire process. In addition to the expected efficiencies of consolidation, TESSA II is a driver for process standardization and operational transparency in transactional Accounting. This enables a comprehensive KPI reporting, leading to intra-Group performance benchmarking (e.g. with regard to the percentage of invoices with Purchase Orders and the length of internal invoice approval processes), hence, improved quality and controls.

Another interesting aspect of this development is the lack of outsourcing of this function (“captive” approach). These companies have realized the trappings of outsourcing and its ensuing loss of control over the operations and efficiency of the company which accompany large scale outsourcing projects.

In holding with good governance principles and efficient transfer of functions, DTAG has created a clear delineation of responsibilities between the local organizations and the Shared Services Center. Additionally, the creation of well-crafted and specified Service Level Agreements (SLAs) with specific Key Performance Indicators (KPIs) and reporting structures is critical to overall project success:

Many of these were factors that led to the decision to realize the TESSA II project in Bratislava. Additionally, the educated labor force, relatively low wage costs and location within the EU and proximity of DTAG subsidiaries made Bratislava the site of choice.

All in all, Deutsche Telekom Group appears to have done a thorough analysis of the situation before proceeding and recommending the creation of the DTShS in Bratislava. Due consideration has also been given to the actual implementation, from the definition of specific roles and communications’ partners to the identification of the KPIs for which DTShS will be held responsible via the SLAs. Service contracts stipulate liabilities for slight and gross negligence but preclude the service partners from engaging in legal recourse. So, we have been given a solid basis for doing the project as well as having seen expertise in planning the implementation. However, what makes DTShS a partner of choice, ignoring the internal preference for a fully owned and controlled subsidiary?
DISCUSSION

There is a clear rationale in implementing a shared service center for F&A, as well as planning to extend this into other areas such as procurement moving into the future. The telecommunications field is, under current market conditions, a saturated and mature market. This leads to the conclusion that less money is put into innovation and more is invested into cost cutting measures. Innovations are relegated to a much smaller scale which pushes the parameters of the definition of innovation. As an example, how much innovation do we see in the ever more frequently issued models of Apple’s iPhone? More memory, more applications, extended battery life etc. These are not representative of true innovation, they are merely incremental improvements of existing technology. So it is also with the underlying telecommunications industry. The last greatest innovations were digital technology, which revolutionized telecommunications by dramatically increasing capacity through network technology as well as the sending codification via the Internet Protocol with bits and bytes, as opposed to the capacity intensive analog technology. This is what enabled the internet and the mass commercial appeal of mobile communications, accompanied by a significant decrease in the personnel required to build and maintain the underlying network. Analog technology required a large number of “switches” along the path of the signals, whereas digital technology addresses the signal at the point of origin. This was revolutionary. This fueled growth in many areas of telecommunications as well as enabling new commercial and mass market applications under a newly constructed economic structure. That is to say, it became less expensive and opened doors for many additional markets and applications.

However, as the market has matured and innovations decrease, diversification and cost cutting/process optimization become the alternatives in creating and maintaining competitive advantage within the industry. Most major telecommunications providers have attempted diversification along the value chains of entertainment and content. This was relatively ill-fated as the market was already dominated by other players and the building of these core competencies by the telecommunications companies was far too expensive and risky. The major European players all founded so-called multimedia departments which were subsequently closed after a few years. Co-operations and Strategic Partnerships seemed to replace the do it yourself mentality with which the major players in the European telecommunications market began.

This is all to say that the telecommunications industry is, especially in Europe, mature and somewhat saturated and to again emphasize the great need to now more than ever, achieve operational efficiencies in order to maintain competitive advantage. The Shared Service Center for F&A is an excellent platform for achieving these efficiencies moving into the future.

This case study was produced in close cooperation with Deutsche Telekom Group and interviews with European telecommunications industry experts (July 2013).
THE EFFECT OF PARENTAL DRINKING ON CHILDREN’S EDUCATIONAL AND LABOR MARKET OUTCOMES

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August 6th, 2013

Abstract

This study uses NLSY79 data to examine the relationship between problem-drinking parents and their children’s educational and future labor market outcomes. Having a problem-drinking parent has negative consequences for children’s education in the form of lower grades and less schooling. It is also associated with lower wages, longer periods of being out of the labor force, and longer spells of unemployment. These labor market effects are examined throughout the respondents’ time in the labor force. Due to biases in OLS regressions, a matching approach is also used for this analysis.
AFRICA AS THE FUTURE WORLD’S FACTORY: AN OVERVIEW

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ABSTRACT

Can it be done? It may take a long time but it can. This paper explores possible ways that would lead Africa to be the future ‘world’s factory’. Africa is the second largest continent in the world in both area and population. With its abundant resources, hospitality of foreign business and investment, Africa is potentially the world’s next factory. Whilst the continent is rich in terms of natural resources, it does not fully use them for its ever increasing population. This paper argues, firstly, that Africa’s high population is an asset for both the continent and the world at large. Secondary, the paper shows how Africa as a well endowed continent could transform to become the world’s future factory. Lastly, the anticipated challenges during the transformation process are explored.

Keywords: Africa, world’s factory, population, natural resources, geographical location.
UTILIZING COST-VOLUME-PROFIT ANALYSIS IN UNCERTAIN TIMES

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ABSTRACT
Cost-Volume-Profit Analysis (CVP) has been utilized to predict the break-even point of a business and also the sales volume necessary to achieve a desired profit during good times, i.e. when the business is operating at a profit. However, the current recessionary period has created uncertain times for many businesses. Each business entity must rely on its liquid retained earnings or on bank loans to survive when it must operate at a loss. A company with large cash reserves may also choose to operate at a loss to enable it to achieve a favorable position among the competition. Uncertain times are often faced during the business start-up cycle, while trying to restructure after a natural disaster, and while trying to expand or start additional product lines or services. The major dilemma faced during these uncertain times is the determination of how long the business can survive with its current limited resources. Budgeting the firm’s sales or services, to achieve a sustainable growth while utilizing its limited funds, is a mandatory necessity. The addition of a “Loss Provision” (LP) to the classic CVP formula will facilitate the use of the formula to forecast what sales figures the business must sustain for future survival.

INTRODUCTION
In the accounting, financial, and economics practice fields there are various applications and formulas which can be used to help forecast specific outcomes. Among them the cost-volume-profit formula is especially effective in for determining the sales or revenue forecasts which will allow the attainment of the firm’s goals or what is necessary to ensure the firm’s survival. Cost-Volume-Profit Analysis (CVP) has been and is utilized to some extent by all business firms during the budget preparation process, whether the firm is preparing its first budget as a start-up, preparing a budget for continuing operations including regular business expectations, deciding on the sale of a part of the business or a subsidiary, or planning to successfully weather a forecast down-turn in the business, whatever the cause. Businesses can experience losses during a start-up period or when there are occurrences which adversely impact the business environment.

The current literature and text books utilize CVP only for forecast of the break-even point or to forecast a desired profit. Every student in accounting, economics, or finance is introduced to CVP in their class textbook. The possibility of sustaining losses and planning for them is seldom addressed. A search of the literature did not reveal the use of a loss provision associated with CVP in an ongoing literature search. The loss provision has been utilized, by the author, for over thirty years while working with all levels of business contingencies, as a management advisory service practitioner, and the loss provision has been taught in the class room to better prepare the students for their entry into their chosen business profession. A minor change to the classic CVP formula will allow its effective use in all situations, not just those involving break-even or profit forecasting.

The additional sources of funds to be considered during times of uncertainty include; cash reserves, owner investment, loans, sale of a part of the business or a subsidiary, or the possibility of a tax refund when a net operating loss is incurred or a disaster has been encountered which led to the declaration, by the President, of a Disaster Area which includes the firm’s location. All of the sources should be utilized by the firm while fully considering whether or not the firm can survive as an ongoing business considering its market and the funds available. Determining early in the process of operations during uncertain times allows the firm to decide whether or not to cease its operations while there are still funds available which can be put to an alternate use or just conserved.

For illustration purposes, Small Delivery Systems (SMS), a small local delivery business, will be utilized to illustrate the various uses of the CVP formula. SMS delivers small packages in a geographically limited area. It leases its office, delivery vehicles, and of its equipment. The total fixed cost is $12,000 per month. SMS charges a flat fee of $10.00 per package and the total variable cost per package is budgeted as $2.50 per package.
COST-VOLUME-PROFIT ANALYSIS

The sales figure required to reach the Break-Even (BE) point or to reach a desired profit can be calculated in either units, utilizing the contribution margin per unit (CM), or in dollars, utilizing the contribution margin ratio (CMR).

The **contribution margin per unit** is obtained by subtracting the Variable Cost (VC) of the unit from the unit sales price (SP).

\[
\text{Unit Contribution Margin} = \text{Unit Sales Price} - \text{Unit Variable Cost}
\]

For SMS the Unit Contribution Margin is: \( CM = 10.00 - 2.50 = 7.50 \) CM per package

The **Contribution Margin Ratio per unit** can be obtained by dividing the unit Contribution Margin by the unit sales price.

\[
\text{Contribution Margin Ratio per Unit} = \frac{\text{Unit Contribution Margin}}{\text{Unit Sales Price}}
\]

For SMS the Unit Contribution Margin Ratio is: \( CMR = \frac{7.50}{10.00} = 0.75 \)

The total **Contribution Margin** can be obtained by dividing the total variable cost by the total sales.

\[
\text{Total Contribution Margin} = \frac{\text{Total Variable Cost}}{\text{Total Sales Revenue}}
\]

**BREAK-EVEN IN UNITS**

**Break-Even in units** is achieved when the total contribution margin equals the total fixed cost (FC). Profit is achieved when the break-even point has been surpassed.

\[
\text{Break Even in Units} = \frac{\text{Total Fixed Cost}}{\text{Unit Contribution Margin}}
\]

For SMS the Break-Even in Units is: \( BE = \frac{12,000.00}{7.50} = 1,600 \) units

**Unit sales required to reach a desired profit** is achieved when BE in units is surpassed by the units required to achieve the desired profit.

\[
\text{Unit Sales Required to Reach Desire Profit} = \frac{\text{Total Fixed Cost + Desired Profit}}{\text{Unit Contribution Margin}}
\]

**BREAK-EVEN IN DOLLARS**

**Break-Even in dollars** is achieved when the total contribution margin equals the total fixed cost (FC). Profit is achieved when the break-even point has been surpassed.

\[
\text{Break Even in Dollars} = \frac{\text{Total Fixed Cost}}{\text{Unit Contribution Margin Ratio}}
\]

For SMS the Break-Even in Dollars is: \( BE = \frac{12,000.00}{.75} = 16,000 \)
A profit is obtained when BE is surpassed by the desired profit.

\[
Sales \text{ Required to Reach Desire Profit} = \frac{Total \text{ Fixed Cost} + \text{Desired Profit}}{Unit \text{ Contribution Margin Ratio}}
\]

For SMS to earn a $10,000 profit: \(Sales \text{ Required} = \frac{$12,000.00 + $10,000}{.75} = $29,333\)

**COST-VOLUME-PROFIT ANALYSIS IN UNCERTAIN TIMES**

Classic Cost-Volume-Profit analysis is always presented as a favorable situation for a profitable business in its operating environment. However, there are times when a start-up or operating business must plan for losses or reductions in sales. In a time of uncertainty, a change in the CVP formula will allow a firm to forecast the sales necessary to continue operations utilizing its available sources of cash. This allows the preparation of a budget, determining the amount of loss it can sustain, for continued business operations.

\[
Total \text{ Sales Required to Sustain Business} = \frac{Total \text{ Fixed Cost} - \text{Loss Provision}}{Unit \text{ Contribution Margin}}
\]

A start up firm’s ability to sustain losses during its initial operations is a function of the amount of capital invested or raised by its owners and any loans which are available. If SMS can lose $5,000 and stay in business in the first month its necessary sale revenue must equal or surpass;

For SMS the stay in Business total sales must equal or exceed: \(= \frac{$12,000 - $5,000}{0.75} = $9,333.33\)

The loss provision allowable can be utilized to determine the necessary sales for any period. A firm can then utilize the calculation to determine what operating results it must achieve during the period, and still continuing its operations during uncertain times.

An operating firm can utilize its cash reserves, loans, amounts raised by new equity offerings and, if available, tax refunds. A firm, which has been profitable previously, and has paid federal taxes, can utilize net operating loss carryback rules found in section 179 of the IRS Code to obtain tax refunds from previous years. It can also obtain refunds, under section 165(h) of the IRS code, if the area in which it operates is declared a disaster area by the President.

**CONCLUSION**

The knowledge of a formula which incorporates a loss provision is a necessity for the student of accounting, economics, or finance and is a necessary tool for budget forecasts for any business. The formula should be added to textbooks and be taught to students to allow them to be able to cope with uncertain times faced by their employers or clients in the future. Knowledge and use of the formula during periods of uncertainty encountered by many businesses will allow the business to determine if it has the necessary capital to cope with the financial requirements during uncertain times. If the business cannot achieve the required sales it needs this knowledge so that it can either change its operations or start an orderly unwinding of the business with the least loss to the investors and the employees.

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PREDICTING SUCCESS AT THE EURO TOURNAMENTS: THE 
(NON)IMPORTANCE OF PERFORMANCE AT THE QUALIFYING GAMES

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Abstract

Using data from all the European Football Championships, we apply statistical concepts to investigate whether soccer nations' likelihood of success at the final stage of the tournament could be anticipated by the teams' performance displayed at the qualifying stage. For both home and away games, qualifying statistics on the percentage of wins, losses, average goals scored for and against are used to compare nations who performed well at the later stage to those who have not. Both the empirical analysis and the econometrical model show that "luck" plays the most important role in predicting success at the final stage. However, teams that show the ability to avoid losing games during the qualification, and winning them when playing in adverse environments (as in games played away from home) are more likely to do better in the final stage. Goals scored did not highly differentiate successful teams from those who do not perform well; instead, it is the stability at the defensive end (conceding fewer goals per game) during the qualifying stage that helped predict success at the final tournament.

Key Words: European Football Championship, success, performance, randomness.

JEL classification: C13, C23, L83, Z00
TEACHING BUSINESS ETHICS AND MAKING IT REAL

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ABSTRACT

No agreement exists among business schools and their faculties regarding what should be the content and pedagogy of a course in business ethics. Most courses in ethics often miss the mark by focusing on high level corporate dilemmas that the majority of students will never encounter. The most effective exercise for students to heighten their moral reasoning is to ask them to reflect on ethical decisions from their own experiences, to analyze those experiences using multiple perspectives, and to present them to class in the form of a written paper and in some cases, an oral presentation. This student developed case study prepares the student for the challenges they will face in the future by requiring them to write about an ethical problem that they have had to deal with in the past.

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MOTIVATING EMPLOYEES IN TODAY’S BUSINESS SETTING

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Abstract

This qualitative exploratory study examined the perception of 25 graduate students in a private urban university on the common employee motivational practices in the modern business setting. The study participants were practicing professionals who had worked in different industries for between 5 and 15 years. The main research question was: “What four things would motivate you on the job you are currently doing?” The sub-questions were: “What four practices did you like most in some of the companies you had worked for so far?” “What do you typically like most in your supervisor?” and “What typically puts you off in your supervisor?” Data were obtained through semi-structured interviews of the participants. Results showed that, in general, employees are motivated by supervisors who are appreciative, empathetic, empowering, encouraging, and inclusive. Some of the respondents, however, included monetary rewards and job security as important motivating factors on the job. On the other hand, in general, the respondents stated that they are de-motivated by insecure, non-inclusive, disrespectful, inequitable, inconsistent and inconsiderate supervisors.

Introduction

The importance of a highly motivated workforce cannot be downplayed in the modern business setting. As organizations innovate, restructure and globalize to take advantage of more attractive labor and production environments, the need to attract and retain the right type of workforce is greater than ever before. Therefore, proactive organizations continue to come up with different motivational programs to make the work environment more attractive.

According to Dessler (1999), motivation refers to forces that energize, direct, and sustain a person’s efforts. Bateman and Snell (2004) asserted that all behavior, except involuntary reflexes like eye blinks (which has little or nothing to do with management), is motivated. Much as the key functions of management can be summarized as planning, organizing, leading and controlling, Bass (1982) emphasized that the least understood and practiced by managers out of these key functions is leadership. According to Thompson, Strickland and Gamble (2010), a major way for managers to display effective leadership on the job is through the motivation of workers. Companies must motivate people to join the organization, remain in the organization, come to work regularly, put out high quality performance and exhibit good corporate citizenship (Bateman and Snell, 2004).

Thompson, Strickland and Gamble (2010) submitted that when workers are motivated, they would put in their very best in executing their portions of the organization’s strategy. Hence, Herzberg (1968) declared that if we want workers to do a good job, they must be given a good job to do (that is, the kind of jobs that motivate them). Therefore, managers must know the type of jobs that motivate individual workers and assign them to such jobs accordingly. That will lead to positive results for the organization and also serve as a motivational force for the individual employee.

Literature Review

According to Ford (1996), many ideas have been proposed to help managers motivate the workforce to engage in constructive behaviors. Theories such as goal-setting, reinforcement, and expectancy theories provide basic and powerful actions that managers can take to motivate the workforce. Bateman and Snell (2004) declared that for acceptable results, goals should be supported by employees, should be challenging but attainable, and should be specific, relevant, and measurable. Thompson, Strickland and Gamble (2010) added that to enhance sustainable competitive advantage, employees should be encouraged to set stretched goals.

Thorndike (1911) asserted that behavior that is followed by positive consequences will likely be repeated. On this basis, Ford (1996) submitted four key consequences of behavior that either encourage or discourage people’s behavior. According to Ford (1996), these include positive reinforcement like compliments, letter of commendation, favorable performance evaluation, bonuses, and pay raises; negative reinforcement like taking an employee
(or a school taking a student) off probation because of improved performance or a manager or teacher making a threat of punishment which is not delivered when the employee or student performs satisfactorily; punishment like sending a worker home without pay, suspension from work, or termination of employment; and extinction like not giving compliment for a job well done, forgetting to say thanks for a favor, and setting impossible performance goals so that the person never experiences success.

Maslow’s (1943) hierarchy of needs theory has withstood the test of time and has been taught in different fields such as business, social and behavioral sciences, engineering, management, medicine, and theology. The five needs identified by Maslow (1943), that is, physiological, safety, social, ego or esteem, and self-actualization can be used to motivate if carefully identified and properly applied. Alderfer’s (1969) ERG theory identified three sets of human needs - existence, relatedness, and growth which can be put to motivational usage. In Alderfer’s (1969) postulation, different needs can be operating at once rather than follow a hierarchy. While proposing two assumptions on human nature, McGregor (1960) postulated theory X (negative view of people) and theory Y (positive view of people) but believed that theory Y assumptions should guide management practice. Thus employees should participate in decision making, should be assigned responsible and good group relations should be promoted to maximize employee motivation.

According to McClelland (1975), the most important human needs for managers to know are the needs for achievement, affiliation, and power (nAch, nAff, and nPow). This is because different needs predominate in different people. A manager must be able to know the predominant needs in the employees in order to understand their behaviors better to be able to assign them tasks that best motivate them. In this connection, Herzberg’s (1959) two-factor theory proposed that intrinsic factors (such as recognition, responsibilities, growth, and feelings of achievement) are related to job satisfaction (motivators) while extrinsic factors (such as policies, pay, co-workers, supervision, and working conditions) are associated with job dissatisfaction (hygiene factors).

Other motivational theories such as Locke’s (1968) goal-setting theory declared that specific goals increase performance and difficult goals, when accepted, result in higher performance than do easy goals. Skinner’s (1972) reinforcement theory states that an individual’s behavior is a function of its consequences. In his equity theory, Adams (1965) postulated that an employee compares his or her input: outcomes ratio with that of relevant others and then corrects any inequity. Similarly, Vroom’s (1970) expectancy theory states that an individual tends to act in a certain way, based on the expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual. According to Robbins and Coulter (2006), some of the motivational actions that have been successfully applied on the job are job rotation, job enlargement, job enrichment, recognition and rewards, open communication, employee participation and empowerment.

**Method**

The study was a qualitative exploratory review of the perception of 25 graduate students in a private urban university on the common employee motivational practices in businesses they had been involved in during their working lives. The study participants were practicing professionals who had worked in different industries for between 5 and 15 years. The participants were aged between 30 and 60 years. The main research question was: “What four things would motivate you on the job you are currently doing?” The sub-questions were: “What four practices did you like most in some of the companies you had worked for?” “What do you typically like most in your supervisors?” and “What typically puts you off in your supervisors?” Data were obtained through semi-structured interviews consisting of eight questions. The data obtained from the study were thereafter analyzed for patterns and themes (Cresswell, 2007; Stakes, 1995; Moustakas, 1994). Participants’ confidentiality was protected, informed consent of each study participant was secured and participants’ rights to privacy were ensured (Cooper and Schindler, 2008, p. 40).

**Results and Findings**

Table 1  Gender of the Study Participants

<table>
<thead>
<tr>
<th>Gender</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>14</td>
<td>56</td>
</tr>
<tr>
<td>Male</td>
<td>11</td>
<td>44</td>
</tr>
</tbody>
</table>

Table 2  Age Range of the Study Participants

<table>
<thead>
<tr>
<th>Age Range (Years)</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 – 34</td>
<td>4</td>
<td>16</td>
</tr>
</tbody>
</table>
Table 3  Things that Motivate the Participants on the Job

<table>
<thead>
<tr>
<th>Things That Motivate</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thorough Knowledge of the Job by the Supervisor</td>
<td>25</td>
<td>100</td>
</tr>
<tr>
<td>Appreciation for a Job Well Done</td>
<td>20</td>
<td>80</td>
</tr>
<tr>
<td>Encouraging Words from a Superior</td>
<td>18</td>
<td>72</td>
</tr>
<tr>
<td>Fairness and Equity by the Supervisor</td>
<td>16</td>
<td>64</td>
</tr>
<tr>
<td>Good Working Environment</td>
<td>16</td>
<td>64</td>
</tr>
<tr>
<td>Empowerment by the Supervisor</td>
<td>15</td>
<td>60</td>
</tr>
<tr>
<td>Empathy on the part of the Supervisor</td>
<td>13</td>
<td>52</td>
</tr>
<tr>
<td>Commitment to Inclusion &amp; Diversity</td>
<td>12</td>
<td>48</td>
</tr>
<tr>
<td>Promotion of Team Spirit by the Supervisor</td>
<td>8</td>
<td>32</td>
</tr>
<tr>
<td>Assignment of Challenging Jobs by the Supervisor</td>
<td>5</td>
<td>20</td>
</tr>
</tbody>
</table>

Table 4  Company Practices that Motivate the Participants

<table>
<thead>
<tr>
<th>Motivating Company Practices</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concern for Employees’ Welfare</td>
<td>25</td>
<td>100</td>
</tr>
<tr>
<td>Commitment to Equal Opportunities for Employees</td>
<td>20</td>
<td>80</td>
</tr>
<tr>
<td>Opportunities for Advancement</td>
<td>18</td>
<td>72</td>
</tr>
<tr>
<td>Competitive Compensation Package</td>
<td>15</td>
<td>60</td>
</tr>
<tr>
<td>Promotion of Open Communication</td>
<td>12</td>
<td>48</td>
</tr>
<tr>
<td>Commitment to Ethical Values</td>
<td>10</td>
<td>40</td>
</tr>
<tr>
<td>Commitment to Practices that Enhance Job Security</td>
<td>10</td>
<td>40</td>
</tr>
<tr>
<td>Opportunities for Lateral Movement</td>
<td>8</td>
<td>32</td>
</tr>
<tr>
<td>Adherence to Company’s Policies and Procedures</td>
<td>5</td>
<td>20</td>
</tr>
</tbody>
</table>

Table 5  Things in the Supervisor that Put Participants off

<table>
<thead>
<tr>
<th>Things in the Supervisor that Put Participants off</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>35 – 39</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>40 – 44</td>
<td>6</td>
<td>24</td>
</tr>
<tr>
<td>45 – 49</td>
<td>7</td>
<td>28</td>
</tr>
<tr>
<td>50 – 54</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>55 – 59</td>
<td>2</td>
<td>8</td>
</tr>
</tbody>
</table>
Things that De-motivate

<table>
<thead>
<tr>
<th>Things that De-motivate</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of Concern for Employees’ Well being</td>
<td>25</td>
<td>100</td>
</tr>
<tr>
<td>Excessive emphasis on Production</td>
<td>23</td>
<td>92</td>
</tr>
<tr>
<td>Poor Knowledge of the Job by the Supervisor</td>
<td>22</td>
<td>88</td>
</tr>
<tr>
<td>Lack of Fairness and Equity on the part of the Supervisor</td>
<td>20</td>
<td>80</td>
</tr>
<tr>
<td>Supervisor’s Lack of Concern for Employees’ Training</td>
<td>15</td>
<td>60</td>
</tr>
<tr>
<td>Lack of Respect by the Supervisor</td>
<td>15</td>
<td>60</td>
</tr>
<tr>
<td>“Know-it All” Attitude by the Supervisor</td>
<td>13</td>
<td>52</td>
</tr>
<tr>
<td>Attitude of Insecurity on the part of the Supervisor</td>
<td>13</td>
<td>52</td>
</tr>
<tr>
<td>Monotony of Assigned Tasks</td>
<td>12</td>
<td>48</td>
</tr>
<tr>
<td>Witch-hunting Attitude by the Supervisor</td>
<td>10</td>
<td>40</td>
</tr>
</tbody>
</table>

Conclusion and Discussion

The results contained in tables 3 through 5 revealed that 100 percent of the respondents are motivated on the job by supervisors who have thorough knowledge of the job. 80 percent are motivated by supervisors who express appreciation for a job well done while 72 percent are motivated by encouraging words from a supervisor. This is in line with Herzberg’s (1959) listing of recognition and feelings of achievement as motivators on the job. 64 percent are motivated by fairness and equity on the part of a supervisor. The same percent of respondents are motivated by a good working environment (in terms of aesthetics and the work place culture). According to Thompson, Strickland and Gamble (2010), an organizational culture that promotes, empire building, in-fighting, insularity, inward focus and negative politics does not enhance the accomplishment of corporate strategy.

60 percent of the respondents identified empowerment as a motivating factor for them on the job while 52 percent identified empathy on the part of the supervisor. Maslow (1943) alluded to the fact that workers come to work not necessarily because they love the company but more-so because they have personal needs to satisfy (like money to take care of self and family). 48 percent of the study participants are motivated by inclusion and diversity on the job. Human beings have a need for socialization; no one likes to be excluded (Maslow, 1943; Alderfer, 1969). Similarly, 32 percent of the study participants identified supervisor’s promotion of team spirit as clear motivators. This agrees with McClelland’s (1975) identification of the need for affiliation (nAff) as an important human need. In line with Herzberg’s (1959) list of motivators and McGregor’s (1960) theory Y assumptions, 20 percent of the study participants identified being assigned challenging jobs by their supervisors as quite motivating.

On company practices that motivate employees, 100 percent of the study participants identified concern for employees’ welfare while 80 percent stated that commitment to equal opportunity for all employees are motivating. Opportunities for advancement on the job followed with 72 percent while competitive compensation package was next with 60 percent. These choices are in agreement with Alderfer’s (1969) ERG theory which identified need for growth as an important human need. 48 percent of the study participants identified promotion of open communication in an organization as motivating. Similarly, 40 percent identified commitment to ethical values as a motivating factor on the job. This posture is in line with Dess, Lumpkin and Eisner’s (2007), assertion that without a strong ethical culture, the chance of ethical crises occurring is enhanced. 40 percent of the study participants also identified an organization’s commitment to practices that enhance job security as motivating. According to Maslow (1943), safety and security are vital human needs. Further, 32 percent of the study participants are motivated on the job by available opportunities for lateral movement while 20 percent are motivated by adherence to company’s policies and procedures. No wonder Thompson, Strickland and Gamble (2010) emphasized that it is not
enough for an organization to just have an ethics code of conduct document; such standards must be fully publicized to all employees and must be fully enforced within the organization.

On the issue of de-motivating aspects of the job, 100 percent of the study participants identified company’s lack of concern for employees’ welfare while 92 percent identified supervisor’s excessive emphasis on production. In that wise, McGregor (1960) pushed more for theory Y rather than theory X managers. According to McGregor (1960), theory Y assumptions should guide management practice as participation in decision making, responsible and challenging jobs, and good group relations, will maximize employee motivation. In the same vein, the authority-obedience manager’s quadrant is not an ideal place to be in Blake and Mouton’s (1985) leadership grid. 88 percent of the study participants are put off by a supervisor’s poor knowledge of the job. 80 percent are, however, put off by lack of fairness and equity on the part of a supervisor. This is in agreement with Adams’ (1965) equity theory that an employee compares his or her input: outcomes ratio with that of relevant others and then corrects any inequity. As Kerr (1975) declared, nothing can be more discouraging than for employees to see positions for which they are more qualified and fit being given to their peers either internally or externally. 60 percent of the participants identified supervisor’s lack of commitment to employees’ training and supervisor’s lack of respect for their staff as de-motivating.

Further, 52 percent are put off by a supervisor’s insecurity and general display of “know-it-all” attitude. No wonder Kinicki and Williams (2005) called for a learning organization, an organization in which managers build a commitment to learning and work to generate ideas with impact. 48 percent of the study participants are de-motivated by monotony of assigned tasks as this often leads to boredom. For such reasons, Robbins and Coulter (2006), proposed motivational actions like job rotation, job enlargement and job enrichment. Finally, 40 percent of the study participants identified a “witch-hunting” attitude on the part of a supervisor as quite de-motivational. Such attitudes connote a manager’s tendency towards McGregor’s (1960) theory X postulation with its negative view of people.

**Recommendations**

To improve employees’ motivation on the job, organizations should take actions such as job rotation (changing from one routine task to another to alleviate boredom), job enlargement (giving people additional tasks at the same time to alleviate boredom), job enrichment (changing a task to make it inherently more rewarding, motivating, and satisfying), empowerment (sharing power with employees to enhance their confidence in their ability to perform their jobs, etc.), equity (fairness in terms of outcomes vs. inputs), procedural justice (fair, open process in decision making), recognition and rewards, open communication, employee participation (teamwork, team building, joint decision making, upward feedback, suggestion box, etc.), appropriate employee benefits program, and appropriate appraisal of performance program. In order to remove the dissatisfaction that accompanies a working condition that is unacceptable to employees (Herzberg, 1968), an organization’s working conditions should be reviewed from time to time. In this regard, it would be good to start with benchmarking of the working conditions with those of leading competitors in the industry. Identified gaps should be closed, as required. As presented by Dessler (1999), employees are not so much concerned about their compensation but are concerned about their comparative pay packets with those of their peers who do exactly the same types of jobs as themselves. To remove this potential discomfort, organizations should strive for competitive working conditions for their staff. Comfort, aesthetics, and adequate equipment are essential. Information technology should be top of the class to enhance productivity. In addition, employees should be trained and placed in the right types of positions where their potentials can be maximized. It is therefore always good to periodically conduct employee surveys to be able to determine the health of the organization. The surveys should be designed to probe into the desired improvements that employees would like to see in their current working conditions. As Bernard Fauber (2006) asserted, the sure path to oblivion is for an organization to stay where it is, doing nothing for improvement.

It is important that organizations launch recognition and reward programs if they have not yet done so. Outstanding performers should be openly recognized and rewarded. There must be positive reinforcement to encourage repeat performances of desirable behaviors (Skinner, 1972). Such programs as employee of the month, department of the month or quarter, and individual outstanding contribution awards should be instituted. Further, open communication should be encouraged company-wide, and organizations should, in this wise, adopt an “open door” policy so that employees will be free to approach their superiors unimpeded. As posited by Price (2000), 81% of a manager’s time in a typical day is spent communicating. Managers need to listen to and talk to their workforce on an ongoing basis.
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DO EXECUTIVES UNDERSTAND REALLY DIRTY SURPLUS?

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Abstract

This study examines whether non-market price equity transactions, sometimes referred to as Really Dirty Surplus, are related to Abnormal Income, Other Comprehensive Income (sometimes referred to as Dirty Surplus), concurrent and future stock returns, and market-to-book valuations. Really Dirty Surplus is also broken down between executive compensation related issuances and other issuances. Using data 31 energy companies from 2009-2012, it is found that executive compensation issuances are closely related to abnormal net income and market-to-book valuations while other issuances are related to Other Comprehensive Income. However, neither measure is significantly related to stock performance.
STUDENT PERCEPTIONS OF THE EFFECT OF VITA PARTICIPATION ON AICPA CORE COMPETENCY DEVELOPMENT

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ABSTRACT

In response to numerous criticisms that accounting education is broken and in great need of reform, the AICPA announced the AICPA Core Competency Framework. The framework identifies key competencies that are essential for a successful career in accounting and is designed to support “a paradigm shift from content-driven to a skills based curriculum. This empirical study explores student and employee perceptions of the impact of participation in VITA on the acquisition of core accounting skills and competencies. Additionally, perceptual differences by ethnicity and gender are analyzed. The results of our study support and extend previous findings about the usefulness of VITA as a community service project to facilitate the development of the AICPA core competencies. We found no gender differences in students’ perceptions of their development of the core competencies, but differences by ethnicity were found and provide “food for thought” for accounting educators.

KEY WORDS: Volunteer Income Tax Assistance Program (VITA), Service-Learning, AICPA Core Competency Framework, Ethnicity, and Gender

INTRODUCTION – THE ACCOUNTING EDUCATION CHALLENGE

Accounting education models have been denounced as “broken”, merely passing on content and not the skills needed for success in the world of business (Albrecht & Sack, 2000). This assessment has led many in the accounting profession to call for serious, fundamental changes in accounting education (Accounting Education Change Commission (AECC), 1990; Big Eight White Paper, 1989; American Accounting Association Committee on the Future Structure, Content, & Scope of Accounting Education, 1986). A recurrent criticism is that students are frequently filled with information and theories but are not prepared to solve problems and make decisions (Candy & Crebert, 1991). Recognizing that “[s]tudents forget what they memorize… [but that] critical skills rarely become obsolete and are usually transferable across assignments and careers” (Albrecht & Sack, 2000 at 55), the American Institute of Certified Public Accountants (AICPA) reacted to the seriousness of this issue and in 1999 announced the AICPA Core Competency Framework, which it continues to support with an assessment website (AICPA, 2012). This framework identifies functional, personal, and broad business perspective competencies that are essential for a successful career in accounting. It is designed to support “a paradigm shift from content-driven to a skills based curriculum” (Fouch, 2004 at 275).

The issue for accounting educators is how to design activities in accounting education that enable students to develop these essential competencies and skills. In their article “An Answer to the AICPA Core Competencies Challenge”, Hocking and Hocking (2009) eloquently frame this issue facing accounting educators:

Can we, as educators, find experiences for students inside and outside the classroom that will help them to make sense of the textbooks they are reading, and can these experiences enhance student
understanding and application of the concepts and information that they are reading about to solve problems and become critical thinkers in a rapidly changing world? How do we create an atmosphere in our classes that will enable students to find passion and relevance in studying accounting? How do we teach course content and facilitate the skills that students need to be creative and critical thinkers in an ambiguous and complex world? (2009 at 3)

This paper examines student and employee perceptions of the Volunteer Income Tax Assistance Program (VITA), as an educational tool to provide accounting students with an opportunity to develop the AICPA designated core competencies. VITA is sponsored in part by the Internal Revenue Service (IRS), and is a community service program in which trained volunteers and other program participants assist low-income taxpayers in the preparation of their federal income tax returns. Our paper proceeds as follows: first, we briefly discuss VITA as a solution to the challenge suggested by Hocking and Hocking (2009). Next, we discuss our sample, research methodology, and results. We conclude by discussing implications, conclusions, and future research suggestions.

DEVELOPING ESSENTIAL COMPETENCIES AND SKILLS THROUGH VITA

The literature suggests (Accounting Education Change Commission (AECC), 1990; Carr, 1998) that accounting programs must ensure that students are active participants in the learning process and can learn by doing, so that they are enabled to learn on their own. Some recent research has focused on the inclusion of VITA in academic programs as a means for accomplishing this goal. Price and Smith (2008) reviewed non-business school sponsored VITA programs offered by a law school, a ministry, and the AARP and determined that with carefully designed objectives a valuable learning opportunity could be provided for any student. Another study reported success with VITA, saying that “(n)o other classroom experience or course we offer has created such a melding of academic, professional, and personal experience” (Fowler, Stovall, & Neill, 2005 at 99). Others observed that the opportunity VITA provided for students to interact with real clients and apply their tax knowledge enhanced knowledge retention and development of practical skills (Balden, Stemkoski, Bender, & Allen, 2003). Student authors report that their VITA experiences have provided enhanced communication skills and a greater ability to interact with others (Doyle, Matt, & Owens, 2005).

Other researchers have more directly addressed how including VITA in the accounting curriculum increases the capacity for accomplishing the AICPA core competency recommendations. Clovey and Oladipo (2008) recognize VITA as providing accounting faculty with the ideal opportunity to take an active role in improving accounting education and addressing AICPA core competencies. They posit that a properly designed VITA program with carefully crafted student learning objectives can solve a wide range of problems, “improve accounting education, remedy students’ accounting skills deficiencies, and close knowledge gaps” (Clovey & Olidipo, 2008 at 61).

While prior studies have established that VITA is linked to development and acquisition of AICPA core competencies, they frequently relied on interviews, anecdotal reports, and empirical results from small samples. Palmer, Goetz, and Chatterjee (2009) note the need for additional research to establish the academic benefits of the VITA experience as a community service activity. Such research must recognize that demographic variables may play a role in learning based on community service activities, and this is evident from the research on service-learning, a form of pedagogy in which student participation in community service activities is a substantial component. Lambright and Lu (2009) report that the impact of gender and ethnicity on the value of service-learning activities is limited and far from consistent.

Eyler and Giles (1999), as well as Ropers-Huilman, et al. (2005), reported that females perceived greater educational benefit from community service activities than males. Alternatively, Fredericksen (2000) reported higher educational performance related to service-learning activities for male students, and Mabry (1998) found males more likely to perceive academic benefit from service-learning activities than female students. These results are consistent with Lambright and Lu (2009) and indicate a need to further examine how gender impacts student learning through community-based activities.

In a similar manner, results for ethnicity or race are equally limited and inconsistent. Ropers-Huilman, et al. (2005) reported that non-Caucasians are more likely than Caucasians to perceive educational benefit from service-learning activities. In contrast, Eyler and Giles (1999) found the opposite. Their results show that Caucasians are more likely to perceive that service-learning activities improve their understanding and application of classroom
material than non-Caucasians. Mabry (1998) and Lambright and Lu (2009) found no difference between ethnicities in their perceptions of educational benefits from service-learning. These studies, however, report results for ethnicity on the basis of a Caucasian/non-Caucasian measure of ethnicity. As such, differences among African-Americans, Asian Americans, and Hispanic/Latinos, all substantial ethnic groups in the United States, may be obscured.

Finally, the published work we have examined reports primarily on student perceptions of how service-learning activities have increased their competencies. It is a valid question to ask whether students in whom these skills and competencies are being developed are capable of judging the extent of their own development. Our literature review uncovered no empirical studies that addressed this question.

Our study is a direct response to questions raised by prior research, to inconsistencies reported in the literature, and to limitations noted by others—for example Rama et al. (2000) called for research on service-learning activities with larger samples. Our study specifically adds to the literature by collecting empirical data through a large, national sample, testing results based on gender and ethnicity, and comparing student perceptions to those of experienced employees.

**OUR STUDY: EMPIRICALLY TESTING STUDENT PERCEPTIONS OF VITA’S IMPACT**

**Research Context – Sample and Methodology**

In order to investigate our research questions, we circulated a link to a web-based survey among VITA volunteers and other program participants through a number of organizations involved in a national community tax coalition. This sampling process was selected due to the fact that the IRS maintains no national database of volunteers and all volunteer information remains in the possession of local coalitions. Relying on intermediaries to distribute surveys is consistent with other reported work (Brammer, Millington, & Rayton, 2007; Kim, Lee, Lee, & Kim, 2010; Taylor, 2007). Using this method does make it extremely difficult to estimate the response rate since the link was distributed by email to contact lists under the control of others, and was posted to web sites used by volunteer organizations to manage VITA volunteer communications.

The IRS estimated 54,000 volunteers nationally in the spring of 2010 (Andrews, 2010). Our sample contains 1,415 respondents representing 24 states, of which 1,069 classified themselves as volunteer preparers. Of the 1,069 volunteer preparers, 194 classified themselves as students, 551 as full-time employees, and the remainder either classified themselves as self-employed, retired, homemakers, or designated no classification. Table 1 lists the demographics for those volunteers who classified themselves as primarily students or full-time employees.

(Insert table 1 here)

The survey to which volunteers responded was developed with input from long-time VITA volunteers, IRS agents responsible for VITA training and oversight, and a thorough review of the literature. To develop questions, we also referred to the functional competencies in the AICPA framework and to a study by Albrecht and Sack (2000), which surveyed accounting educators and accounting practitioners concerning the importance of elements from or associated with the AICPA Core Competency Framework. We designed 15 questions to measure the volunteers’ perceptions of how participating in VITA impacted the acquisition and improvement of the AICPA core competencies most closely associated with participation in the VITA program. Responses to each question ranged from Strongly Disagree (Coded 1) to Strongly Agree (Coded 7) with Neither Agree or Disagree being coded a 4.

**Survey Results**

Our first research question asked whether students perceived that their VITA experience enhanced core competencies. Table 2 details the student reported agreement with improvement in these competencies. Student responses ranged from mean scores of 5.02 to 5.93 on the 15 competencies. Since 4 was the midpoint (neither agree or disagree) and 7 indicates strongly agree, the student responses reveal a moderate student perception of value and growth in all 15 of the core competences from the VITA experience.

(Insert table 2 here)
In our study, there were no significant differences in student responses due to gender; however, responses based on ethnicity were remarkably dissimilar. In Table 3, student response mean scores are reported based on ethnicity. The four ethnicities reported are African-American, Asian American, Caucasian/Anglo, and Latino/Hispanic. Survey takers were also allowed to select Middle Eastern or Other for ethnicity but these results were omitted from the table due to the extremely small number of respondents.

(Insert table 3 here)

Table 4 reports differences among ethnicities and shows a very consistent pattern of results. There were significant differences among the means tests for all of the key competencies. In all fifteen competencies, African-American, Asian American, and Latino/Hispanic students reported greater benefit than Caucasian/Anglo students. In all but three competencies, African-American students reported the strongest perception of benefit followed by Latino/Hispanic, Asian American, and Caucasian/Anglo. In three others, “Improve decision-making skills,” “Gain confidence in trying new things,” and “Improve my ability to interact with people who are different from my usual acquaintances” African-Americans still had the highest perception of benefits, but the remaining order was reversed with Asian Americans second, Hispanic/Latino third, and Caucasian/Anglo fourth. African-American, Asian American, and Latino/Hispanic all reported comparable improvement in dealing with different people.

(Insert table 4 here)

Our third research question was whether employed volunteers, who have the employment experience to more accurately determine the degree of competency development, would corroborate student perceptions of core competency improvement. We anticipated that students with no or minimal work experience would report a greater positive impact on their skills than more experienced employees. Table 5 below presents a comparison of the level of agreement with core competency improvement for each of the 15 core competencies based on responses from each of these groups.

(Insert table 5 here)

Additionally, we expected those employed longer to report less skill improvement from the VITA experience than those employed for shorter time periods. Table 6 reports test of mean responses among the three groups. Surprisingly, for six of the core competencies, long-term employees reported gains equivalent to new employees and for eight core competencies employees with less than 10 years experience reported as much improvement as students. All three groups, students, employees of less than 10 years experience, and longer-term employees reported equivalent improvement in learning research skills as a result of the VITA experience.

(Insert table 6 here)

From Table 6, students and those employed 10 years or less reported similar improvements in the following skills: communication, learning new research, confidence in trying new things, understanding community, ability to interact with different people, ability to ask questions of others, recognizing relevant material, and managing projects. Students and employees with 10 or more years of tenure reported comparable improvement in learning new research skills.

These results for employees provide us with some assurance that the core competency improvements reported by students in this survey are not just an artifact unique to uninformed student opinion. The fact that experienced employees reported core competency skill improvement that was not significantly different from student reported improvement in several of the skills assessed is a strong corroborating factor of the student assessment.

**IMPLICATIONS & CONCLUSIONS**

The results of this study indicate that VITA may be an especially valuable resource for accounting departments seeking to prepare students for careers in accounting. Students perceive that the VITA experience plays an important role in helping them acquire and improve the AICPA core competencies essential to success in the accounting profession. Since VITA is a community service activity that exists in most college and university
communities throughout the United States, or can readily be developed, it can be seen as a readymade service-learning opportunity for accounting students. Our research indicates that VITA is particularly well suited to fill this role.

Even more important for minority serving institutions is the finding that African-American and Hispanic/Latino students indicate even more strongly than do Caucasian students that VITA assists them in attaining the AICPA core competencies. Our results show that the VITA opportunity provides beneficial enrichment to everyone, but it is especially valuable for minority students. Majority serving institutions seeking to diversify their student populations should also take note. Although institutional efforts to recruit minority students may be successful, chances for successful matriculation by minority students may be enhanced by the integration of service activities, like VITA, into school or departmental service-learning curricula. Additionally, the benefits students receive from serving in VITA should be magnified when placed in a formal service-learning setting where the service is directly integrated with the class material and reflection is formally structured (Lambright & Lu, 2009).

As with any cross-sectional survey based research, this study has limitations. We measured volunteers at one point in time and are relying on their perceptions of the impact of the VITA experience on their development of the AICPA core competencies. A longitudinal study that measures perceptions of skill levels before and after an extensive VITA experience would measure any change in perceived core competency levels directly. Our study is based on data collected nationally from respondents who self-identified as students or employees. This did permit comparison of student/non-student responses, but a more accurate measure of the potential impact on students could be obtained from students enrolled in classes formally incorporating VITA as part of a service-learning course. This would be consistent with suggestions by others that the impact of service-learning is magnified when the service activity is integrated with class material. Although our study controls for gender and ethnicity, a larger sample would provide the ability to control for more demographic and situational variables that could have influenced results. Finally, additional studies could examine the impact of different learning styles on the success of community service activities in service-learning.

The results of our study support and extend previous findings about the usefulness of VITA as a service-learning project to facilitate the development of the AICPA core competencies. Students perceived benefit in all of the AICPA core competencies surveyed which supports VITA as an excellent candidate for inclusion in accounting service-learning courses. We found no differences by gender in students’ perceptions of their development of the core competencies, but differences by ethnicity existed and provide “food for thought” for accounting educators. The results of VITA’s competency bolstering benefits are confirmed by the responses of those already in the workforce and thus in the best position to accurately gauge the effectiveness of the experience.

References available upon request.
Table 1. Respondent Demographics
Students and Full-time Employees

<table>
<thead>
<tr>
<th></th>
<th>Students</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Age</td>
<td>22</td>
<td>44</td>
</tr>
<tr>
<td>Gender</td>
<td>80% Female</td>
<td>75% Female</td>
</tr>
<tr>
<td>Average Income Range</td>
<td>$50,000 - $75,000</td>
<td></td>
</tr>
<tr>
<td>Years Employed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0-9 years</td>
<td>22%</td>
<td></td>
</tr>
<tr>
<td>10-20 years</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>Over 20 years</td>
<td>53%</td>
<td></td>
</tr>
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</table>

Table 2. Student Responses
Level of Agreement with Core Competency Improvement

<table>
<thead>
<tr>
<th>Core Competency</th>
<th>Mean 1 = Strongly Disagree to 7 = Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communications Skills</td>
<td>5.53</td>
</tr>
<tr>
<td>Confidence in Working with Co-workers</td>
<td>5.32</td>
</tr>
<tr>
<td>Confidence in Working with Public</td>
<td>5.85</td>
</tr>
<tr>
<td>Decision-making Skills</td>
<td>5.40</td>
</tr>
<tr>
<td>Learn New Research Skills</td>
<td>5.02</td>
</tr>
<tr>
<td>Confidence in Trying New Things</td>
<td>5.68</td>
</tr>
<tr>
<td>Less Hesitant to Ask Questions</td>
<td>5.40</td>
</tr>
<tr>
<td>Understand Community</td>
<td>5.70</td>
</tr>
<tr>
<td>Interact with Different People</td>
<td>5.93</td>
</tr>
<tr>
<td>Ask Questions of Others</td>
<td>5.57</td>
</tr>
<tr>
<td>Task Completion</td>
<td>5.50</td>
</tr>
<tr>
<td>Detail Oriented</td>
<td>5.46</td>
</tr>
<tr>
<td>Improve Software Skills</td>
<td>5.20</td>
</tr>
<tr>
<td>Recognize Relevant Material</td>
<td>5.55</td>
</tr>
<tr>
<td>Manage Projects</td>
<td>5.28</td>
</tr>
</tbody>
</table>

Table 3. Student Responses by Ethnicity
Agreement with Improvement in Core Competencies

<table>
<thead>
<tr>
<th></th>
<th>African/ American N = 14</th>
<th>Asian American N = 32</th>
<th>Caucasian/ Anglo N = 93</th>
<th>Latino/ Hispanic N = 27</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communications Skills</td>
<td>6.5</td>
<td>5.75</td>
<td>5.27</td>
<td>5.93</td>
</tr>
<tr>
<td>Confidence in Working with Co-workers</td>
<td>6.36</td>
<td>5.60</td>
<td>5.00</td>
<td>6.04</td>
</tr>
<tr>
<td>Confidence in Working with Public</td>
<td>6.5</td>
<td>5.8</td>
<td>5.66</td>
<td>6.19</td>
</tr>
<tr>
<td>Decision-making Skills</td>
<td>6.36</td>
<td>5.75</td>
<td>5.17</td>
<td>5.67</td>
</tr>
<tr>
<td>Learn New Research Skills</td>
<td>6.43</td>
<td>5.47</td>
<td>4.76</td>
<td>5.48</td>
</tr>
<tr>
<td>Confidence in Trying New Things</td>
<td>6.5</td>
<td>6.2</td>
<td>5.42</td>
<td>6.15</td>
</tr>
<tr>
<td>Less Hesitant to Ask Questions</td>
<td>6.36</td>
<td>5.60</td>
<td>5.07</td>
<td>5.96</td>
</tr>
<tr>
<td>Understand Community</td>
<td>6.33</td>
<td>5.68</td>
<td>5.53</td>
<td>6.11</td>
</tr>
<tr>
<td>Interact with Different People</td>
<td>6.50</td>
<td>6.23</td>
<td>5.75</td>
<td>6.07</td>
</tr>
<tr>
<td>Ask Questions of Others</td>
<td>6.36</td>
<td>5.81</td>
<td>5.29</td>
<td>5.89</td>
</tr>
<tr>
<td>Task Completion</td>
<td>6.42</td>
<td>5.97</td>
<td>5.15</td>
<td>6.07</td>
</tr>
<tr>
<td>Detail Oriented</td>
<td>6.43</td>
<td>5.81</td>
<td>5.13</td>
<td>6.07</td>
</tr>
<tr>
<td>Improve Software Skills</td>
<td>6.00</td>
<td>5.49</td>
<td>5.02</td>
<td>5.96</td>
</tr>
<tr>
<td>Recognize Relevant Material</td>
<td>6.43</td>
<td>5.86</td>
<td>5.43</td>
<td>6.04</td>
</tr>
<tr>
<td>Manage Projects</td>
<td>6.39</td>
<td>5.55</td>
<td>5.09</td>
<td>5.81</td>
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Table 4. Tests of Means by Ethnicity
Agreement with Improvement in Core Competencies

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<thead>
<tr>
<th>Core Competencies</th>
<th>Test of Means</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1) African-American to Asian-American (AF/AA)</td>
</tr>
<tr>
<td></td>
<td>(2) African-American to Caucasian-Anglo (AF/CA)</td>
</tr>
<tr>
<td></td>
<td>(3) African-American to Latino-Hispanic (AF/LH)</td>
</tr>
<tr>
<td></td>
<td>(4) Asian-American to Caucasian-Anglo (AA/CA)</td>
</tr>
<tr>
<td></td>
<td>(5) Asian-American to Latino-Hispanic (AA/LH)</td>
</tr>
<tr>
<td></td>
<td>(6) Caucasian-Anglo to Latino-Hispanic (CA/LH)</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>AF/AA (1)</th>
<th>AF/CA (2)</th>
<th>AF/LH (3)</th>
<th>AA/CA (4)</th>
<th>AA/LH (5)</th>
<th>CA/LH (6)</th>
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<tbody>
<tr>
<td>Communications Skills</td>
<td>.023</td>
<td>.000</td>
<td>.035</td>
<td>.000</td>
<td>.000</td>
<td>.028</td>
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<td>Confidence in Working with Co-workers</td>
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<td>.000</td>
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<td>.014</td>
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<td>Confidence in Working with Public</td>
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<td>.008</td>
<td>.050</td>
<td></td>
<td></td>
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<tr>
<td>Decision-making Skills</td>
<td>.035</td>
<td>.003</td>
<td>.016</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Learn New Research Skills</td>
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<td>.000</td>
<td>.016</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Confidence in Trying New Things</td>
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<td>.000</td>
<td>.006</td>
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<tr>
<td>Less Hesitant to Ask Questions</td>
<td>.001</td>
<td>.001</td>
<td>.001</td>
<td></td>
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<tr>
<td>Understand Community</td>
<td>.017</td>
<td>.015</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interact with Different People</td>
<td>.033</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ask Questions of Others</td>
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<td>.04</td>
<td>.026</td>
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<tr>
<td>Task Completion</td>
<td>.000</td>
<td>.001</td>
<td>.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Detail Oriented</td>
<td>.001</td>
<td>.016</td>
<td>.002</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improve Software Skills</td>
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<td>.003</td>
<td></td>
<td></td>
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<tr>
<td>Recognize Relevant Material</td>
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<td>.040</td>
<td>.008</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Manage Projects</td>
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<td></td>
<td></td>
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<td>.019</td>
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Table 5. Students, Newer Employees, More Experienced Employees
Mean Agreement with Improvement in Core Competencies

<table>
<thead>
<tr>
<th>Core Competencies</th>
<th>Students N = 192</th>
<th>Employed 0 – 9 years N = 112</th>
<th>Employed 10 or more years N = 408</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communications Skills</td>
<td>5.53</td>
<td>5.31</td>
<td>4.93</td>
</tr>
<tr>
<td>Confidence in Working with Co-workers</td>
<td>5.32</td>
<td>4.59</td>
<td>4.40</td>
</tr>
<tr>
<td>Confidence in Working with Public</td>
<td>5.85</td>
<td>5.42</td>
<td>5.01</td>
</tr>
<tr>
<td>Decision-making Skills</td>
<td>5.40</td>
<td>4.95</td>
<td>4.74</td>
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<td>Learn New Research Skills</td>
<td>5.02</td>
<td>4.90</td>
<td>4.86</td>
</tr>
<tr>
<td>Confidence in Trying New Things</td>
<td>5.68</td>
<td>5.50</td>
<td>5.12</td>
</tr>
<tr>
<td>Less Hesitant to Ask Questions</td>
<td>5.40</td>
<td>5.00</td>
<td>4.60</td>
</tr>
<tr>
<td>Understand Community</td>
<td>5.70</td>
<td>5.85</td>
<td>5.45</td>
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<tr>
<td>Interact with Different People</td>
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<td>5.88</td>
<td>5.4</td>
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<td>Ask Questions of Others</td>
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<td>4.79</td>
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<td>Task Completion</td>
<td>5.50</td>
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<td>4.61</td>
</tr>
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<td>Detail Oriented</td>
<td>5.50</td>
<td>5.07</td>
<td>4.68</td>
</tr>
<tr>
<td>Improve Software Skills</td>
<td>5.2</td>
<td>4.52</td>
<td>4.49</td>
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<tr>
<td>Recognize Relevant Material</td>
<td>5.55</td>
<td>5.25</td>
<td>4.89</td>
</tr>
<tr>
<td>Manage Projects</td>
<td>5.28</td>
<td>5.00</td>
<td>4.60</td>
</tr>
</tbody>
</table>
Table 6. Students, Newer Employees, More Experienced Employees
Agreement with Improvement in Core Competencies

<table>
<thead>
<tr>
<th>Core Competencies</th>
<th>Tests of Means</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1) Students and Newer Employees</td>
</tr>
<tr>
<td>Communications Skills</td>
<td>.000</td>
</tr>
<tr>
<td>Confidence in Working with Co-workers</td>
<td>.000</td>
</tr>
<tr>
<td>Confidence in Working with Public</td>
<td>.015</td>
</tr>
<tr>
<td>Decision-making Skills</td>
<td>.010</td>
</tr>
<tr>
<td>Learn New Research Skills</td>
<td></td>
</tr>
<tr>
<td>Confidence in Trying New Things</td>
<td>.049</td>
</tr>
<tr>
<td>Less Hesitant to Ask Questions</td>
<td>.025</td>
</tr>
<tr>
<td>Understand Community</td>
<td>.000</td>
</tr>
<tr>
<td>Interact with Different People</td>
<td></td>
</tr>
<tr>
<td>Ask Questions of Others</td>
<td>.000</td>
</tr>
<tr>
<td>Task Completion</td>
<td>.004</td>
</tr>
<tr>
<td>Detail Oriented</td>
<td>.03</td>
</tr>
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<td>Improve Software Skills</td>
<td>.001</td>
</tr>
<tr>
<td>Recognize Relevant Material</td>
<td>.000</td>
</tr>
<tr>
<td>Manage Projects</td>
<td>.000</td>
</tr>
</tbody>
</table>
Public University Economic Impact Studies and the Opportunity Cost of State Government Funding, with Examples from the State of Texas

Michael F. Williams
Prairie View A&M University
Department of Management & Marketing
mfwilliams@pvamu.edu

Economic impact studies often claim large gains to employment and output resulting from the operation of public universities. These reported economic gains are too large, due to a neglect to consider the decline in private sector economic activity that results from the higher state taxes required to fund public university-related spending. We perform economic impact studies for a fictitious Texas public university and demonstrate that accounting for the negative effects of higher state taxes on private sector activity results in a significant reduction of the economic impact of public universities on employment and output. We suggest that public universities should agree on a common framework for economic impact studies that includes the opportunity costs of taxpayer funding.

Introduction

In the United States it is quite common for public institutions of higher education to conduct economic impact studies that purport to show the beneficial economic impact of university-related expenditures on economic output and employment. Many of these studies claim large positive effects--increases in output far larger than a university's operating budget, for example, and increases in employment well beyond the number of employees working at the university. These large positive impacts are the result of the multiplier effects inherent in the economic models used to generate the economic impact estimates; for each dollar of university-related spending, economic output increases by more than a dollar as the money is spent outside the university and rippled through the economy.

What is missing from these economic impact studies is an accounting of the economic impact as money is drained from the sources of the university-related expenditures. In particular, government funding comprises a significant proportion of public university budgets; to the extent that it is taxpayer dollars funding this spending, we should expect an opportunity cost--a decline in consumer expenditures resulting from reduced household disposable income, as a portion of earned income is taxed away to fund university expenditures. These negative effects on consumer spending should also be accompanied by concomitant negative multiplier effects as the initial tax-induced reduction in consumer spending rippled through the economy.

To demonstrate the extent to which this opportunity cost of tax-financed university expenditure offsets the positive effects that are generally reported in these public university economic impact studies, we perform our own economic impact studies of a fictitious university in the quite real U.S. state of Texas, using the IMPLAN model and its associated Texas economic data. One of our impact studies, unlike those of genuine Texas public universities, includes the opportunity cost associated with the higher taxes required to pay for a portion of university-related
expenditures. We find, unsurprisingly, that this opportunity cost nullifies a portion of the positive economic impact of the university.

This paper proceeds as follows: We begin by discussing the traditional, ACE method of performing economic impact studies of universities. Then we survey the results of several economic impact studies of Texas public universities. Next we proceed with our own economic impact studies of a fictitious Texas public university and measure the opportunity cost associated with higher taxes required to fund a portion of the university's expenditures. Finally, we suggest that to better inform taxpayers and voters and to insure inter-university comparability of economic impact studies, public universities should agree on a common framework for economic impact studies that includes the opportunity costs of taxpayer funding.

Public University Economic Impact Studies: The ACE Approach and the Multiplier Effect

Conceptually there are a number of ways that a public university could try to measure its economic impact (see Drucker and Goldstein (2007)), but by far the most prominent technique that is used in the U.S. was first promulgated by a 1971 report issued by the American Council on Education (Caffrey and Issacs (1971)); it has become known as the ACE approach (or the traditional approach) to undertaking economic impact studies of universities. The report adapted for universities a technique of economic impact analysis that is widely used and often applied to government projects such as highways and construction of public buildings— the use of input-output type models embedded in a social accounting matrix to estimate the direct and indirect impacts of spending on regional output and employment (where the region could be the local city, county, or Metropolitan Statistical Area, or a U.S. state). In the case of public universities, this spending includes all important university-related spending: payroll, operations, capital expenditures, construction, etc. Some universities also choose to include the direct and indirect impacts of spending by visitors and of student spending on items not included in the university's operating budget, such as textbooks and off-campus housing.

This input-output approach to economic impact analysis allows universities to adopt widely available input-output software and data packages used for a multitude of other economic impact studies. Thus, it is argued, through these indirect effects on the economy, university-related spending supports economic activity and jobs in the regional economy beyond those directly on the campus. When the indirect and direct effect are summed, it is found that a university increases economic output by an amount greater than its operating budget, and increases employment in an economy by an amount greater than the number of people employed at the university; this is the so-called multiplier effect.

Economic Impact Reported for Texas Public Universities

To see the magnitude of the economic impact reported for public universities, we have gathered recent economic impact studies of several public universities in the state of Texas. The findings of these studies are displayed in table I.
Table I: Survey of Economic Impact Studies of Public Universities in Texas
(This survey is not exhaustive.)

<table>
<thead>
<tr>
<th>University Name (and year of economic impact study)</th>
<th>Direct Effects</th>
<th>Total Effects (Direct + Indirect)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>University's Operating Budget ($millions)</td>
<td>Number of University Employees (FTE)</td>
</tr>
<tr>
<td>Prairie View A&amp;M University (2013)</td>
<td>$179</td>
<td>1,159</td>
</tr>
<tr>
<td>Sam Houston State University (2009)</td>
<td>$241</td>
<td>1,485</td>
</tr>
<tr>
<td>Tarleton State University (2004)</td>
<td>$51</td>
<td>840</td>
</tr>
<tr>
<td>Texas A&amp;M University, College Station (2013), including all System operations in Brazos County.**</td>
<td>$1,709</td>
<td>11,581</td>
</tr>
<tr>
<td>Texas A&amp;M University, Corpus Christi (2013)</td>
<td>$148</td>
<td>991</td>
</tr>
<tr>
<td>Texas A&amp;M University, San Antonio (2012)</td>
<td>$35</td>
<td>265</td>
</tr>
<tr>
<td>Texas Southern University (2012)</td>
<td>$266</td>
<td>1263</td>
</tr>
<tr>
<td>Texas State University (2007)</td>
<td>$365</td>
<td>2,610</td>
</tr>
<tr>
<td>Texas Tech University (2010)</td>
<td>$602</td>
<td>5,973</td>
</tr>
<tr>
<td>University of Texas, Arlington (2012)</td>
<td>$472</td>
<td>3,780</td>
</tr>
<tr>
<td>University of Texas, Austin (2013)**</td>
<td>$2,347</td>
<td>21,626</td>
</tr>
</tbody>
</table>

*Starred numbers in these columns are for the local economy, not for the entire state of Texas.

**This includes not only the operations of the Texas A&M University campus in College Station, but also other Texas A&M University System entities located in Brazos county.

***UT-Austin economic impact values for output and employment are from a nontechnical report (University of Texas at Austin (2013)) and are rounded in that report.

Measuring the Opportunity Cost of State Government Funding of Public Universities

To the extent that public universities rely upon state government funding for a portion of their operating expenditures, there is a clear opportunity cost to this portion of expenditure. To the extent that higher taxes fund university spending, disposable personal income declines as those tax dollars are extracted from the state's citizens. This decline in disposable personal income results in a direct decline in consumer spending in the state. This direct decline in consumer...
spending will then lead to secondary, tertiary, and so on indirect declines in consumer spending, as the initial decline in consumer spending leads to additional declines in spending.

Using IMPLAN to Measure the Opportunity Cost of State Funding: A Stylized Example

To demonstrate how the opportunity costs of state government funding alter the economic impact results obtained using the ACE approach, we have created a fictitious Texas university named Modest University with a $100 million operating budget and 1500 employees. We assume that Modest University receives $25 million in state government funding. (It is approximately true in Texas that on average, public universities receive 25% of their funding from the state government, in what is known as 'formula funding.' This amount does not include student financial aid.) We employ IMPLAN (version 3.1.1001.12), and real data supplied by IMPLAN representing the Texas economy in 2011 (the most recent year for which data is available as of the writing of this paper), to conduct two economic impact studies of Modest University:

Impact Study 1 uses the ACE approach to measure the impact of the $100 million operating budget, including the multiplier effects, on economic output and employment.

Impact Study 2 uses what we are calling a Modified ACE approach. In this approach we are simultaneously measuring the positive impact of the $100 million budget on output and employment with the negative impact of $25 million in higher taxes required to fund a portion of the university budget. We assume that the $25 million in taxes is levied on households and results in a $25 million reduction is disposable personal income.

Results of Impact Study 1 are displayed in Table II. The $100 million in Modest University spending results in a $183 million increase in economic output and a 2,125.2 increase in jobs in Texas. Results of Impact Study 2 are displayed in Table III. As expected, the economic impact is smaller here because the negative impact of the $25 million in higher taxes is included. In this impact study, economic output increases by only $147 million, and employment increase by only 1862.8 jobs.

<table>
<thead>
<tr>
<th>University Name (and year of economic impact study)</th>
<th>Direct Effects</th>
<th>Total Effects (Direct + Indirect)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modest University (2013)</td>
<td>University's Operating Budget ($millions)</td>
<td>Number of University Employees (FTE)</td>
</tr>
<tr>
<td>$100</td>
<td>1,500</td>
<td>$183,237,907</td>
</tr>
</tbody>
</table>

Results generated using IMPLAN version 3.1.1001.12 and 2011 economic data provided by IMPLAN Group LLC. Non-budgeted spending, such as visitor spending and off-campus student spending, is ignored.
Table III: Economic Impact of Modest University: Modified ACE Approach
Impact Study 2: Downward adjustment for opportunity cost of state government funds

<table>
<thead>
<tr>
<th>University Name (and year of economic impact study)</th>
<th>University's Operating Budget ($millions)</th>
<th>Number of University Employees (FTE)</th>
<th>Total effect on economic output in Texas ($millions)</th>
<th>Total effect on employment in Texas (FTE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modest University (2013)</td>
<td>$100</td>
<td>1,500</td>
<td>$147.424485</td>
<td>1862.8</td>
</tr>
</tbody>
</table>

Results generated using IMPLAN version 3.1.1001.12 and 2011 economic data provided by IMPLAN Group LLC. Non-budgeted spending, such as visitor spending and off-campus student spending, is ignored.

Suggestion for Public Universities: Detente

If the purpose is truly to further the cause of informed decision-making, then economic impact studies should include not only the benefits of spending but also the opportunity cost of spending. (In this manner, economic impact studies would behave more in line with benefit-cost analyses or ROI analyses.) In the specific case of a public university, the opportunity costs of the sources of government funding, including state government funding, should be included in any economic impact study. Yet it would be difficult for a single public university to include the opportunity costs of its government funding; this single university would seem to have an economic impact lower than its competitors for public finds, placing it at a disadvantage.

We suggest a detente among public universities. After all, university administrators are generally ethical people of good will who wish to provide accurate information to interested parties. An agreement among all public universities to structure economic impact studies to include not only the benefits but also the costs of university-related expenditures would better inform politicians and voters, and remove undesirable pressures from researchers.

Conclusion

Public university economic impact studies currently act as marketing tools, in which benefits are emphasized and costs are ignored. In this paper we have shown how taxpayer funding by state governments can be accounted for, using a moderately simple modification to the traditional ACE approach. We suggest that public universities abandon the arms race of competing claims to ever-larger positive economic impact and agree on a framework that more accurately reflects the true contribution of these fine institutions to the economy.

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THE BALANCING ACT OF DR. MOMMY: EXPLORING HOW WOMEN DOCTORAL STUDENTS NAVIGATE SCHOOL, MOTHERHOOD AND CAREER

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Abstract

This article aims to reveal some of the complexities and balancing act experienced by doctoral student mothers- the least talked about population in higher education. Twenty doctoral student mothers from private and public institutions in the North East were selected to participate in this study. Understanding how women navigate and learn their roles through the experience of motherhood is the overall goal of this research. Using interviews, demographic surveys critical incident questionnaires and focus group discussion, seven themes emerged from the analysis of data: (1) significance of the relationship with faculty advisor; (2) motherhood altered their career plans; (3) motherhood significantly changed their level of effort and output toward academic work; (4) continued funding became a determinant for persistence; (5) motherhood brought to light their lack of flexibility in schedule; (6) motherhood changed their perception of higher education; and (7) motherhood impacted their decision to enter a doctoral program. Overall data revealed that all women acknowledged some sort of diminished experience in graduate school as a result of motherhood but remained driven to succeed and make the most out of their doctoral experience. Finally, recommendations of this research for students, faculty, higher education and policy, and future research are explored.
DIVIDEND POLICY AND CORPORATE VALUATION

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*Gannon University*

John H. Thornton
*Kent State University*

Abstract

In this paper, we investigate an empirical solution to dividend policy relevance. First, we combine several measures of maturity previously defined in the literature in order to define a comprehensive, combination life-cycle model. Then we show that dividend paying firms that fit the life-cycle model have a higher median valuation than dividend paying firms that do not fit the life-cycle model. Similarly, we show that non-paying firms that fit the life-cycle model have a higher median valuation than non-paying firms that do not fit the life-cycle model. Our analysis indicates that dividend policy affects firm value. Finally, we show that the “disappearing dividend” phenomenon is related to shifts in valuation.

*JEL Classification:* G35

*Key Words:* Dividends, Firm Maturity, Dividend Policy, Valuation

This Draft: Revised September 10, 2013

SUMMARY

According to Miller and Modigliani’s (1961) seminal paper, dividend policy is irrelevant to firm value in a perfect world. Considering the tax disadvantage of dividends, Black (1976) proposes that investors should not want dividends, yet dividends are paid. Theoretical and empirical research on dividend policy tries to explain why firms pay dividends with market frictions and market imperfections such as taxes, agency costs, and information asymmetry. Baker et al. (2002) and Bhattacharyya (2007) summarize major research on dividend policy, yet
no single theory seems to explain dividend policy for the cross section of firms. While most research focuses on explaining dividend policy, we find little research showing the economic significance of dividend policy. *So does dividend policy matter to firm value?*

While DeAngelo and DeAngelo (2006) assert that the Modigliani and Miller (1961) irrelevance proposition is the result of model assumptions that limit firms to optimal payout policies, they rely on theoretical arguments to refute the dividend policy irrelevance proposition. To empirically address the question of whether dividend policy matters, we investigate firm valuation, as measured by M/B ratio, of dividend paying and non-paying firms over their life-cycles. Baker and Wurgler (2004a and 2004b) establish the M/B ratio as an indication of valuation in the dividend literature. In fact, Fama and French (2001) assert that the M/B ratio is a proxy for Tobin’s Q, which is a common measure of corporate valuation.

Grullon, Michaely, and Swaminathan (2002) propose the “maturity hypothesis” to describe the process where changes in dividend policy relate to a firm’s transition from a high growth phase to a lower growth phase. DeAngelo et al. (2006) further the maturity hypothesis by showing that the firm’s financial maturity or “life-cycle”, which is characterized by its earned capital ratio, significantly explains a firm’s propensity to pay a dividend. Furthermore, DeAngelo et al. (2006) assert that the life-cycle explanations for dividends rely on the trade-offs between the costs and benefits of earnings retention. Since the life-cycle model of dividend policy is based on the trade-off between the costs of earnings retention and the costs of earnings distribution, this implies that firms select a dividend policy that maximizes the value of the firm. We expect firms with dividend policies that maximize the value of the firm will have higher M/B ratios (higher valuations). Our premise is that firms that fit the life-cycle model are correctly balancing the costs of earnings retention and the costs of earnings distribution while firms that do not fit the life-cycle model fail to correctly trade-off these costs. We consider firms with dividend policies contrary to the life-cycle model predictions to be outliers.

Testing the predictions of the life-cycle model and analyzing the firms that do not fit the life-cycle model enables us to empirically study of the fundamental question *does dividend policy matter?* To investigate the relevance of dividend policy we test the following hypotheses:

**Hypothesis 1.** The non-payers that do not fit the life-cycle model have a significantly lower median M/B ratio than the non-payers that fit the life-cycle model.

**Hypothesis 2.** The dividend payers that do not fit the life-cycle model have a significantly lower median M/B ratio than the dividend payers that fit the life-cycle model.

In order to investigate the valuations over the life-cycle, we need a measure for the firm’s maturity or life-cycle stage. In the current literature regarding the maturity hypothesis, researchers utilize three different measures of firm maturity. Grullon et al. (2002) characterize the “firm maturity hypothesis” with risk variables, specifically beta and systematic risk. Hoberg and Prabhala (2009) show that both systematic risk and idiosyncratic risk are related to the probability that a firm pays dividends. Julio and Ikenberry (2004) and Bulan et al. (2007) utilize firm age to test the maturity hypothesis. Finally, DeAngelo et al. (2006) represent the firm’s financial maturity or “life-cycle” by the firm’s earned capital ratio. In this study, we utilize a

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1 We divide the hypotheses into two separate statistical tests since prior empirical research shows a systematic difference in the median M/B ratio of dividend payers and non-payers.
comprehensive set of control variables and a combination of maturity variables. We find that this comprehensive combination provides a better life-cycle model.

Our research shows that firm valuation as measured by the M/B ratio is related to the firm maturity and the life cycle. We find that there are significant implications for firms that have a dividend policy contrary to the life-cycle model. The valuation of firms that “follow” the life-cycle model is higher than the valuation of firms that do not “follow” the model. Dividend paying outliers do not have the financial characteristics to be consistent dividend payers and have lower valuations than dividend payers that fit the life-cycle model. Meanwhile, non-paying outliers have the firm characteristics of dividend payers, but do not pay. While these non-paying outliers have the financial maturity to be consistent dividend payers, investors discount the non-paying outliers with lower valuations than non-payers that fit the life-cycle model. Based on this analysis, we conclude that dividend policy does matter to the median firm valuation.

Analysis of the firms that do not follow the life-cycle model’s prediction for dividend policy provides further insight in the “disappearing dividends” phenomena. We concur with the prior literature and show a dramatic increase in non-payers that should pay dividends. Our analysis implies that the increase in “non-payers that should pay” is linked to the relative market valuation of these outliers. Specifically, the rise in “non-payers that should pay” follows the disappearance of the severe M/B discounts placed on these non-paying outliers.

The primary contribution of this research is to demonstrate that dividend policy is relevant. This study provides strong empirical evidence that dividend policy does affect the value of the firm. These valuation results should be important to the corporate boards of directors of U.S. industrial firms since managers will want to be sure that they implement a dividend policy that maximizes value. Our estimates indicate that over the 1982-2010 time period, about 15% of the observations indicated dividend policies that did not maximize firm value. Another contribution of this paper is to add to the literature of “disappearing dividends”. Our study shows empirical evidence that links the rise in non-payers to shifts in valuation. Finally, the research has important implications to business strategy. In order to maximize firm value, the most mature and least mature firms must choose a dividend policy that follows the life-cycle model.

References


MANAGEMENT JOURNAL ACCEPTANCE RATES: CONVINCING ONE, TWO, THREE, OR MORE REVIEWERS

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ABSTRACT

Research productivity is among the most critical metrics used for faculty and college assessment. Productivity, in turn, is measured in terms of the number of articles published and their quality. While quantity is fairly easy to determine, research quality is much harder to quantify. Without a clear measure of research quality, the journal in which an article appears and specifically its acceptance rate are frequently used as surrogates for a direct quality measure. This study assesses the current scholarship process in the management discipline, where there are currently over 1700 academic journals publishing management-related articles. An examination is made of the extent to which journal acceptance rates vary systematically with the number of reviewers.

INTRODUCTION

As Director of Research at a mid-level research, I am obligated to assess the quality of research produced by our business faculty. Much of the research is outside my area of advanced study. In the process of arriving at a subjective assessment of faculty research, I seek out the opinions of faculty more accustomed to conducting research in a given area. In addition, measures of journal quality including impact factors and acceptance rates are obtained. The question that arises is whether there is a systematic variation in journal acceptance rates that is correlated with the number of reviewers evaluating each manuscript. Furthermore, I examined whether these percentages vary with the existence of a publication fee.

RESEARCH METHOD

Information was obtained from the online version of Cabell’s Directory on Publishing Opportunities in Management on August 5, 2013. The first objective was to segregate management journals charging a publication fee from those which had no such fee, these journals are referred to as “FEE” and “FREE” journals in the remainder of this report. A sizeable percentage (i.e., 35.2%) of editors do not report the absence or presence of publication fees to Cabell Publishing.

Statistical analysis

Due to the lack of an ordinal ranking of review process and country of origin independent variables, the Kruskal-Wallis test was used to conduct a one-way analysis of variance in these instances. The Kurskal-Wallis test, or H test, can be used to test the null hypothesis that the independent samples are identical without the assumption that the acceptance rate distribution approximates a normal distribution or that the independent samples have the same variance (Freund and Williams, 1977) The Kurskal-Wallis test is also employed in the analysis of the number of reviewers, which includes the miscellaneous grouping of management journals with over three reviewers of a submission. Some journals do not report their acceptance rate, while others do not report the number of reviewers. The final sample size was 830 journals.
RESEARCH FINDINGS

Cabell Publishing permits editors to identify between zero and three reviewers on a given manuscript, with a catch-all category of “over three” for any instances with additional reviewers supplying input on the acceptability of a given manuscript. Information regarding the distribution of FEE and FREE journals across the number of reviewers is displayed in the first two columns of Table A. The most common reviewer level is two reviewers, which exists at 70.6 percent of FEE journals and 55.5 percent of FREE journals. The second-most common reviewer level is the use of one reviewer at FEE journals which occurs 16.4% of the time. By comparison, FREE journals have a much greater tendency to use three reviewers which occurs 23.4% of the time. FEE journals are slightly more likely to use no reviewers, while FREE journals are twice as likely to use over three reviewers.

Average acceptance rates are displayed in the “Acceptance Rate” columns for the entire sample (i.e., the “Both” column) as well as the FEE and FREE subsets individually. Information regarding statistical significance of the FEE and FREE subsets is provided in the right column. Acceptance rates vary from 24.7 percent for the three-reviewer set to 42.1 percent for the one-reviewer set. Although seemingly different, the Kurskal-Wallis H-test statistic of 6.00 is only about half of the 11.43 critical value necessary to be significant at the 0.05 level. Contributing to the lack of significance is the similarity of the other three reviewer levels, which tend to be within three percent (i.e., (|38.6% - 32.4%| + |33.1% - 32.4%| + |32.9% - 32.4%|) / 3)) of the mean. Furthermore, the overall mean acceptance rate and that of the common two-reviewer level.

The most striking difference observed between the FEE and FREE fees journals occurs in this common two-reviewer tier. Although the difference is only 3.8 percent (i.e., 35.9% - 32.1%), the variation is significant at the 0.01 level. One might get the impression that FEE journals have higher acceptance rates. Looking at the row above, we see that this is not necessarily the case. In the one-reviewer row, the FREE journals have an acceptance rate that is 1.1 percent (i.e., 42.4% - 41.3%) higher. This difference is significant at the 0.05 level. None of the other reviewer levels come close to being significant. Given the offset across FEE and FREE journals and lack of difference at three of five levels, it is not surprising that the Kurskal-Wallis H-test statistic indicates that the number of reviewers cannot be tied to differences in acceptance rates overall.

<table>
<thead>
<tr>
<th>Number of Reviewers</th>
<th>Distribution Across Number of Reviewers</th>
<th>Acceptance Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FEE Journals</td>
<td>FREE Journals</td>
</tr>
<tr>
<td>Zero</td>
<td>2.3%</td>
<td>1.7%</td>
</tr>
<tr>
<td>One</td>
<td>16.4%</td>
<td>10.6%</td>
</tr>
<tr>
<td>Two</td>
<td>70.6%</td>
<td>55.6%</td>
</tr>
<tr>
<td>Three</td>
<td>6.7%</td>
<td>23.4%</td>
</tr>
<tr>
<td>Over Three</td>
<td>4.0%</td>
<td>8.7%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Kurskal-Wallis H-test statistic 6.00
Kurskal-Wallis Critical Value at 0.05 11.14

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INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS): IMPLEMENTATION WITHIN THE UNITED STATES (U.S.) ACCOUNTING EDUCATION CURRICULUM

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ABSTRACT
As the convergence of U.S. Generally Accepted Accounting Principles (U.S. GAAP) and IFRS continues, how are U.S. colleges and universities doing in implementing IFRS into their accounting education curriculum? After reviewing a number of research papers and surveys, the result is not yet clear. Many colleges, universities, and educators within the U.S. are attempting to implement IFRS into their accounting education curriculum. However, the IFRS portion of these curriculums is still very small compared to U.S. GAAP courses. Many educators believe that, overall, colleges and universities nationwide are still not prepared to implement IFRS for many reasons. However, despite the lack of students being educated in IFRS, the “Big Four Accounting Firms” have a need for employees who have been educated in IFRS in order to provide services to their global clientele. Accounting students and educators need to keep up with the convergence to IFRS by the U.S. They also need to understand how IFRS is being implemented within colleges and universities, if at all. This paper examines the current state of IFRS implementation in colleges and universities throughout the U.S., the importance of implementing IFRS, the difficulties of implementing IFRS, and ways in which IFRS can be implemented into an accounting education curriculum. This paper will also examine the opinions of educators on these topics as well.
Mathematics learning is an important component in the cognitive development of adolescents. However, high school students continue to struggle in this subject. The trend carries on into college, where many new college students enroll in remedial math courses. This issue has drawn much attention to the new curriculum and instruction that emphasize reasoning and sense making in high school mathematics (NCTM, 2009). This emphasis, in other words, is to advocate the development of students' mathematical thinking. However, this advocacy is difficult to implement, as students feel overwhelmed by high school mathematics activities when they have not developed the basic competencies of formal mathematical thinking (Krantz, 2012; Eccles, Lord, & Midgley, 1991, as cited in Brown & Seeley, 2010). While much research is focused on various discontinuities in the transition of mathematics learning from middle school to high school, the cognitive discontinuity has been less studied.

Constructivism posits that cognitive development depends on the interaction between learners and their environment. In high school mathematics learning, the adolescent’s actions on the environment will be mediated by internal symbols and language and will be less overt. Due to its special characteristics, such as intrinsic activities (proving, modeling, and problem-solving), mathematics learning and the development of mathematical thinking mostly occur in the classroom. It is true that constructivism emphasizes a learner’s interaction with the environment, but when the learner reaches the formal operational stage in cognitive development, the environment might have to include more mental activities. Therefore, to ensure an interaction between the learner and the mathematics learning environment, the creation of a classroom learning environment is the most relevant. With these special characteristics of high school mathematics, a pedagogical perspective of enhancing the transition from middle school to high school on student mathematical thinking must be greatly emphasized. This pedagogical perspective will answer the following questions:

1. What is the most salient problem that hampers the transition of students’ mathematics learning from middle school to high school?
2. What are the levels of mathematical thinking in terms of adolescents’ cognitive development?
3. How can the transition from middle school to high school be enhanced on student mathematical thinking?

1. High School Mathematics and the Transition of Mathematical Thinking

It is widely acknowledged that American high school mathematics has been lagging behind. Researchers have resorted the cause of this issue to insufficient transition from middle school to high school mathematics learning. Then, what is the most salient problem that hampers this transition?

A number of articles have surfaced on the topic of transitional discontinuity, and it is a prevalent issue for pre-adolescent and adolescent children when they advance from middle school to high school. Rice (2001) drew on five years of data from a nationally representative sample of students to explore how institutional discontinuities between middle and high schools affect the mathematics and science progress of students with varied backgrounds. The study...
finds evidence that changes in safety, academic environment, heavier work load, and student autonomy to select courses affect student progress across the transition. Brown and Seeley (2010) described the challenges that students face when they move from middle school to high school mathematics including,

- an insufficient alignment of mathematics instruction and curriculum across grades;
- issues with the initial mathematics content typically taught in high school;
- the psychological and social factors influencing students' beliefs and perceptions about their ability to learn difficult material (p. 354).

For example, in American high schools, the transition to proof is abrupt, because the only substantial treatment of proof in the traditional secondary mathematics curriculum is taught in a one-year geometry course. This abrupt transition to proof which needs abstract or deductive reasoning represents a source of difficulty for many students (Moore, 1994). It is obvious that, unlike other curricula, high school mathematics undergoes a radical shift that requires students to use their formal thinking. While students of this age are not prepared with this formal mathematical thinking skills and the instructor is not pedagogically aware of this cognitive discontinuity, students would experience a perplexity in their learning. Consequently, the students will feel overwhelmed by advanced math. The result is a discouraged outlook on future mathematical endeavors. As they develop aversions to math during their high school years, fewer students pursue majors related to mathematics in college (Wang, 2013).

Therefore, a different, but related, issue that needs attention is the cognitive discontinuity, a gap in mathematical thinking, occurring in the transition of students from middle school to high school.

2. The transition of levels of mathematical thinking as a cognitive development

Mathematical thinking, literally reasoning and sense making in mathematics, is the centerpiece of the mathematics of student's cognitive development which requires a transitional continuity (NCTM, 2000). It relates closely to the transitional continuity in the adolescent’s cognitive development, as defined in Focus in High School Mathematics: Reasoning and Sense Making (NCTM, 2009),

“In practice, reasoning and sense making are intertwined across the continuum from informal observations to formal deductions, despite the common perception that identifies sense making with the informal end of the continuum and reasoning, especially proof, with the more formal end” (p. 4).

This definition admits that there are levels of mathematical thinking. The “continuum” virtually maps Piaget’s cognitive developmental stage theory. While explicating the developmental stages of the child as posited by Piaget and tying each of the stages to developmentally appropriate mathematics instruction, Ojose (2008) emphasizes the underlying assumptions in Piaget's belief that the development of a child occurs through a continuous transformation of thought processes. Piaget believed that children develop steadily and gradually throughout the four stages. The period of formal operations (11-15 years), during which the child’s cognitive structures reach their greatest level of development, and the child becomes able to apply logic to all classes of problems, is critical for mathematical learning. He suggested that the knowledge of Piaget’s stages helps the teacher understand the cognitive development of the child as the teacher plans stage-appropriate activities in the mathematics classroom. For example, students in geometry need to use formal mathematical thinking. However, when they are not prepared with this abstract skill, teachers need to facilitate
instruction through concrete aids, such as visual-tactile activities, to bridge the students’ cognitive transition.

In mathematics education, quite a few theorists (van Hiele, 1958; Tall, 2008) have emphasized the importance of transition in alignment to Piaget’s theory of cognitive development. They have paid attention to the continuous and cumulative natures of mathematics learning and the levels of mathematical thinking. The van Hiele model of geometric thought consists of five levels of understanding, labeled "visualization", "analysis", "informal deduction", "formal deduction", and "rigor" (Crowley, 1987, p. 15).

Tall (2008) also discusses the transition to formal thinking in mathematics. He states that school mathematics is seen as a combination of visual representations, including geometry and graphs, together with symbolic calculations and manipulations. Pure mathematics in university shifts toward a formal framework of axiomatic systems and mathematical proof. He argues that “the transition in thinking is formulated within a framework of ‘three worlds of mathematics’ – the ‘conceptual-embodied’ world based on perception, action and thought experiment, the ‘proceptual-symbolic’ world of calculation and algebraic manipulation compressing processes such as counting into concepts such as number, and the ‘axiomatic-formal’ world of set-theoretic concept definitions and mathematical proof” (p. 1). Each ‘world’ has its own sequence of development and its own forms of proof that may be blended to give a rich variety of ways of thinking mathematically.

Even though people have seen the importance of different levels of mathematical thinking and its nature of continuity in transition, yet they seldom provide pedagogical strategies to help students transition through the various levels. In confronting this problem, a discussion of the acquisition of mathematical thinking is appropriate in the framework of Piaget’s intellectual organization and adaptation. Wadsworth (1971) notes that Piaget uses the word “schemata” to refer to the cognitive structures by which individuals intellectually adapt to and organize the environment. The schemata grow when confronted with stimuli. The processes responsible for the changes in schemata are assimilation and accommodation. Assimilation is a part of a process that adapts to and organizes the environment. Upon perceiving a new stimulus, a person tries to assimilate it to an existing schema. When a stimulus cannot be placed or assimilated into a schema, the individual can create a new schema into which he can place the stimulus, or he can modify an existing schema so that the stimulus will fit into it. This process is called accommodation. Both of these actions result in a change in or a development of cognitive structures or schemata. Although the processes of assimilation and accommodation are necessary for cognitive growth and development, there should be a balance between them, which is referred to by Piaget as equilibrium. That is, it is necessary to ensure an efficient interaction of the developing person with the environment. Though actions in the environment are necessary conditions, they are not sufficient. There is a need for the learner’s schemata and the processes of assimilation and accommodation to balance. All of these interact to create an equilibrium, or balance, in cognitive development. All of these actions continue in transition through different stages.

3. Enhancing the Transition of Mathematical Thinking with Bridging Activities

For a smooth transition, firstly students themselves should be ready with necessary mathematical thinking skills (the schemata); secondly, teachers should facilitate appropriate activities (environments) for students to act in. This interaction thus will help them to reason and build up more formal mathematical thinking (to assimilate and accommodate). But in many cases, in the high school math classroom, there is often a gap between students with concrete
mathematical skills and the learning task that requires more abstract, formal mathematical thinking that utilize direct instruction in current American high school classrooms. In this case of direct instruction, the accommodation can rarely occur for students’ cognitive development. For example, teachers usually consider that the teaching of proof and proving is to impart existing knowledge, often of a factual type, students then will take the procedures in the form presented, … the result is often superficial learning (Ginsburg & Opper, 1988).

Such being the case, to help high school students to form mathematical thinking, it is essential for teachers to facilitate appropriate learning environments, rather than to impart simple mathematical knowledge in the classroom (Ginsburg & Opper, 1988).

To reach this aim, Ausbel's (Ivie, 1998) five logical steps of instruction can be employed as an effective guideline. Ivie (1998, p. 43) describes the “anchorage theory” of Ausbel's pedagogical strategy as “the teacher provides appropriate advance organizers, which are used to anchor the new material within established cognitive structure.” Applying Piaget’s theory of cognitive psychology and Ausbel’s learning theory to creating a mathematics classroom learning environment, a “Bridging Model” can be proposed. This gap-building process is illustrated in the diagram below:

![Diagram](image)

*Figure 1. A model of designing activities for the purpose of transitioning from middle school to high school mathematics.*

This model is designed for the purpose of transitioning from middle school to high school mathematics. It shows the procedure to analyze the details in creating classroom appropriate activities. The above diagram explains that, while learning occurs in the interaction between the learner and the environment, it is vitally important for teachers to create an appropriate learning environment for their students. This environment consists of activities that correspond to the student’s existing schemata. These activities can pave the way which leads students to achieve accommodation to new schemata. Specifically, in students’ transition from middle school to high school mathematics, these activities can bridge the gap in their transition, instead of directly teaching mathematics content of abstract nature. In practice, how can these activities be created? First, teachers should examine the students’ existing schemata and treat them as the anchorage. Next, they should analyze the content to be taught, so that the gap can be figured out. Then, activities are to be designed accordingly. All of these considerations are integrated to form a learning environment to enhance the transition.
To promote a smooth transition, the teachers, on the one hand, should bear in mind the difference between the concrete nature of middle school math and the abstract nature of high school math. Usually, more hands-on activities are involved in middle school mathematics, such as using manipulative objects, whereas high school mathematics involves more conjecturing and proving. On the other hand, math teachers should always integrate these two types of approaches into their learning environment. That is, classroom instruction of high school mathematics should include transitional preparation of concrete aids to pave the way to foster abstract reasoning.

The aforementioned model is based on the theory of cognitive development to create activities that facilitate a learning environment for students to fit well in their existing schemata so as to ensure a successful transition. Therefore, the gap of mathematical thinking between middle school and high school can be bridged.

To sum up, in teaching students higher-order thinking skills in mathematics, the design of appropriate activities to bridge the gap between middle school and high school mathematics is salient to ensure that learning takes places in the mathematics classroom.

**Conclusion**

From the above review, it can be found that mathematics learning in American secondary schools is an issue of transition. The cause that hinders the student transition of mathematics learning from middle school to high school results from the abruptness of learning materials and an insufficient alignment of instruction across grades. By analyzing this problem from the perspective of cognitive development, it stems from the discontinuity in instructional methodology. This pedagogical issue ignored the continuity between the stages of adolescents' cognitive development. Specifically in the transition of middle school to high school mathematics learning, it is the gap of the development of mathematical thinking that has not been bridged.

Then, by discussing the levels of mathematical thinking within the framework of the stage theory of cognitive development, the nature of the transition from middle school to high school mathematics learning is a continuum of mathematical thinking. As learning best occurs in the interaction between the learner and the environment, it is important to create a classroom environment for learning mathematics. This environment should encompass both concrete and mental activities that help students to bridge the gap between the different levels of mathematical thinking. From this point of view, this paper proposed a pedagogical model that enhances the transition of mathematics learning.

This pedagogical model can serve as a guideline to help teachers in their preparation of lessons and activities in the classroom. The findings of this review can shed some light on the pedagogical implementations of focusing on reasoning and sense making in secondary mathematics and to help students to smooth the transition in mathematical thinking according to cognitive learning theories. However, more systematic research and study on this topic need to be carried out from a pedagogical perspective in enhancing student transition in mathematical thinking.
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THE EFFECT OF MACHIAVELLIAN THINKING ON WILLINGNESS TO USE ETHICALLY QUESTIONABLE BUSINESS TACTICS AMONG UNIVERSITY STUDENTS

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ABSTRACT

This study was motivated by the notion that employees' values affect their workplace performance and ethical decision making. The data were taken from a convenience sample of N = 289 students at three universities in the Southern United States. The instrument contained demographic variables, the Mach IV (Machiavellian thinking) scale, and vignettes eliciting responses to ethically questionable business practices. Hypotheses were: H1 - students who scored high on Machiavellian thinking would be more likely to engage in questionable business tactics and H2 - Business students would be more likely to engage in questionable business tactics than students from other disciplines. Regression analyses revealed that Machiavellian thinking was positively related to unethical business behaviors, and that Business students were less likely to be unethical than others.

INTRODUCTION

Business professions want to attract knowledgeable and trustworthy professionals. Employers want to hire employees of high moral standing and who exhibit good ethical decision making skills. Previous studies have shown that accounting students exhibit lower levels of ethical reasoning compared to other undergraduate business students (Mauz, 1975; Blank, 1986; Armstrong, 1987; Richmond, 2001).

This study therefore investigates the extent to which Machiavellian thinking and being a student in Business, influence willingness to use duplicitous tactics to succeed, among of university students. McLaughlin (1970) suggests that individuals with a higher score on Machiavellian scale tend to be more deceitful, (Long 1976) tend to be less moral, more indifferent and more manipulative. Richmond (2001) found that accounting students agreeing more with Machiavellian statements were significant more likely to agree with unethical actions. Gemmil and Heisler (1972) found that more individuals with High Machiavellianism were chosen as leaders since they were better at manipulating others and skillful in finding an environment that was a good fit for their values.
LITERATURE REVIEW

Machiavellianism as described in (Christie and Geis, 1970) is “a process by which the manipulator gets more of some kind of reward than he would have gotten without manipulating, while someone else gets less.” An individual who has immoral reputation for dealing with others to accomplish his/her objectives, and who manipulates others for his/her own purposes (Tandon et al., 2011). Machiavellian thinking, according to Tandon et al., occurs when individuals employ aggressive, manipulative, exploitative and devious moves to achieve personal or organizational objectives. (Mudrack, 1993; Calhoon, 1969;) examined ten kinds of workplace unethical behavior and found them to be of a dubious ethical nature clearly linked with Machiavellianism.

The Mach IV Scale used by Christie and Geis (1970) was later used by Richmond (2001) to measure Machiavellian-type behavior. A few of the Machiavellian ethical principles are: 1. “There is a sharp contrast between reality and ideas, what is takes precedence over what ought to be.” 2. Ethics may guide what you do in private but expediency rules in public life. 3. There are no absolutes in professional life….only conditional imperatives to be applied by situation. 4. Success determines right or wrong. 5. A virtuous man must be prepared to be non-virtuous when required. (Richmond 2001).

Review of the literature confirm that Machiavellians endorse a negative view of people and that they are more likely to make ethically suspect choices (Fehr, Samson and Paulhus, 1992; Jones and Paulhus, 2009). They were less constrained to abide by normal social exchange, but more in mistreatment and betrayal of co-workers (Kish-Gephart, Harrison & Trevino, 2010). They think of themselves as skilful manipulators of others, but their self conception of emotional intelligence does not match reality (Dahling, Witaker, and Levi 2009).

Research has fostered various results as to why business students tend to engage in Machiavellianism. Hagarty & Sims (1978) identified Machiavellianism as a significant personality variable in graduate business students’ ethics studies. They also found that individuals who were identified as having Machiavellian traits tended to behave less ethically than other participants in the study. Richmond’s (2001) research discovered that usage of the Mach IV scale may be a useful tool in analyzing and explaining differences in moral behavior and ethical reasoning for business students.

METHODOLOGY

The data for this study were collected in three universities in the southern states of Alabama and Tennessee. The sample was taken on a convenience basis and consisted of N = 289 university students of various business majors across all four levels of undergraduate classification.

The instrument consisted of 48 questions with three sections. These were demographic questions, questions measuring the Mach IV (Machiavellian thinking) scale, and vignettes eliciting responses to situations presenting ethically questionable business practices. Dependent variables: The dependent variables in this study are seven of eight vignettes from the work of Burton et al. (1991), Davis and Welton (1991), Cohen et al. (1996) and Richmond (2001). The vignettes used in this study elicit decisions about ethically questionable business practices. The responses about carrying out the proposed actions are measured on a seven-point Likert
scales from 1=strongly disagree, to 7=strongly agree. Higher values therefore signify strong agreement in carrying out the questionable business behavior.

The independent variables used were: Machiavellian thinking/Willingness to use manipulative or duplicitous tactics to succeed: This measure is the independent variable of main interest, and consists of nine items from scale measuring specific aspects of Machiavellianism (the Mach IV scale) (1970). Items were coded to be conceptually consistent, so that higher scores represent a high level of Machiavellian thinking. Business major is a dummy coded variable which designates business majors as 1 and all other majors as 0. Gender is the fourth variable. We first give a uni-variate sample description using important demographic variables. Next we use each of the seven ethically questionable actions as dependent variables. Four independent variables are regressed on each of the dependent variables using OLS regression analyses. The other predictors are used as co-variates following the suggestion of past literature. This investigation therefore pursues two hypotheses.

H1: Students who score high on Machiavellian thinking will be more likely to engage in questionable business tactics.
H2: Business students will be more likely to engage in questionable business tactics than their counterparts from other disciplines.

**RESULTS**

There are more females in the sample (58.1%) which is not unlike the gender distribution of most college and university classes. The sample contains a majority (40.8%) of seniors and 28.7% juniors. The distribution of students across academic majors is also reflective of the data collection method, as mostly Business classes were sampled. Business majors are 56.9% of the sample population. The mean age of the sample is 23.8 years.

Results of regression analyses show that among seven unethical behaviors Machiavellian thinking (scoring high on the Mach IV scale) is strongly related to the performance of unethical business behaviors. In all seven of the behaviors examined, students who score high on Machiavellian thinking are significantly more likely to perform unethical business behaviors than those who score lower; therefore, H1 is supported. For H2, business students were less likely, in the case of all seven behaviors, to be unethical than their counterparts from other disciplines. H2 is therefore rejected. The weight of evidence indicates also that gender makes no difference in whether or not students would behave unethically. On only one of the seven behaviors, charging the company for personal gifts, are males more likely (p < .01) to behave unethically.

**DISCUSSION AND CONCLUSION**

Machiavellian thinking is characterized by Christie and Geis (1970) as an inclination towards adopting manipulative tactics in order to succeed. We therefore interpret our findings from this perspective and examine them against a backdrop of Machiavellian thinking which includes the idea that “what is” takes precedence over “what ought to be.” Viewed through this prism, we are not surprised at our finding for H1 that those students who score high on the Mach IV scale, saturated with Machiavellian thinking, are significantly more likely to indulge in questionable business dealings than those who score low on the scale.

We interpret the findings for H2 against the same backdrop of the common belief that business students who are Machiavellian thinkers are expected to engage in questionable business practices more than their counterparts in other disciplines. The Business students in this
study were less likely to be unethical than their counterparts from other disciplines. This finding can be an indication that these students may have already had courses in Business Ethics, and therefore know about the desirable responses to such scenarios. However, because the Mach IV scale is of proven reliability we accept these results as authentic, and feel that this augurs well for the future of ethical dealings in business.

Studies reveal that questionable ethical behavior and decision-making practices in business schools students, business practitioners, and corporate leaders suggest a critical need to expand research in business disciplines pertaining to ethics and management (Weaver and Agle, 2002, Bacon, 2011; Ho, 2012 and Woodbine, Fan and Scully, 2012). Therefore, we conclude that Machiavellian thinking, an inclination towards adopting manipulative tactics to succeed, strongly influences unethical business behavior in general, but not necessarily associated with unethical decision making among business students.

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PARTICIPATORY DEMOCRACY AND GOOD GOVERNANCE IN NIGERIA

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ABSTRACT

This study examined participatory democracy with a view to determine the extent to which it influences good governance in Nigeria. To achieve this objective research questions were raised, hypotheses were formulated and a critical review of related literature was made. The population of this study consisted of fifty-six (56) community leaders drawn from Orashi region in Rivers State of Nigeria. A questionnaire designed in 5-point Likert Scale was administered on the respondents to collect the data for the study and the data were analysed using the Pearson Product Moment Co-efficient of Correlation and Chi-square (2) test. The findings of the study revealed that participatory democracy has a positive significant relationship with good governance in Nigeria, but the inept desire for corruption by political leaders and government hinders the practice of participatory democracy for good governance in Nigeria. Based on the above, it is recommended that political leaders and government should shun the act of corruption and embrace the use of village to enable the civil society participate in government decision making.

Keywords: Participatory democracy, good governance, corruption, village meetings, decision making.

INTRODUCTION

The concept of governance is not new. It is as old as human civilization. However, in recent times the terms “governance” and “good governance” are being increasingly used in development literature. Bad governance is being regarded as one of the root causes of all evils within our societies. Major donors and international financial institutions are increasingly basing their aid and loans on the condition that reforms that ensure good governance are undertaken.

The word governance is derived from the Greek word “Kubernao” which means to ‘steer’. It can be used in several contexts. The World Bank (2002) describes governance as the manner in which power is exercised in the management of a country’s economic and social resources for development. It is the process of interactions and decision-making among the actors involved in a collective problem that leads to the creation, reinforcement or reproduction of social norms and institutions. As noted by Uzameru (201), the quest for good governance and improved standard of living for the people has remained a pipe
dream in Nigeria. Good governance and credible leadership which leads to qualitative education have unfortunately eluded Nigerians. Adequate facilities, potable water, uninterrupted power supply, good road network, employment opportunities and vibrant economic development have not been given adequate attention in Nigeria. According to Ajayi and Faturoti (2012), good governance is one of the pre-conditions for development. It is one of the bases for sustainable economic growth. To achieve good governance in Nigeria, there is need for participatory democracy.

According to Smith (2009), participatory democracy is a process emphasizing the broad participation of constituents in the direction and operation of political systems. In other words, participatory democracy involves individual participation by citizens in political decision and policies that affect their lives. Manor (2004), participatory democracy has many functions in developing a strong system of local self-governance, as it is a central way to build awareness of the importance of the local structures and a means of understanding the concerns and desires of the community. Although it could be difficult, complicated, time consuming and sometimes impossible to promote participatory democracy in decision making when consensus-based decisions are made the results are often more legitimate and more widely accepted than decisions made by elected officials acting independently. Manor (2004) claimed that participatory democracy is essential to the core meaning of democracy and good governance as it improves information flow, accountability and due process, and gives a voice to those most directly affected by public policy. Furthermore, citizens’ feedback allows timely identification of community needs and priorities and the efficient allocation of resources to address them.

In spite of the relevance of participatory democracy in achieving good governance the Nigerian government is yet to give it a priority attention. Okpame (2010) revealed that the inept desire for corruption among political leaders in Nigeria is the major problem confronting participatory democracy in Nigeria. It is upon this premise that this study is aimed to –

(i) Examine the implication of participatory democracy on good governance in Nigeria.
(ii) Determine the extent to which corruption hinders the practice of participatory democracy in Nigeria.

To achieve the above objectives, the following null hypotheses were raised –

Ho1; Participatory democracy has no significant implication on good governance in Nigeria.

GOOD GOVERNANCE

John Locke’s Social Contract Theory, stipulates that governance is a social contract between the government and the governed. It’s aim to promote peace and harmony and enhance the human status. According to Nylen (2003), governance belongs to the people, and the transformation, which the people expect from those they entrust with power, is not just a right, but also an obligation. Since governance is a contract as established by John Locke (the masses give power to the few who govern them and in return expect effective leadership), government must therefore set an agenda for development and management of the common wealth of the people according to Akumeja (2008), governance should reflect a state’s ability to serve and protect its citizens Rules, processed, and behaviours should
guide this conduct and determine how interests are articulated, resources are managed, and power is exercised to benefit everyone in the society.

Good governance can be seen in a wider perspective to mean a situation where the government does not hesitate to provide basic amenities and make life worth living for the citizenry. The concept connotes that public office holders must live exemplary lives worthy of emulation. The government must pay utmost attention to the welfare of the people. It also has to do with government initiating programmes aimed at providing employment opportunities. Ajayi and Faturoti (2012), opined that good governance is perceived to bring about political stability, the institutional consolidation and the operation of the rule of law that are universally seen as the necessary framework for investment and economic sustainability.

Sheng (2011) asserted that in good governance, the views of minorities must be taken into account, and the voices of the most vulnerable in society must be head in decision making. He identified eight characteristics of good governance, which are participation, rule of law, transparency, responsiveness, consensus oriented, equity and inclusiveness, effectiveness and efficiency and accountability

**Participation**- Participation by both men and women is a key cornerstone of good governance. Participation could be either direct or through legitimate intermediate institutions or representatives. It is important to point out that representative democracy does not necessarily mean that the concerns of the most vulnerable in society would be taken into consideration in decision making. Participation needs to be informed and organized. This means freedom of association and expression on the one hand and an organized civil society on the other hand.

**Rule of law**- Good governance requires fair legal frameworks that are enforced impartially. It also requires full protection of human rights, particularly those of minorities. Impartial enforcement of laws requires an independent judiciary and an impartial and incorruptible police force.

**Transparency**- Transparency means that decisions taken and their enforcement are done in a manner that follows rules and regulations. It also means that information is freely available and directly accessible to those who will be affected by such decisions and their enforcement. It also means that enough information is provided and that it is provided in easily understandable forms and media.

**Responsiveness**- Good governance requires that institutions and processes try to serve all stakeholders within a reasonable timeframe.

**Consensus Oriented**- There are several actors and as many view points in a given society. Good governance requires mediation of the different interests in society to reach a broad consensus in society on what is in the best interest of the whole community and how this can be achieved. It also requires a broad and long-term perspective on what is needed for sustainable human development and how to achieve the goals of such development. This can only result from an understanding of the historical, cultural and social contexts of a given society or community.

**Equity and Inclusiveness**- A society’s well being depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of
society. This requires all groups, but particularly the most vulnerable, to improve or maintain their well being.

Effectiveness and Efficiency- Good governance means that processes and institutions produce results that meet the needs of society while making the best use of resources at their disposal. The concept of efficiency in the context of good governance also covers the sustainable use of natural resources and the protection of the environment.

Accountability- Accountability is a key requirement of good governance. Not only governmental institutions but also the private sector and civil society organizations must be accountable to the public and to their institutional stakeholders. Who is accountable to whom varies depending on whether decisions or actions taken are internal or external to an organization or institution. In general an organization or an institution is accountable to those who will be affected by its decisions or actions. Accountability cannot be enforced without transparency and the rule of law.

From the above discussion it should be clear that good governance is an ideal which is difficult to achieve in its totality. Very few countries and societies have come close to achieving good governance in its totality. However, to ensure sustainable human development, actions must be taken to work towards this ideal with the aim of making it a reality.

PARTICIPATORY DEMOCRACY

Democracy is a subject that crosses the boundaries in political science, and within our own field of political theory there has been a major survival of democratic theory. How to structure democratic institutions to ensure a fair and efficient allocation of public funds is a central issue in the political economy of development. The new governance agenda has emphasized citizen empowerment as a tool for improving the workings of democratic institutions. The idea that encouraging citizen participation can improve the workings of a democracy is also echoed in the political science literature. One role for participation emphasized in that literature is to improve the flow of information into the political process beyond that available by electing representatives. Thus, Verba Scholzman and Brady (1995), characterized political participation as information rich acts and observed that from the electoral outcome alone, the winning candidate cannot discriminate which of dozens of factors, from the position taken on a particular issue to the inept campaign run by the opposition was responsible for the electoral victory.Pateman (2012) revealed the following elements as important in participatory democracy.

i) The capacities, skills, and characteristics of individuals are interrelated with forms of authority structures. Individuals learn to participate by participating (the educative or developmental side of participatory democracy, the aspect most often mentioned). Thus, individuals need to interact within democratic authority structures that make participation possible.

ii) Participatory democracy theory is an argument about democratization. That is the argument is about changes that will make the society and political life more democratic, that will provide opportunities for individuals to participate in decision-making in their everyday lives as well as in the wider political system. It is about democratizing democracy.
iii) The changes required in our political institutions for participatory democracy to strive are structural. They necessitate reform of undemocratic authority structures.

According to Verba et al (1995) the use of village meetings called at the instance of elected government to discuss resource allocation, may improve the workings of the government in two ways; first, relative to elected representatives, these meetings may better reflect citizens’ preferences on issues such as how to target resources to the neediest groups. Secondly by providing a forum for monitoring the actions of elected representatives they may reduce agency problems in politics and the extent of corruption.

According to Besley, Pande, and Rao (2011), while village meetings are necessary for participatory democracy, their frequency and contents owes a lot to the discretion of elected officials. Moreover, a well attended meeting may have no bite on policy decisions. While there is much interest in how participation improves the quality of governance in the developing world, Manor (2004) observed that the literature is replete with concerns about elites dominance of democratic institutions. This raises the specter of participatory institutions being a veil which have little impact on the well-being of the poor.

If participatory democracy must strive for good governance, we must collectively fight and stop corruption in our political institutions. Corruption ranges from outright stealing to inflation of contracts. Corruption occurs when leadership falls in the management of resources and lacks the ability and courage to plug loopholes in the economy. Ajayi and Faturoti (2012) stated that Nigeria has been drowning in a sea of corruption and there is urgent need to salvage the situation. There are different dimensions of corruption. It is corruption when leaders take decisions on the basis of tribal sentiment, rather than rational reasoning. It is corruption when public projects are sited near homes of those in authority. It is corruption when NAFDAC officials test a drug certifies it as good because they have been financially compromised. It is corruption when a contractor or government inflates a contract and forgets that whatever money government has it holds in trust for the citizenry. This is a major factor confronting the practice of participatory democracy in Nigeria (Okpame, 2010).

**METHODOLOGY**

The population of this study consisted of fifty-six (56) community leaders drawn from Orashi region in Rivers State of Nigeria. In order to generate the necessary data for this study, a questionnaire designed in five-point Likert scale was administered on the respondents. Before its administration, the questionnaire was subjected to a face and content validity, and its reliability was tested with the test retest method, which revealed a high degree of reliability.

The data generated for this study were analysed using the chi-square test and the regression model, which were computed with the aid of the statistical package for social science (SPSS) version 17.

**EMPIRICAL ANALYSIS**

$H_0$: Participatory democracy has no significant implication on good governance in Nigeria.
In testing this hypothesis, data on participatory democracy were related with data on good governance, and the result obtained is as shown in the table below.

Table 1: Correlational Matrix of Participatory Democracy and Good Government in Nigeria

<table>
<thead>
<tr>
<th>Participatory Democracy</th>
<th>Pearson Correlation</th>
<th>Participatory Democracy</th>
<th>Good Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sig. (2-tailed)</td>
<td>1</td>
<td>0.936</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>56</td>
<td>0.03</td>
<td></td>
</tr>
<tr>
<td>Good Governance</td>
<td>Pearson Correlation</td>
<td>0.936</td>
<td></td>
</tr>
<tr>
<td>Sig (2-tailed)</td>
<td>0.03</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>56</td>
<td>56</td>
<td></td>
</tr>
</tbody>
</table>

Source: SPSS Version 17 Window Output

The result presented in the table above indicated a correlation co-efficient of 0.936, which is close to 1.0 from the positive side. This suggests that there is a strong positive relationship between participatory democracy and good governance. The P-value (0.03) which is less than 0.05 indicates a significant relationship. Hence the null hypothesis is related. This implies that participatory democracy has a significant relationship with good governance.

Ho2: Corruption hinders the practice of participatory Democracy in Nigeria.

In testing this hypothesis, the data presented in the table below were used.

Table 2: Extent to which corruption hinders the practice Participatory Democracy in Nigeria

<table>
<thead>
<tr>
<th>Responses</th>
<th>of</th>
<th>ef</th>
<th>(of-ef)</th>
<th>(of-ef)^2</th>
<th>(of-ef)^2/ef</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very High Extent</td>
<td>24</td>
<td>11.2</td>
<td>12.18</td>
<td>163.84</td>
<td>14.63</td>
</tr>
<tr>
<td>High Extent</td>
<td>19</td>
<td>11.2</td>
<td>7.8</td>
<td>60.84</td>
<td>5.43</td>
</tr>
<tr>
<td>Low Extent</td>
<td>8</td>
<td>11.2</td>
<td>-3.2</td>
<td>10.24</td>
<td>0.91</td>
</tr>
<tr>
<td>Very Low Extent</td>
<td>5</td>
<td>11.2</td>
<td>-6.2</td>
<td>38.44</td>
<td>3.43</td>
</tr>
<tr>
<td>Indifferent</td>
<td>0</td>
<td>11.2</td>
<td>-11.2</td>
<td>125.44</td>
<td>11.20</td>
</tr>
<tr>
<td>Total</td>
<td>56</td>
<td>11.2</td>
<td></td>
<td>35.60</td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey Data (2013)

\[ \chi^2_{\text{computed}} = 35.60 \]

\[ \chi^2_{\text{critical}} = 9.49 \]

Decision: Since \( \chi^2_{\text{computed}} (3.5;60) > \chi^2_{\text{critical}} (9.49) \) the null hypothesis is rejected. This implies that corruption hinders participatory democracy in Nigeria.
CONCLUSION AND RECOMMENDATIONS

Governance is the process of decision making and the process by which decisions are implemented. It involves both formal and informal actors. While government is the formal actor, the informal actor is the civil society (e.g. community leaders, influential landlords, religious leaders, media, NGOs). Good governance ensures that the views of minorities are taken into account and the voices of the most vulnerable in society are hard in decision making. It must be participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. Prior studies have shown that participatory democracy promotes good governance.

The result of our study added credence to existing studies on the relationship between participatory democracy and good governance. Our findings indicated that the practice of participatory democracy brings about good governance in Nigeria. But the inept desire for corruption among political leaders and government hinders the practices of participatory democracy in Nigeria. To this end, it must be pointed out that every individual has a role to play in the quest for good governance. In the first instance, corruption must be brought to the bare minimum. Citizens must be responsible for the success and shortcomings of their actions and not to put all the blame on government alone. Information that will enhance the work of the law enforcement agencies should be made available. Concrete and constructive criticisms that will keep the government on their toes should be readily available. There must be respect for fundamental human rights and justice and equity must be allowed to take their courses and the high cost of running the government must be checked.

It is therefore recommended that to achieve good governance in Nigeria, political leaders and government should embrace the use of village meetings to enable the civil society participate in government decision making and shun all acts of corruption.

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THE EFFECT OF THE COMMITMENT PROBLEM ON THE PRICING STRUCTURE

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Sept.13, 2013

Abstract
In this paper, we study a monopoly platform provider’s incentive to open his platform in a market where consumers gain utilities from a system with a platform and various applications. We find that opening the platform is a potential mitigation to the time inconsistency problem that the monopolist faces. The monopoly platform provider’s decision depends on the substitutability among applications. When the fixed cost of producing applications is small, a closed system dominates an open system when the substitutability is small. When the substitutability is big, an open system is better. This finding is consistent with what we observe in reality.
AN EMPIRICAL STUDY OF RACIAL PREJUDICE IN THE AMERICAN ELECTORATE

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ABSTRACT

In this paper, the author examines the evidence of racial prejudice in the U.S Electorate. The paper makes use of the Racial Argument Scale, (RAS), to examine differences in the attitudes of Caucasian voters toward African Americans. The author compared scores on the RAS questionnaire according to five demographic characteristics which were age, location, income, education and gender. Education provided the only significant difference in the scores on this scale in that lower education levels demonstrated a higher score and thus an increased suspicion of racism.

KEYWORDS: racism, American voters, prejudice, Racial Argument Scale, political marketing

INTRODUCTION

In 2008, President Barrack Obama became the first African American president of the United States. Many in the media also argued that the color of Barack Obama’s skin did not matter to white voters. This opinion was certainly reinforced by the President’s decisive reelection victory in 2012.

There were and are people who are skeptical however. Bafumi and Herron (2009) suggested that although the United States has progressed substantially beyond racism and prejudice, there are certain areas of the nation that have not. They pointed to the fact that in spite of the strength of the Democrats, there were some counties that voted in higher numbers for McCain in 2008 than for Bush in 2004 and they further suggested that racism was the reason.

Psychological attributes affect the voting behavior of the individual voter. Voters choose candidates and make political choices under psychological forces such as fear and selfishness. One of these psychological determinants of voter behavior is racism.

The United States certainly does have a history of prejudice against African Americans but the end of the Jim Crow era in the United States changed the politics of race and this has been the subject of many theories and much research. Some have argued that increased support for racial equality is not real as their remains an underlying defense for white privilege and ascendancy.

PURPOSE OF THE RESEARCH

This paper is an attempt to examine differences in racial prejudice throughout the United States. It also is an attempt to isolate areas and characteristics of greater or lesser pockets of prejudice along demographic divisions.
THEORETICAL BACKGROUND

Discrimination by white voters against black candidates has been the subject of a number of studies with mixed results. Moskowitz and Stroh (1994) and Reeves (1997) found that white voters discriminate against black candidates while Highton (2004) and Voss and Lublin (2001) found that they did not. Evidence that racial prejudice matters to white voters is somewhat indistinct.

Differences in methodologies may have contributed to the disparities of these studies. Essentially, there were two methods used.

1) One survey method was used to analyze actual candidates, (Citrin, Green & Sears, 1990; Sears, Citrin & Kosterman 1987).
2) Another method used nonprobability samples and manipulated factors such as candidate race and policy stances (Moskowitz & Stroh, 1991).

Much of the inconsistency in these results appeared to be due to self-reporting of prejudice. Since there is a great deal of social pressure surrounding this issue it was thought that an indirect measure would be more informative.

METHODOLOGY

The survey used in this study, the Racial Argument Scale, developed by Saucier, D. A. & Miller, C. T. (2003). This consists of a series of 13 short paragraphs that argue positions regarding topics relevant to African Americans. The topics represent contemporary social issues that have been the subject of debate. Because of the controversy, they are prone to being assimilated in a biased fashion to support the individuals’ beliefs. A conclusion statement followed each paragraph. The participants were asked to read each argument and then to rate how well the argument supported the conclusion offered on a 5-point scale from 1 (not at all) to 5 (very much).

REASON FOR THIS SELECTION

Because the items do not ask for the participants’ own levels of agreement, it was expected that the participants would not believe that they must inhibit racist responses. The responses to the positive arguments were reverse-coded and the scores for all responses were totaled. A higher score exhibits a higher suspicion of racism. In addition to these questions, there were five questions designed to classify the respondents according to the demographic segments of age, gender, education, income, and location.

DETERMINING THE EFFECTS OF DEMOGRAPHIC CHARACTERISTICS ON RACISM SCORE

The intent of this study is to investigate the influence of demographic factors on racism or more specifically, scores on the RAS questionnaire.

The research questions of the study can be summarized as follows:
• Do older respondents have a higher score than younger respondents?
• Do men have higher scores than women?
• Do respondents from the southeast score higher than respondents from other parts of the country?
• Do respondents with a lower income level have a higher score than wealthier respondents?
• Do respondents with lower education levels score higher than more educated respondents?

PARTICIPANTS

The survey was sent to 306 Caucasian voters and 142 usable responses were returned. There were 4 respondents younger than 20 years old, 17 were in their 20s, 11 were in their 30s, 34 were in their 40s, 39 were in their 50s and 37 were over 60 years of age. There were 74 males and 68 females taking part in the survey. There were 30 participants from the Northeastern U.S., 31 from the Southeast, 38 respondents came from the Midwest, 20 respondents represented the Southwest and 23 came from the Northwest. Sixteen of the respondents earned less than $25,000, 36 earned between $25,000 and $50,000, 29 earned between $50,000 and 75,000, 22 earned between $75,000 and $100,000 dollars, 16 earned between $100,000 and $125,000, 10 earned between $125,000 and $150,000 and 13 earned over $150,000 per annum. Nine of the respondents had a high school education, 42 had some college, 44 were college graduates, 14 had some post-graduate study, and 33 had postgraduate degrees.

VARIABLES

The dependent variable in all cases is the respondent’s total score on the RAS and the independent variables were age, gender, location, education, and income.

RESULTS

Age, 18 to 20 (33.25) age group lowest mean score and those in the 50 to 59 (43.79) group had the highest mean score.

Gender, Men (41.91) had a slightly higher score than women, (39.59).

Location in the United States ranged from 35.96 (Northwest) to 42.89 (Midwest).

Income ranged from 39.93, for less than $25,000 per annum to 43.46 for those over $150,000.

Education, as we had suspected showed the greatest range in RAS scores with 34.57 and 50.67 for some postgraduate work and high school graduates respectively. This is the only parameter that shows a statistically significant difference in means.

A multiple regression analysis was then completed to determine the correlation of the three demographic factors to the RAS score. The three factors had very little influence on the RAS scale score.
THE INFLUENCE IN RACIAL PREJUDICE IN THE AMERICAN ELECTORATE

This research found very little difference in racial prejudice, measured by the RAS Score, across the five demographic factors in the United States. As I said earlier, education was the only variable that demonstrated significance. The higher the educational level the lower the score on the RAS scale.

RECOMMENDATION

Future studies could be more focused in terms of location, for example, a study that would only encompass differences in scores in various voting districts. It would be interesting to look at districts that voted in greater numbers for McCain in 2008 than Bush in 2004 and examine if higher score are exhibited in these districts than in others. There could also be some additional studies in updating the paragraphs and conclusion in the RAS scale. Rodney king might be fading from the American consciousness.

There could also be some studies done in applying the RAS scale to other races. Also some of the items in the questionnaire could also be looked at. For example, one question is about quotas, and there are many that believe that these things are not helpful and I’m not completely convinced that the basis for this disagreement is founded in racism.

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Abstract:

We make hundreds of decisions every day. Nearly all of these decisions are heavily reliant on probabilistic information. There is often a very clear right and wrong answer in most of these decisions. Using expected value (EV) functions, we are able to weigh the risk against the reward to find an optimal decision. Often, sub-optimal decisions are made. My study aims to discover the relevance of these sub-optimal decisions in regard to streaks of successive positive or negative outcomes. These streaks, or runs, are believed to alter the probabilistic decision making of the decision maker.

Initial evidence for this research topic has been shown in the Monty Hall Problem (Barbeau, 149), which deals specifically with Bayesian updating. Bayesian updating is the process in which individuals anchor and adjust their beliefs of probabilities. The Monty Hall Problem illustrates that individuals are not intrinsically skilled at Bayesian updating. There is an inherent disconnect between the optimal choice and the perceived correct choice. (Tversky and Kahneman, 1124)

This information is relevant due to the ramifications of sub-optimal decision-making. This phenomenon is illustrated when individuals ignore base rates of risk due to learning from runs. The question that I aim to test is if these runs influence behavior. This is commonly referred to as the “Hot Hand Phenomenon.”

Subjects are given the true probabilities in the first trial. The second trial introduces a representative sample. This sample will be drawn at random using the population probabilities. Representative samples, which are often skewed in one direction because of the small sample size, most closely replicate the scenarios that are found in practical probability judgments. For example, a gambler knows the true probabilities when he or she is entering a game. However, the gambler’s decisions are often contingent upon the recent runs or recent streaks. The observed sample will alter the probabilistic decision processing of the gambler.

The problem is approached through a casino style game where participants will be asked to maximize their payoff. All participants will be compensated for their performance. These steps are taken so that the laboratory experiment can be a very close duplication of real life decision-making. The choice between optimal probability decisions and probability matching is utilized to initially label the subjects. The biases that I intend to test are inherent in field studies within gambling. The Florida State University’s Social Science Scholar Grant provides all of the necessary funds to run the experiment.

The field of neuroeconomics combines behavioral economics with cognitive psychology to better understand the biological basis of weighing risk with reward. I have chosen to include the neurological background because of the powerful research that has shown several links between certain brain area activations during probabilistic decision-making.
THE ROLE OF SOCIAL EMOTIONAL LEARNING IN FUTURE LEADERS AND ORGANIZATION SUCCESS

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ABSTRACT
This paper investigates how two important bodies of research, namely social emotional learning and transformation leadership theory and practices are strongly interrelated for organization performance. Organizations are facing a critical shortage of transformative leadership skills to inspire followers to find creative solutions to an ever growing competitive, changing, and complex business climates. An exploratory study examines the social emotional learning readiness state of a student sample (n=44) enrolled in a college graduate level leadership program. Results indicate that the level of competencies in intrapersonal (self-regard) skills and interpersonal (regard for others) are related to students’ self-assessment of readiness to effectively lead others. Implications are a need for deploying more rigorous social emotional learning and transformative leadership training standards within programs to promote higher soft skill developmental growth and for sustainability toward achieving organization success.

INTRODUCTION
Business climates are far more fluid, more complex, more competitive, and more unpredictable (Goleman, 2007). Yet, organizations still declare a critical shortage of leadership talent (60% US) to inspire followers to find creative solutions to increasing competition, changing needs, and complex business climates (Ashford & DeRue, 2010). Successful leaders are even more valued as the leadership shortage propagates locally and globally. Meanwhile, leadership theoretical modules are abundant (Caldwell, et al., 2012) while investment in leadership training ($12 billion US) is evaluated as underperforming (Ashford & DeRue, 2010; Mayer & Caruso, 2009; Chernis, et al, 1998).

A scarcity of right leadership skills is not a new problem however the complexity of defining and preparing these future leaders with the right competency skills is fragmented or evolving too slowly; a radical shift from the past. To illustrate, “today’s complex organization leaders face a numbing combination of challenges that demand the ability to manage change effectively” (Caldwell, et al., 2012, p.184). Dynamic changes require a leader to envision the problem aligned with holistic goals. Transformative leaders are charismatic, visionary, and situation sensitive.

If radical business game changes are not enough, today’s leaders must possess a talent for inspiring others to lead and to collaborate within and outside the organization to reframe that change. Leaders must possess high IQ technical competencies as well as highly-tuned ethically driven emotional intelligence (EI) soft competencies. This blending of hard and soft skills are needed when substantial innovation and change needs to occur (Mayer & Caruso, 2009). EI and principle leadership traits must emerge as vital competencies for transformative leader effectiveness.

Also, leaders must view people and solutions beyond the walls of the organization. A transformative leader will recognize the global and social differences and lead followers to create innovative and aligned products and services to meet those varying social and cultural diverse markets (Brown & Trivino, 2006). Transformative leaders are process-driven and have a passionate commitment to treat all stakeholders as valued contributors to shared success.

In summary, leaders locally and globally must envision change, inspire others, and ethically respond to a growing diversity of social and cultural evolving needs. Networking to a broader base of stakeholders’ needs requires leaders to develop and exercise a deeper level of intrapersonal and interpersonal relationship skills. In short, leaders practice positive behavior modeling as social and emotional lifetime learners.
LITERATURE REVIEW

The literature review focuses on the role of social emotional learning (intrapersonal, self-regard and interpersonal, regard for others) and the relationship to transformative leadership research. Next, transformative leadership and social emotional learning training skills and gaps are assessed for potential root cause of leader unpreparedness when engaged in today’s complex environments. Last, a rationale for performing an exploratory study of college graduate level students enrolled in a leadership degree program as a means of assessing EI and leadership readiness.

Social and Emotional Learning (SEL)

There is a growing body of emotional intelligence theories, models, and practices in response to measure human needs as indicators for adapting to rapid societal changes and within work organization structures (Sparrow & Knight, 2006; Bar-On, 2000; Gardner, 1983; Thorndike & Stein, 1937). Emotional intelligence (EI) is defined as a “set of abilities (verbal and nonverbal) that enable a person to generate, recognize, express, understand, and evaluate their own, and others, emotions in order to guide thinking and action that successfully copes with environmental demands and pressures” (Van Rooy & Viswesvaran, 2004, p.72). Healthy EI begins with an examination of self.

A humanistic view places human needs and aspirations as a central value of a society and leads to solutions for a crisis of meaning that ensures well-being and sustainability. Therefore, social and emotional learning (SEL) skills are relevant to shape “attitudes, behaviors, and cognitions that promote healthy social relationships, personal well-being, and academic (or work) achievements” (Norris, 2003, p.314). To illustrate, SEL implemented programs across diverse school grade levels and in various cultures to find a reduction in student bullying, increased student performance, and higher student collaboration for sharing ideas and for solving problems. SEL skills developed in earlier student populations are likely to permeate in future organization cultures. Therefore, SEL may form a base of practical training methods for a broader workplace population that increases an individual’s skills to recognize, regulate, and to express the social and emotional aspect of their life and for raising performance in managing (and balancing) work and life tasks (Quebbeman & Rozell, 2002; Payton, et. al., 2000; Cherniss, et. al., 1998).

However, not everyone agrees that EI and SEL are healthy practices for positive organization success. To illustrate, Kilduff, Chiaburu, & Menges (2010) raise an opposing view that raising individual’s EI skills may also lead to a misuse of the knowledge to manipulate or control situations toward personal gain versus benefiting a balance of stakeholder needs. Earlier, Zeidener, Matthews, & Roberts (2004) study also concluded that there is not sufficient empirical evidence to support that raising EI skills within the workplace will predict increased organization success. Further evidence is then reasoned that suggests a need for more practical guidelines for the development and implementation of EI measures within occupational settings must occur that links EI behaviors to measured performance outcomes. Recent EI and workplace performance studies (Dumbrava, 2011; Gorgi & Siami, 2011) conclude empirical evidence exist to a positive relationship between increased individual EI competencies and increased organization performance results, yet there is a caution that the findings are limited and need further study.

Emotional Intelligence (EI) and Self-Regard

Self-regard, commonly referred to as self-esteem or self-acceptance posits as a root of EI. Self-regard is defined as an “overall affective” (opposed to cognitive) feeling evaluation of one’s own worth” (Blascovich & Tomaka, 1991, p.115). Conversely, self-concept is broader in nature and is cognitive or behavioral concentrated toward self-perceptions or beliefs that are habitually reinforced. Therefore, self-efficacy expectations (a component of self-concept) sets a positive or negative belief that one can successfully complete a given behavior (Bandura, 1986).

Positive or negative self-regard is then directly related to self-acceptance or unconditional self-regard; one of the two main components of EI framework; intrapersonal, self-regard vs. interpersonal, a regard for others. A negative self-regard perception links a “condition of worth” to the individual’s perception of self (I must be perfect or I am not ok) Sparrow & Knight, 2006). To illustrate, if an individual has a self-concept belief that perfect is attainable and reinforced since childhood, the person experiences emotional dissatisfaction if he or she evaluates performance outcomes as imperfect. This can then carry-over to the interpersonal component of EI whereby perfectionist may
expect perfection from others and when not realized; judge the individual as “not ok” forming an unhealthy relationship bond. High self-regard is then a critical EI skill for self-management and relationship building. Unconditional “self-regard was found as reliable and a strongly related positive measure of self-esteem” while a negatively conditional self-regard was linked to “increased depression, anxiety and symptoms of psychological distress” in clinical patient evaluations (Betz, et al., 1995, p.77). Low self-regard cause feelings and behaviors of uncertainty, rejection, low confidence, and low self-esteem while high self-regard exhibits feelings and behaviors of self-assuredness, confidence, strong sense of self, realist self-acceptance, inner strengths, and self-fulfillment (Billing, Kowalski, & Pisanos, 2011). Therefore, when gaps between real and ideal selves are formed, higher psychological and physical distress occurs, unhealthy habits are triggered that leads often to undesirable outcomes. Self-esteem is the “building block for all other elements for social and emotional development” (Schmitz, 2013)

**Transformative Leadership (Theory and Practices)**

There is no empirical evidence that adopting a single leadership model or best practice will close the leader talent shortage gap or ensure an organization’s future success. Although organization executives no longer view success weighted on one leader’s performance (Galloway, 2012). Instead there is an emergence of research suggesting a blend of transformative leadership features with ethically-based and stakeholder-focused emphasis (Caldwell, et al., 2012; Geller, 2010). Similar, people-based leadership stress the role in world-wide safety concerns (Geller, 2008).

For instance, Caldwell, et al., (2013) conceptualized a multi-dimensional leadership model that integrates six highly-regarded leadership perspectives (charismatic toward building personal relationships; level 5 for humility and resolve; principle-centered for adherences to values and principles; a servant view to service stakeholders; covenantal for contribution to meaning; and transformational with a focus on synergistic change). One rationale for the multi-dimensional model is constructed from employee low trust in management to make the right decisions under times of uncertainty and low trust that management will do what they say (Simmons, 2010). Such, a priority for transformative leadership is to begin rebuilding trust with employees and other stakeholders. A cornerstone for organization success is then to understand that leadership is truly relationship oriented (Kouzes & Posner, 2010).

Therefore, effective leaders who understand and apply emotional intelligence are able to tune in on their own needs while converging on the needs of others. To illustrate, workplace relationship are formed and guided by a set of rules of behavior, cooperation, and power plays often triggered by our emotions. The ability to understand and interpret meaning impact on people and the organization are what makes a transformative leader demonstrate high emotional intelligence (Mayer & Caruso, 2002; Mink, 1992). Earlier leadership methods built on control, ownership, and power give way to new leader attitudes and new realities; for connected we will rise, disconnected we will fail.

Granted, skilled transformative leaders still need cohesiveness among followers. Wider gaps in varying employee ages, genders, and cultural backgrounds continue to increase heterogeneity of workforce population mix. Empirical research is limited yet the effects of context factors and how they moderate the relationship between leadership behaviors, leadership types, and outcome criteria are evident (Rowald, 2011). Also, leaders engaged in cultural diverse activities (e.g., professional development) gives insight of challenges when charged to transform social practices aimed at promoting a homogeneous learning organization cultures (Malik, et al., 2012; Hansson, 2002).

Finally, Mikolajczak, Balon, Ruosi, & Kotsou (2011) study found that EI was effective in helping the leader to regulate emotions and put them aside when necessary. Further, “managers with high EI were viewed by their subordinates as having higher managerial competencies than managers with average EI” (p.539). Leaders were able to display sensitivity while still moderating sentimental emotions to apply principled-based ethical decision making.

**CONCLUSIONS**

The conclusions of the literature review reveals supportive evidence that current and future leaders will need a broader base of emotional soft skills (EI and SEL) in order to effectively connect with diverse stakeholders. Fluidity in organizations and emerging opportunities requires the transformative leader to respond with ethical integrity, self-assuredness, and a commitment to demonstrate high self-regard and high-regard for others even in uncertain times. Leaders who can use their feelings and knowledge of others constructively are advantaged (Mayer & Caruso, 2012).
RESEARCH AND METHODOLOGY

Three research questions were constructed to guide the new study.

1. Does a transformative leadership skill retention gap exist among a convenience sample of graduate students enrolled in a leadership degree program?
2. Do graduate students who successfully complete leadership theory and practice courses rate themselves high in transformative leadership skills?
3. Do graduate students who successfully complete a social and emotional theory and practice course rate themselves as high in social and emotional learning?

A convenience sample of graduate students (n=44) enrolled in a Transformation Leadership graduate degree program were chosen for this study. The population consisted of males (41%); females (59%). Ninety percent of the sample classified themselves as African American with 10% Latino, Caribbean, or Caucasian. The age of the pool were 21 to 36 or older. The majority were fulltime or parttime employed while attending graduate studies.

A triangular method of data sample, analysis, and collection was selected because of the smaller enrollment sizes of the graduate program studies. Self-assessment surveys of students’ social and emotional learning (SEL) and transformation leaders’ skills and improvement actions gathered over 3 semester course periods for analysis.

Data 1: 15 questions, (N20), SEL/EI self-assessment (intrapersonal/interpersonal attributes) (Goleman, 1995).
Data 2: 25 questions, (N24), SEL/EI/TL self-assessment (intrapersonal, interpersonal and transformative leadership readiness evaluating level of theory knowledge/practical application (Sparrow & Knight, 2009).
Data 3: Self-assessed, EI interference, (N44), 21 days improvement plan, and qualitative improvement results.

RESULTS

Results indicate that the level of student assessed competencies for higher intrapersonal (self-regard) skills and higher interpersonal (regard for others) were directly related to their evaluation of leadership theory knowledge and applied real-world leadership readiness. Interesting, students that completed EI improvement training during a prior semester course demonstrated higher confidence in their applied readiness to lead as compared to students that have not completed a 21-days EI improvement plan yet have complete EI theory and some applied EI techniques training.

Since the majority of the sampled students were already working (fulltime or parttime), students were able to articulate how EI interferences impacted them personally and professionally. During the student’s 21-days EI improvement plan, the instructor and peers supported the change experience through reflective and collaborative weekly discussions as well as the student kept a 21-days change log with daily scaled progress for self-reporting.

The ability to learn self-management and learn how to regulate one’s emotions appears to have a residual affect for the student far longer than a year after the EI improvement activity concluded. To illustrate, ninety-six percent of the students responded yes, when asked, “Would you be willing to commit to a 21-days EI improvement plan? Even recognizing that many students had conducted a 21-days plan earlier yet appear to find the activity still valuable.

Also, an unexpected result was the level of high interest among students to work on self-regard (conditions of worth) lower scales (Be Perfect, Do for Others, Try Hard, Be Strong, and Hurry Up). Students were able to connect that lower self-regard leads to lower regard for others. This is the first phase of self-awareness taught in the EI course; phase 2 being self-knowledge that is applied in the 21-days improvement activity; and the third phase of self-management is the final step to practice how to regulate emotions overtime and situations for sustainability.

Finally, SEL/EI/TL skill building does not necessarily appear to move in a static linear progression and may move upward or downward dependent on an individual’s changing life events. Further evaluation to study how graduate students facing time constraints, high stress, and work/balance priorities mirror their later SEL/EI/TL competencies.
LIMITATIONS
Limited graduate level student convenience sample used for exploratory assessment for operationalizing SEL/EI and TL constructs for evaluating effective leadership readiness. Because this was a self-assessment, bias is always a factor in self-reporting. Therefore, other forms of assessments are in consideration as cross-tabulation validation. Also, this population was primary comprised of one culture; classified as African American that may reveal cultural differences in final results. As an exploratory survey, further tuning of questions and method are in consideration.

PRACTICAL APPLICATIONS
There is a need to deploy more rigorous social emotional learning and transformative leadership training standards that promotes greater soft skill competency growth and demonstrates empirically measured sustainability overtime.

There is a need to not teach leadership theory in a vacuum, instead integrate more real-world practical experiences.

There is a need to expand teaching to encompass a set of leadership principles that can be globally applied across culturally diverse situations (case studies, qualitative, story-telling, community variations, personal situations).

There is a need to reward leadership as lifetime learners, promote and develop leaders from within organizations.

There is a need to provide clear metrics and development priorities that provide straightforward roadmaps for realizing leadership potential (Ashford & DeRue, 2010).

There is a need to adopt SEL/EI/TL assessment and improvement tools to meet academic and professional development criteria at a reasonable cost and that is easy to use.

There is a need to implement SEL/EI/TL standards in all grade levels including undergraduate degree programs.

There is a need to consider SEL/EI/TL importance for workplace success enough to develop certification programs.

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FACTORS AFFECTING INTERNATIONAL NEW PRODUCT MARKETING
DECISIONS IN THE TELECOMMUNICATIONS INDUSTRY: THE SUCCESS OF ORANGE-FT

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Given the rapid changes in technology affecting the telecommunications industry, international marketing strategies, particularly new product development, impact a firm’s market position, international competitiveness, and performance. In order to understand better the role that marketing strategies play in developing a global presence and being internationally competitive, this paper presents a case study involving Orange-FT, a multinational telecommunications company headquartered in France. The results of this case illustrate how standardization-adaptation balance necessary to enable optimal efficiency of international marketing operations is managed in practice by the multinational company. They also demonstrated the role of the financial performance in standardization-adaptation decision making.

**International Marketing Strategies and Management**

There is little agreement as to what makes a company internationally competitive (Zou and Cavusgil 2002). However, several perspectives focus on international marketing strategies, integration of a firm’s competitive position across markets, industry and firm drivers, strategic levers and standardization (Birkinshaw, Morrison and Hulland 1995; Raymond and Lim 2002; Szymanski et al. 1993; Yip 1989; Zou and Cavusgil 2002; Taylor 2010; Ko et al. 2012; Zou and Volz 2010).

With the standardization perspective, the optimum global marketing strategy involves selling standardized products using standardized marketing programs. The target market, market position, nature of the product, environmental factors, and organizational factors, product-related decisions, the necessity for the product, organizational support requirements, and legal considerations affect standardization of marketing programs (Jain 1989; Raymond and Lim 2002). Viswanathan and Dickson (2007) to describe standardization decisions conceptualized a comprehensive model consisting of three complex variables that guided this research. By introducing financial performance as a component of standardization decisions the authors of this paper proposed a modification to the model of Viswanathan and Dickson (see Figure 1).

![Figure 1: Factors affecting degree of standardization in international marketing strategy](image-url)

**Performance**
- Business profitability

**Environment**
- Homogeneity of economic freedom
  - Legal environment,
  - Political environment,
  - Physical environment,
  - Marketing infrastructure

**Competition**
- Transferability of competitive advantage
  - Core competence
  - Market power
  - Similarity of market

**Customers**
- Homogeneity of customer response to marketing mix
  - Product
  - Price
  - Promotion
  - Place

**Decision variables**
- e.g. firms’ international experience,
- economies of scale,
- similarity of competitive position,
- culture,
- consumer adoption

**Marketing strategy formulation**
Characteristics of Telecommunications Industry

Competitors in the telecommunications market face highly unpredictable and rapidly changing technological developments as well as high investment costs, low variable costs, very short product lifecycles, extreme time pressures, high costs of new product development, unpredictable and varying demand, which may lead to risky operations and decline when new products are not developed and/or accepted in the marketplace (Kotler 2005; Mohr 2001; Riel, Lemmink and Ouwersloot 2004).

Orange-FT

Headquartered in France where all national activities except brand management activities (United Kingdom) are coordinated, Orange-FT operates in 32 countries and serves more than 200 million customers worldwide. Annual revenues reached about 60 billion dollars in 2010. The major operations in Europe included countries such as the United Kingdom (UK), Spain, France, Holland, Belgium, Switzerland, Austria, Poland, Slovakia and Romania. To best utilize managerial resources, the company adopted a matrix structure where the senior managers of national operations also held positions on international committees. Orange-FT used one coordination center for all advertising activities (under a single brand of Orange), standardized product development and management structure, a single procurement organization, one portal design, and standardized technologies across the business group.

Competition

The presence of Orange-FT across Europe was not equally strong. In some countries, they were a leading provider with a long history of service delivery and very large operations, whereas, in other countries, they were either a large challenger to the incumbent operator and a leader of change or a small newcomer struggling with the incumbent operator and other large telecommunication operators. Orange-FT offered different products and services, fought different competitors and had different images from country to country resulting in mixed public perceptions.

Market Segments and Customers

Company management viewed the market in Europe as heterogeneous. However, the company attempted to introduce one new, common segmentation strategy for all the countries across Europe in order to improve the information about the local markets. The diversity of customers’ needs, wants, and preferences across the local markets presented a problem for the company. Implementation of a common segmentation strategy proved to be a very difficult task. Not only were different products preferred by different market segments across markets, but customers wanted to use the products in different ways and previous segmentation strategies were still in use resulting in multiple segmentation strategies being utilized at the same time.

Interest in New Products and Product Applications

Orange-FT managed the new product development in a centralized structure that enabled the introduction of the same products simultaneously in seven different countries. Prior to product introduction, standardized surveys of market potential concerning the need for new products consumers were administered across different countries. Depending on product, these data either provided the basis for diversified new product marketing in different countries with high degree of adaptation or standardized approach. As the countries’ operations differed with respect to characteristics of consumers, it was also found that the consumers used standardized products differently in different countries.

Financial Performance
Financial performance covering the analysis of the revenues and costs played an important role in the decision making process.

Revenue analysis
Orange-FT analyzed the impact of a new product introduction on revenues. Two factors driving market potential were interest in the product and consumers’ willingness to pay for the product (i.e. the number of users and the average revenue per user). The results showed that the countries varied in market potential in terms of the total market value and factors driving this value (forming full spectrum from low number of users with low average revenue per user to high number of users with high average revenue per user).

Cost analysis
The allocation of costs for product development was a key consideration. Depending on the product, the fixed and variable costs dedicated to product development varied across markets. The costs for subscriber-driven costs, which depended upon the number of users, and network driven costs, which were independent from the number of customers but which enabled coverage, were split differently across markets. The cost component related to the telecommunication network was high regardless of the final number of consumers who used the product. Costs related to things dedicated to particular consumers (i.e., handsets and other equipment, sales and customer care) varied from product to product and was driven first by the different costs of equipment, second by the complexity of product and the need for sales and customer care, and third by the distribution method and marketing communication channels. The primary distinction was whether the product provided an up-sell (i.e., selling the product to an existing subscriber) or a new sale (i.e., selling the product to a completely new subscriber).

Conclusions and discussion
Results indicated that financial performance is the important component of standardization-adaptation decision making. The cost allocation per subscriber, average revenue per user, and product margins are critical considerations when assessing performance. In addition, the results show that standardization and adaptation decisions regarding international product marketing and product development in telecommunication industry are complex with many parameters and multiple possible outcomes. Customers’ preferences, the composition of markets, and consumers’ willingness to pay for given products may differ across countries, leading to different strategic decisions for specific markets. Finally, the case study to be internationally competitive, various degrees of standardization and adaptation strategies are necessary depending on the product, country and target market.
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THE DIFFERENCE BETWEEN PSYCHOLOGICAL AND SOCIAL AFFAIRS AND THE IMPLICATIONS FOR KEY PLAYERS

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Organisational or institutional disputes and scandals cause numerous problems, not only for the organisation or institution, but also for the individuals involved. The effects of such conflicts can be far ranging including posing particular threats to the productivity, financial standing (for example, see Hoel, Sheehan, Cooper, & Einarsen, 2011) and reputation of the organisation or institution (Fox & Stallworth, 2009) should the issues become public concerns. As such, the incentive to keep these matters private and contained, is a priority. As contained issues, these disputes are difficult to understand.

CONTAINMENT OF ISSUES: SOME HISTORY

Historically, the containment of issues within organisations can be linked to a number of workplace developments emerging from the 1930s to the present time. These include the introduction of Human Resource (HR) officers in the 1960s (Khilawala, 2011) to improve the management of employees and streamline internal mechanisms (Thompson, n.d.). Their introduction also brought about an increased focus on individuals and personalised relationships within the workplace (Lécuyer, 2003) which contributed to the internalisation of issues. Added to this, employers focused increasingly on the humanisation of the workplace (Fieldes & Bramble, 1992) as they recognised their employees as valuable resources (Ehrlich, 1997; Womack, Jones, & Roos, 1990). The destabilisation of unionism in many countries, from the 1950s (Harvey, 1990; Lichtenstein, 2002) also led to an increase in the isolation of workers as they had to rely more on their own resources in a work environment that was changing its focus to individual agreements (Harvey, 1990). Changes to workplace legislation in Sweden in the 1970s (Eurofound, 2009) further intensified the focus on psychological aspects of workplace relations. These changes combined to focus attention on individuals and the conflicts as personal, psychologised events that deflected attention away from the organisation or institution’s role in their escalation. As a result, this left little scope for other explanations about what contributes to these issues.

METHODOLOGY: A SOCIOLOGICAL APPROACH

In this study, the methodological approach for exploring the containment of disputes is taken from Bourdieu’s (Bourdieu & Wacquant, 1992) construction of the object. Here, the history of containment is used to frame the problem and, as such, provides a base from which to start the analysis, highlighting the restricted focus and hidden dimensions of contained disputes. In order to make a break from these restricted foci, a broader perspective was needed to investigate what occurs when organisational conflicts escalate. To achieve this goal, a break was made through the use of public cases that had breached containment. These
cases provide an opportunity, to explore how disputes escalate and, through the public documents, allow for new perspectives on the private contained phase of conflicts.

BOLTANSKI’S AFFAIR MODEL

As a method, Boltanski’s affair (1996) model was used to explore the escalation of conflict and to explain the differences between a private contained dispute and a full social affair. The California State University, Chico hazing case of Matthew Carrington in 2005, is used here as a case study, to demonstrate points of difference between the two affair types namely, psychological and social affairs. Public documents such as online newspaper articles, web pages and journal articles were used in the data collection, detailing the events of this affair from onset to conclusion. This case study is part of a larger study which examines the process of containment.

The analysis of the Chico affair highlights how a public case moves through transitory phases. These phases include the private onset phase, the breach of containment phase which marks the point at which the issue enters the public domain, and the recontainment of the affair as the final phase in the psychological stage. If the affair is not recontained it transforms, through depersonalisation and generalisation of the issues to become a social affair, which is the final phase in an affair (Boltanski, 1996). In order to determine the moments of transition from one phase to the next, each event in the Chico affair was analysed following the Boltanski (1996) affair process, which proceeds in the same manner for both the psychological and social affair, only changing according to the specifics of the phase. For example, as a social affair the focus is on depersonalisation and generalisation of the issue, so the process reflects and support this. The affair process begins with a denunciation which highlights the filling of the agencies of denouncer, target, persecutor and judge and also informs on the direction the affair is taking (Boltanski, 1996). There are claims and counterclaims, players gather evidence for presentation to the judge and then a decision is made which either, settles the affair, or leads to a new claim, which starts the process again (Boltanski, 1996).

OUTCOMES

Five points in time are examined in the Chico case to demonstrate how the affair proceeded from onset through to settlement as a social affair. A discussion of these points throughout the affair highlights the differences between the psychological phases; onset, breach and potential recontainment (this case was not recontained), and as a social affair together with the outcomes associated with each phase. For example, during the onset phase, this process highlights the emphasis on personal relations. During the breach of containment phase however, analysis of one key event highlights how the affair begins to transform, as the emphasis shifts to a more general focus, through the establishment of a Trust Fund to raise awareness of hazing ("Packed memorial for hazing victim," 2005).

The Chico case emphasises a number of differences between the two affair types, including the focus on individuals and personal, private aspects of psychological affairs and the collective focus of social affairs (Boltanski, 1996). This case also highlights the implications for all players at each phase of the affair as it proceeds, pointing to the damaging effects of escalations of conflict and the ongoing costs of psychological affairs for all players, including the organisation or institution, as highlighted by Boltanski (1996). While analysis of organisational and institutional disputes shows that the containment of these issues is costly on a number of levels, the public alternative is also an extremely costly enterprise both at professional and personal levels. Future directions for exploring these issues lie in adopting...
broader perspectives that examine how and why these issues emerge, then seeking solutions that address the many pressure points that result in conflicts and scandals. A sociological approach is one way of examining these issues in more depth.

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DOLLARIZATION AS A TURNING POINT FROM A HYPERINFLATIONARY ECONOMY: A CASE OF ZIMBABWE

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ABSTRACT

Zimbabwe got its independence on 18 April 1980. Since then its government introduced its currency known as Zimbabwean dollar (ZWS) as an official currency, replacing the Rhodesian dollar at parity. At its inception, the Zimbabwean dollar had an exchange rate of one to US$1.47. However, according to Sikwila (2013:398) “by July 2008 its value had dropped to ZWS$10 billion to US$0.33. This was fuelled by the substantial increase in money supply of ZWS$20.5 trillion.” The increase led Zimbabwe to be the first hyperinflationary economy of the 21st century. This led to the abandonment of the Zimbabwean dollar and the adoption of the US dollar and other currency such as EURO and RAND. This paper discusses the various types of dollarization before examining the causes and effects of adopting dollarization as a way to eliminate hyperinflation, and the failure of the banking system to provide domestic currency to both firms and individuals. The paper is important to policymakers because it gives several recommendations on the subject in question and suggestions for future research direction are indicated.

Keywords: dollarization, causes, effects, hyperinflation, Zimbabwean dollar
THE SOCIO-ECONOMIC DEVELOPMENT IN NIGERIA? NATIONAL LANGUAGE AND INTEGRATION TO THE RESCUE.

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Abstract

Since political independence of October 1st 1960, Nigeria as a nation has been questing for national language and integration. This quest becomes more problematic as a result of multilingualism that characterizes the country. This paper aims to examine how national language and integration of all ethnic and tribal groups in Nigeria can promote socio-economic development of the country. There are efforts and various strategies by the government such as National Youth Service Corps Scheme that has been adopted to promote national integration. But how far has it gone? Has it been yielding fruits? This paper answers such questions and submits that variables such as religious and political intolerance, economic sabotage and misappropriation of human and material resources should be exterminated from the body politics of Nigeria to ensure sustainable socio-economic development.

Introduction

The prominence of language in socio-human interaction cannot be ignored for sustained socio-economic development. As speaking being, humans use language for communicative and interactive purposes. The centrality of language in human relationship accounts for various definitions and descriptions given to it by scholars – Sociolinguists, anthropologists, language and communication experts, human psychologists and ethnographers of communication. A well-quoted definition of language was given by Sapir (1949) that it is:-

...Purely human and non-intuitive method of

Communicating ideas, emotions and desire by

Means of voluntary produced symbols.

From the viewpoint of Sapir it can be said that critic (Sapir) believed that language solely belongs to humans for communicative purposes. Sapir’s opinion is similar to Greenberg’s (1971:156) view about language. Greenberg opened that language is a unique human possession. He writes:-

Language is unique to man. No other species possesses
a truly symbolic means to communication and no human Society, however simple its material culture, lack the basic human heritage of a well developed language.

The above suggests that from antiquity, language has been a unique quality of man. From primitive culture till the present stage of modernity, man has been in the possession of language for the purpose of communication and other forms of social interactions.

In another contribution, Hall (1968:158) sees language as “the institution whereby human communicate and interact with each other by means of habitually used oral-auditory arbitrary symbols”. This definition of language also points to the communicative potentials of language. Humans communicate with one another through mutually intelligible language.

In a more recent study, Sesan (2010:71) defined language as the “sole machinery used by man to manipulate and control his bio-cultural sphere and linguistic domains at micro and macro levels”. From this definition it can be said that apart from being a medium of communication, language is a weapon for social control and interaction.

Despite the availability of many definitions of language, there is none without a weakness. It is impossible to find a definition against which we could not raise at least one objection (Elugbe, 1991:42). From various definitions of language that are available in linguistic discourses, some features that are central to these definitions are given below.

(i) Language is human;
(ii) It is used for communication;
(iii) Meaning is central to the use of language;
(iv) Social control and interactions are made possible through the use of language.

The uniqueness of language to human is adjusted by the innate nature of language. Expect a child is born with some congenital abnormalities, every individual naturally possess what Noam Chomsky refers to language Acquisition Dance (LAD) to acquire, process and interpret language spoken in the speech community. It can thus be said that language is vital to sustenance of human existence in a complex world.

National Language in Nigeria

One of the post-colonial national issues that Nigeria had to address in its development process as a nation was the national language question (Babajide, 2007:39). Since the termination of colonial rule in Nigeria, on October 1st 1960, the country has been taking steps towards evolving indigenous national language. It is however sad to note that each step taken so far has not yielded any positive result. Certain factors such as linguistic and political problems account for the failure of evolving an indigenous national language.

Plurality of indigenous language in Nigeria and the ascending of English language as the official language in the country constitution parts of the linguistic problem militating against the evolvement of indigenous national language. From different scholarly contributions (See Akinjobi, 2004, Babajide, 2007, Iwara, 2008, Akinjobi, 2002and igboanusi; 2002), the present opinion is drawn that Nigeria has over 400 indigenous languages. With this multilingual nature of Nigeria, it has not been easy to make a choice of which of them will be a national language.
The linguistic loyalty as degenerated into intolerance (linguistically) among Nigerians who speak different indigenous languages.

The speakers of minority language always nurse the four of linguistic marginalization. This fear is premised on the assumed marginalization of minority tribes (economically and politically). For this reason, the speakers of minority language are always suspicious of the choice of any of the major languages (Hausa, Igbo and Yoruba) as the national language for the country. This position among others, may inform the opinion of Babajide (2007:43) that the choice of any of the major indigenous languages in Nigeria will do more harm than good. Its positions are reproduced here for scholarly purpose:

- First, it constitutes a threat to the continued existence of their languages because they are likely to be relegated to the status of languages they are likely to be relegated to the status of languages of rurality. As it were, an average Nigerian would prefer a metropolitan language to a rural one because rurality cannot rusticity.
- Second, the number of the speakers of each minority language would gradually diminish to a somewhat negligible figure or to a zero-speakers point. Already in some parts of Delta State, pidgin has become a Creole (spoken as a mother tongue in a community) and Hausa now become the mother tongue for some Northerners who were not originally Hausa by tribe. (See Egbokhare 2001 and Igboanusi & Peter 2005).
- Third, if a language is no longer of interest to anyone, it becomes wasteful for the government to spend a large sum of money on its development, that is, if she is even prepared to spend such money or ever has such interest. With the magnitude of other more pressing and very urgent needs the government hardly ever has the magnanimity to give language development a serious attention.
- Fourth, a language that no longer attracts interest because of the negligible number of its speakers and its almost non-existent recognition is liable to extinction. When a language is lost, the whole lots of the essential characteristics of the people who own the language are lost.
- Fifth, the cultural identity of a people who lost their linguistic heritage consequently disappears. Such a people are subsequently absorbed into the culture of their newly found language. As a corollary therefore, the death of a language is the death of a cultural history of a people.

Babajide’s positions are valid but he failed to include mutual suspicious among various ethnic group in the country. Nearly all ethnic groups in Nigeria do not trust one another and this is one of the problems militating against proper national integration in the country.

Apart from promoting national image, national language enhances socio-economic development. Some development nations and Asian countries that have indigenous national language have recorded tremendous success technologically, economically and politically. For this reason, the present writer subscribes to the opinion of Banjo’s (1992:7) that:

- The choice of a national language is, in turn, expected not
- Only to do a lot for the national psyche but also to facilitate
- National mobilization for development which, in turn, will
- Enhance the production of more wealth and launch the
- Nation into the world’s top league of developed nations.

The opinion of Banjo as given above suggests that a sustainable national language will promote economic and social development of a nation. This is owing to fact that national mobilization can be done with expected positive impact through a single language (national language) that is mutually intelligible among different ethnic groups in the country.

Ekpu (1989:10) has a different view Banjo. He is of the opinion that national language alone is not enough for enhancing national integration. He supports his claim by saying that “even linguistically homogenous societies do expense from time to time, a certain degree of social upheaval. The phenomenon of social upheaval by linguistically homogenous societies is not unconnected with bad governance, mismanagement of human and material resources of a nation, ethnic rivalry and defective foreign diplomacy.
The political mapping of Nigeria also accounts for the failure of evolving an indigenous national language. For selfish political reasons, Nigerian government (un)consciously excludes the country’s indigenous language in the official transaction in the country. The exclusion is dual: one, at the policy formulation stage; two, at the execution (Babajide, 2007:41). At the policy formulation stage, Nigeria government has not shown serious interest at the promotion of indigenous national language. Evidence of this is seen in the country’s 1991 Constitution where it is written that:

The business of the National Assembly shall be conducted
In English and Hausa, and Igbo and Yoruba when adequate
Arrangements have been made there of (Chapter, section 55)

The clause “when adequate arrangements have been made there of” is ambiguous. When arrangements are to be made before Hausa, Igbo and Yoruba can be used in the National Assembly and when are these arrangements to be made. If there are no answers to these questions, it means that Nigerian government is not ready to evolve indigenous national language. Most lawmakers in Nigeria parliament have developed linguistic phobia towards their indigenous languages all because they don’t want to be seen as illiterates and uneducated when they deliberate national issues in their indigenous languages (Sesan, 2010:85). This unfortunate situation has had some impacts on the country’s national integration.

National Integration in Nigeria

The quest for national integration in Nigeria requires collective efforts of all irrespective of ethnic background, religious affiliation and political association. It is when everybody is integrated into the polity, politics and economy of Nigeria that the country can attain sustained socio-economic development.

National integration in Nigeria can be attained through political concretization and consciousness, promotion and protection of every citizen’s rights irrespective of ethnic backgrounds, political association and religious affiliation, economic empowerment every ethnic group in the country and equity, fairness and justice in governance. Below are therefore some factors that can promote national integration in the country.

(i) Mutual intelligibility in terms of linguistic interaction among various ethnic groups in Nigeria;
(ii) Good governance guided by equity fairness and justice for all, irrespective of ethnic backgrounds and political association; and
(iii) Political participation and credible elections for the change of power.

When all these factors are met, there will be national integration for sustainable socio-economic development.

The failure of the Nigeria government to attain national integration may lead to a state of among. One of the basic consequences of state of among is militant uprising across various ethnic group in the country. In Nigeria, we have the Odua people Congress (OPC), the movement for the actualization of the sovereign state of Biafra (MASSOB) and Ijaw Youth Congress (IYC) among others (Offor, 2008:47). We cannot ignore the fact that militant uprisings have negative implications on the socio-economic development of the country. In a related study, Sesan (2010:7) observes six implications of militant uprisings on human capital development in Nigeria. He observes the following consequences:

i. Loss of lives and destruction of properties;
ii. Insecurity that drives away foreign investors;
iii. Environmental pollution and degradation;
iv. Kidnapping and high tempo of criminalities;
v. Underutilization of natural resources as a result of feat that drives away workers and investors; and
vi. High cost of living and poor standard of living in the affected regions

Summing up all these problems as observes by Sesan, it can be said that the state of anomy in Nigeria has negative impact of the country.

Our position in this paper is that even if Nigerian government has not realized the dream of national language for Nigeria, every effort should be made to ensure national integration for socio-economic development in the country through the following ways:
Continuous use of English as the language of economic and social interactions for mutual intelligibility pending the time an indigenous national language will be evolved in Nigeria;

(ii) Credible and people-oriented democratic governance that gives equal opportunities for all Nigerians irrespective of their ethnic background; and

(iii) Promotion and sustenance of national philosophy of equity, justice and fairness. Nigeria, like every other African country is facing with socio-economic inactions. Among these inactions is election malpractice and socio-political sabotage among the political leaders. In general, Africa as a continent and Nigeria, in particular we achieve sustainable socio-economic development if chews, anarchy and state of anomny on the continent are reduced to barest minimum.

Conclusion

This paper has addressed the issues of national language and national integration as they affect socio-economic development in Nigeria. Linguistic and political problems are observes as militating factors against the evolvement of national language in Nigeria. It is discussed in the paper that deformed national integration process has led to the state of among and militant uprisings that have threatened the existence of Nigeria as a political entity. For sustainable socio-economic development, all Nigerians should be properly integrated into the body politics of the country. With this every individual in Nigeria will have a sense of belonging in the affairs of the country.

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ABSTRACT:
Managing the performance of employees is considered important for an organization's effectiveness. Two models of performance management practice (PMP) namely the traditional “hard performance improvement” and the newer “soft developmental/motivational” frameworks are explored, the study proposing a high incidence of the former. Adopting goal-setting, performance appraisal and rewards as indices of performance management PM, a survey of 10 firms was carried out using a structured questionnaire. Data generated were analyzed using descriptive statistic including percentages and means as well as using test of correlation. Results indicate that all 3 elements of PM are present albeit in different magnitudes. Specifically, goal-setting is not overly participative but set goals are clear and employees are committed to them; performance evaluation is used for training, pay and promotion decisions; and only a moderate association exists between PMP and organizational productivity. We conclude that PM systems in these organizations are dual-focused; that organizational effectiveness may not depend on wholesale employee participation. However, we recommend greater participative PM processes in other to improve productivity and overall organizational effectiveness.

Keywords: Organizational effectiveness, Participative Performance Management, Goal-Setting, Commitment to Set Goals, Employee Satisfaction, Productivity
ACCOUNTING AND CORPORATE REPORTING OF ENVIRONMENTAL COSTS IN NIGERIAN BUSINESS ORGANIZATIONS

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Abstract

This study investigated accounting and corporate reporting of environmental costs in Nigeria Business organizations with a view to determine the impact of environmental costs on competitive advantage of firms on one hand, had the reporting of environmental costs in the financial statements of firms. To achieve this purpose, relevant hypotheses were formulated. The population of the study consisted of thirteen (13) foods/beverages companies located in the city of Lagos. A cross-sectional and longitudinal survey design was adopted in the study. While the primary data were collected through the administration of questionnaire on the chief accountants of the selected companies the secondary data were gathered from the companies’ annual reports and accounts for the period 2007 – 2011. The data generated for this study were analysed using multiple regression analysis and chi-square ($\chi^2$) test. Our findings revealed that environmental costs have a significant impact on the competitive advantage of business organizations in Nigeria. More so, the study showed that environmental costs should be capitalized and not to be expensed. Based on the above findings, it was therefore recommended that business organizations in Nigeria should adequately recognize and account for environmental costs, and reports same as environmental investment costs in the balance sheet of the firm.

Keywords: Environmental cost, accounting, corporate reporting, capitalization, environmental investment
DRAWING ON THE FLAT SURFACE OF THE YORUBA TRADITIONAL ECONOMY: RELIGIOUS ETHICAL POINT OF VIEW

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Abstract.

Existing studies of historians of Yorubaland have focused more on the historicity of the Yoruba economy to the detriment of the ethical dimension of the Yoruba economy. The ethical dimension is vital to study as regards the information about the Yoruba traditional economy in the global context. The of Yoruba economy from ethical point of view will serve the purpose of demonstration the role Yoruba traditional religion played in the economic development of Yoruba society. The relation of Yoruba economy to ethics has to do with the conviction that Yoruba religion is the source of Yoruba ethics. It cannot be gainsaid that Yoruba ethics contributed a lot to economic change in Yorubaland just as the protestant ethics contributed to the rise of capitalism in Europe. There was a correlation between religious doctrines and the practical ethics of economic activity. The fact being stressed here is that Yoruba religion provided rules of ethics, which had economic impetus. This fact is what this paper intends to establish. In doing so, this study will cover the following areas: Theoretical issues, Yoruba traditional economy, Yoruba religion and traditional economy, relation of Yoruba ethics to Yoruba traditional economy, and, challenges before the stake holders in the contemporary economy.
PROJECT MANAGEMENT AND LEGAL REQUIREMENTS: A MODEL FOR ETHICAL PROCESSES

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ABSTRACT

Project management involves collaboration and often the value of the ethical dialogue requires reaching a common understanding among the team as to its appropriate course of conduct. The authors examine the project management processes and legal requirements pertaining to the implementation of projects and present a project management and legal requirements model to discuss the converging connections. The authors conclude with a practical discussion about how to communicate the connections to the project team members for effective project execution.

I. INTRODUCTION

Organizations have recognized the significance of practicing behaviors which are both ethical and legal, within internal and external stakeholders, as a business approach to enhance competitiveness, stabilize the bottom line and market images (Cross & Miller, 2009; Driscoll, & Hoffman, 2009; McManus, 2009). Enron and other companies have served as examples of poor ethical and legal decisions that have had enormous financial and marketing impacts to internal and external stakeholders (Kliem, 2013). Accordingly, an entity is charged with providing environments that enhance ethical and legal behaviors in order to reduce or mitigate the chance that “a rank-and-file employee made or executed an unethical decision” (Kliem, 2012, p. xv) that costs the entity a significant financial loss. Another impact of unethical behavior includes lack of consistency in implementing standards and values which result in a reduced organizational reputation (“The Ethics Landscape in American Business,” 2013.).

The current organizational competitiveness encourages “opportunities for several lapses in ethical judgment and action in some very open and subtle ways. Some of those pressures include an unrelenting pressure to produce faster, better, cheaper; to manage projects and
programs spread across the globe involving different cultures with varying perceptions about what is ethical” (Kliem, 2013, p. xvi). As a result, it is important to understand the ethical dilemmas that confront project management teams and develop approaches and models to minimize the chances of behaving in unethical and legally irresponsible manners.

As reported by Cross and Miller in 2009, ethics includes examining what is considered as correct or incorrect behavior. More specifically, ethics is concerned with morality and the ways in which moral principles are applied to our living both professionally and nonprofessionally. Legally responsible behaviors provide a basis for consistent and predictable outcomes that provide a framework for professional and nonprofessional activities (Cross and Miller, 2009). For example, ethical behaviors support respecting and treating others fairly as well as not causing harm.

Project teams are responsible for meeting the objectives of projects, satisfying stakeholders, identifying and handling project risks and completing deliverables (Helgadottir, 2007). Helgadottir (2007) has reported that project teams need to be “taught to think and debate ethically and that project owners should hire project managers that along with all the important tools of project management, have the ability to explain their ethical standpoint as well as manage the ethics of a situation” (p. 744). Therefore, project teams are responsible for assessing situations and making decisions that are ethical and legal when executing projects. To that end, Project Management Institute members and credential holders are required to abide by a code of ethics. The Project Management Institute Code of Ethics and Professional Conduct (2013) states that “our hope is that this Code of Ethics and Professional Conduct will serve as a catalyst for others to study, deliberate, and write about ethics and values” (p. 1). Therefore, the purpose of this paper is to provide a framework to discuss the importance of project management and the corresponding legal considerations to advance the profession and aid in making ethical decisions during project implementations.

To show the connections of project management and legal, this paper focuses on the following objectives:

- To provide a framework to discuss the importance of ethical and legal processes;
- To use a model to discuss ethical and legal connections noting the project processes as defined by Project Management Institute (2013);
- To provide practical ways in which to communicate the importance and use of project management and legal requirements in implementing ethically-related project processes.

II. ETHICS AND PROJECT TEAM MEMBERS

Process-oriented ethics theories maintain that the approach used to resolve ethical dilemmas predicts its rightfulness or integrity (Helgadottir, 2007). Project management is a methodology that can be used to strategically frame the activities of the project manager and project team with the ultimate outcome of achieving productivity based on improving processes (Project Management Institute, 2013). Accordingly, since project management is process-oriented, one of the underlying ethical theories that can be applied to project teams is duty-based. Immanuel Kant is the main proponent of duty-based (deontological) ethics and the idea is that project team members should ask themselves “to whom do I owe a duty and what duty do I owe them” (“Deciding What’s Right: Ethics for Daniels Scholars,” 2010, p. 1). Duty-based ethics is focused on asking the questions related to what is my end result (Cross & Miller, 2009).
Kant’s ethical decisions are based on the following two principles: consistent behavior and behavior that is respectful to others (“Deciding What’s Right: Ethics for Daniels Scholars,” 2010). More specifically, as project team members, individuals should make decisions consistently across the board for all project management processes including project human resources, project risk management, and project procurement management.

**FIGURE 1: Project Management and Legal Requirements Model**

<table>
<thead>
<tr>
<th>Project Management Processes (Project Management Institute, 2013)</th>
<th>Legal Considerations</th>
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</thead>
<tbody>
<tr>
<td>Project Human Resource Management</td>
<td>Hire/Fire</td>
</tr>
<tr>
<td>Acquire Project Team</td>
<td>ADA of 1990</td>
</tr>
<tr>
<td>Manage Project Team</td>
<td>Title VII</td>
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<tr>
<td>Risk Management Planning</td>
<td>Training</td>
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<tr>
<td>Contract Planning</td>
<td>Bullying</td>
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<tr>
<td>Contract Administration</td>
<td>Laws and Regulations</td>
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<td>Contract Closure</td>
<td>Contract Law</td>
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<td></td>
<td>Contract Negotiations</td>
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</tbody>
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**PROJECT COMMUNICATIONS**
III. PROJECT MANAGEMENT AND LEGAL REQUIREMENTS

The project management and legal requirements as identified in figure 1 herein include the activities of project human resource management, project risk management and project procurement management (Project Management Institute, 2013). Each of the processes will be discussed in this section including legal requirements that are conducted within each of the project management processes with an overall emphasis on project communications.

A. Project Human Resource Management

“Project human resource management includes the processes that organize, manage, and lead the project team. The project team is comprised of the people with assigned roles and responsibilities for completing the project” (Project Management Institute, 2013, p. 255). Acquiring the project team includes obtaining the resources needed to complete the project activities and developing the project team includes enhancing skills and techniques, team member interactions, and the overall team atmosphere to support the project performance (Project Management Institute, 2013). The legal considerations for hiring and firing team members may require the expertise and skill of lawyers due to certain contractual agreements, labor restrictions, equal employment opportunity concerns, and affirmative action requirements (Bohlander & Snell, 2010; Kliem, 2013). More specifically, arbitrary employment at will considers the contractual relationship of employees and considers the hiring and removal of employees, consultants and contractors (Kliem, 2012). Additionally, hiring practices must consider laws such as equal opportunity noting discrimination on the basis of race, color, gender or national origin (Cross & Miller, 2009).

B. Project Risk Management

*Project Risk Management* includes the processes of planning, identifying, analyzing, responding and controlling risks (Project Management Institute, 2013). Risk Management focuses on employees’ behaviors and practices and improving the behaviors and practices so that the employees make better decisions that are more aligned with the company’s philosophy about ethical, social, environmental and financial strategies.

Legal noncompliance is one of the areas in which lawyers can identify as a risk category (Kliem, 2012). More specifically, “project managers and their team members can find themselves legally liable for failing to comply with laws and regulations, especially if their actions are not an expression of due diligence and due care” (Kliem, 2012, p. 25). Thus, laws and regulatory requirements should be adhered to and identified as risks because noncompliance could lead to penalties and poor public relations. For example, Sarbanes-Oxley, Sherman Anti-trust Act and certain environmental laws (Kleim, 2012) need to be identified as risks if not adhered to and should include a risk assessment and response plan for noncompliance (Project Management Institute, 2013).
C. Project Procurement Management

*Plan Procurement Management* includes the processes of recording procurement decisions, identifying the approach and identifying sellers (Project Management Institute, 2013). Conducting procurement activities includes negotiating the basic tenets of a contract and controlling procurement includes the procurement relationships, monitoring the contracts (including contract changes or corrections (Project Management Institute, 2013). For example, a “breach of contracts and agreements involves negotiating contract or enforcing compliance with contracts both from a buyer and seller perspective” (Kliem, 2012, p. 26). Project managers with the assistance of legal counsel must conduct and control contracts and agreements including terminating a contractual relationship for breach of contract. Close procurement includes completing administrative components of the contract, updating records and handling unresolved claims that may include litigation to resolve (Project Management Institute, 2013).

D. Project Communications

Sotiriou and Wittmer (2001) determined that team members were more likely to comply with communications from project managers who have professional integrity as demonstrated by truthfulness, follow-through, and assuming responsibility. *Project Communications Management* is listed as an overarching project process that needs to be implemented in order to provide an understanding of the connections between project management and legal requirements. This understanding should achieve the end goal of developing a road map for project managers to work with legal representatives as team members throughout the duration of the project life cycle. Successful project management requires effective and ethical communication between the team leader and the team members. These interactions build the team’s focus and provide the foundation for each member’s contribution to a positive outcome (Brenner, 2007).

IV. CONCLUSION

Project management involves collaboration and often the value of the ethical dialogue requires reaching a common understanding among the team as to its appropriate course of conduct. Therefore, the *Project Management and Legal Requirements Model* presented herein, (a) provides a framework for project teams, project team members including legal representatives, to discuss ethical and legal intersections; and (b) provides practical ways in which to communicate the importance and use of project management and legal intersections in implementing ethically-related project processes.

Ethical issues can result in legal and financial issues and may be often difficult to identify and thereafter determine a course of action (Kliem, 2012). “Legal noncompliance is an issue that often gets the most attention because failure to comply has severe impacts, such as criminal and civil penalties, which can be applied to organizations and individuals alike. Ensuring adherence to laws and regulations, such as Sarbanes-Oxley, Sherman Anti-trust Act, and environmental laws, becomes absolutely essential to avoid penalties and bad public relations” (Kliem, 2012, p. 25). Project team members can be legally liable for failing to abide by the rules and regulations as defined by laws and regulatory agencies.
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LOCK-IN VS. CAPITALIZATION MARKET REACTIONS TO TAX CHANGES

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ABSTRACT

In 1997 investors were surprised by the announcement that the Clinton administration had reached an agreement with the Congress to lower capital gains taxes. This announcement was not preceded by rumors of the forthcoming reduction and no other tax rates were changed. Therefore, this presents the perfect situation to study market reactions to a tax reduction. Two competing forces should influence stock prices. The lock-in effect would cause prices to decline and the capitalization effect would cause prices to increase. The strength of both are tested on the announcement date and the information date.

INTRODUCTION

The focus of this paper is on the effects of the 1997 reduction of the capital gains tax on the price of stocks that have had large price changes. The study incorporates the use of parametric tests to determine the relative impact of the tax reduction on stocks that had large gains and losses over varying periods leading up to the change in the tax rate. This capital gains tax change was unique in that it: 1) occurred during a period of a relatively bullish market, 2) was not coupled with a change in the ordinary tax rate, and 3) occurred during an otherwise uneventful week in the stock market. These factors aid in distinguishing the unique impact of the tax change on the valuation of common stock. Other studies focus on capital gain tax reductions that are accompanied by changes in the ordinary tax rate and/or market anomalies such as the Crash of ‘87, which make it much more difficult to gauge the impact of the capital gains tax change.

Under the 28% maximum rate, an investor with a $100,000 unrealized capital gain in 1992 on a $100,000 investment made in 1980 would have an effective capital gains tax rate of 94.6% after the adjustment for the effects of inflation. Inflation would have eroded 70.4% of the value of the gain and another 28% would be owed in taxes resulting in the effective capital gains tax rate given above. Under such a scenario, an investor is almost condemned to hold a security with a large capital gain due to the abnormally high effective capital gains tax rate. In the above instance, if the assets were sold for less than $197,778, the tax owed would be greater than the inflation adjusted gain from the sale. This is known as the Lock-In effect. If the tax rate is decreased investors will rush to sell their assets forcing a supply side decline in prices. Alternatively, the value today of any financial asset is the present value of the future cash flows produced by the asset. If the after-tax cash flow on an anticipated future sale is increased, its value today is increased. This is known as the capitalization effect.

LITERATURE REVIEW

Event studies have long been used to test for the presence of abnormal returns on a particular security occurring around a particular announcement (or event). If abnormal returns do coincide with announcement, then it is possible to conclude that the announcement contained some new information that was not already reflected in the price of the security. If this is true, then the semi-strong form market efficiency hypothesis does not hold. Fama (1969) defined semi-strong-form market efficiency as investors’ inability to earn excess returns using public information. According to this hypothesis, when the announcement of passage of the 1997 Taxpayer Relief bill occurred on May 7, the market should, if there is new information contained within the announcement, immediately incorporate that information into the price of securities.

The lock-in vs. capitalization effects have been studied by several authors. Most notably as it relates to this
research is the work of Benjamin C. Ayers, Oliver Zhen Li, and John R. Robinson (2008) and Zhonglan Dia, Edward Maydew, Douglas A. Shackelford, and Harold H. Zhang (2008). Ayers, Li, and Robinson Test of the Capitalization and Lock-in effects using buy and sell orders separated into large orders (tax in-sensitive institutions) and small orders (tax sensitive individual investors) on the announcement date 5/2/97 and the effective date 5/7/97. They find evidence of the capitalization effect on the announcement date and the lock-in effect on the effective date. Both are more pronounced for small orders. Alternatively, Dia, Maydew, Shackelford and Zhang jointly test the demand-side capitalization effect and the supply-side lock-in effect on equity trading. They test for these two effects during the announcement week (4/30/97 – 5/6/97) and the information week (5/8/97 – 5/13/97). Their results indicate that for stocks with capital gains the capitalization effect dominates during the announcement week and the lock-in effect dominates during the information week. Prices and volume are higher during the announcement week, and prices are lower with higher volume during the information week.

DATA AND METHODOLOGY

Data for this research is found on the CRSP daily returns file. Firms are required to have valid price, volume, return, and shares outstanding data for the time periods being analyzed. The first step is to calculate the capital gains for individual firms over various time periods leading up to the first event date. The capital gain is calculated using the beginning and ending close price. The capital gains are then rank ordered into deciles from smallest to largest and the averages are calculated. The number of firms in each decile range from approximately 460 for the 5-year period to approximately 727 for the 18-month period.

Given the substantial capital gains and losses leading into the surprise announcement of the tax reduction, how did investors react? Both the capitalization and lock-in effects would lead to increased volume, but raw volume is not necessarily a good measure of a change in supply or demand. A large capitalization firm may have a large number of shares traded without any detectible imbalance between supply and demand whereas a small capitalization firm with the same number of shares traded will have a large imbalance. To adjust for the size difference the relative volume is calculated as the number of shares traded divided by the number of shares outstanding. A partial answer to the investor reaction question can be gained using two simple regression models;

\[ \text{Return}_{ij} = \alpha + \beta(\text{Rank}_j) + \varepsilon \]
\[ \text{Relative Volume}_{ij} = \alpha + \beta(\text{Rank}_j) + \varepsilon \]

Where:
- \( i = \text{Dates 1, 2 (Date 1 = May 2, 1997 and Date 2 = May 7, 1997)} \)
- \( j = 1…10 \)

To aid in the interpretation of the results the average relative volume and average return is calculated for each decile over the 30-day period before the announcement of the tax change. A t-test is conducted for equivalence of means between the previous 30 days and the event days by decile rank.

RESULTS

This research makes no attempt to completely model the returns on the three dates but only the relationship between the return and the accumulated capital gains. As such it is only interested in the sign and significance of the regression coefficient. The rank coefficient for the first model is negative and significant when using the deciles formed over 18 months and 2 years, but not significant for the other estimation periods. This negative relationship could indicate that the prices of firms in the lower deciles (capital losers) went up, the price of firms in the higher deciles (capital gainers) went down, or a combination of the two.

The results of the second model show that relative volume is positively related to the capital gain rank decile and significant for estimation periods other than 18-months. Again, this could be the result of lowered volume for the capital losers, higher volume for the capital gainers, or a combination.

The capitalization effect is based on investor reaction to anticipated future events and the lock-in effect is based on investor reaction to past events. For a security with expected capital gains a tax reduction will lead to expected higher after-tax cash flows from the future sale of the security. The discounted value of these higher cash flows leads to an increase in the present price. On the other hand, for a security with large accumulated capital gains the amount of tax
owed is reduced and the investor is willing to accept a lower price. The latter case is the lock-in effect. In each case the investor is motivated by the after-tax cash flows.

If on the May 2nd announcement date investors holding securities with large losses believe that the effective date of the tax reduction will occur at a point in the future, they are motivated to accept a lower price and sell quickly before the effective date in order to receive the higher tax losses. There may be other investors that believe that the securities will regain value in the future and the reduction in the tax rate adds to their value. Therefore, the net effect on the price of losers is indeterminate. Investors holding securities with large gains know that if they wait until after the effective date their taxes will be reduced and they can only be induced to sell before the effective date by an increase in price that will compensate them for the differential taxes.

The Clinton administration had previously made tax changes retroactive to the beginning of the year and since no effective date for the change was announced on May 2nd it is reasonable to speculate about how investors would react if they believed this reduction to be retroactive as well. Investors holding losers have lost their opportunity to sell before the new rates go into effect and receive the higher tax losses thus decreasing the value of the securities even further. If, however, investors believe that these securities will recover their losses in the future and these gains will then be taxed at a lower rate the price may be bid up to reflect the higher after-tax cash flows. Investors holding securities with large capital gains that have felt “locked in” to holding the security by the high tax rate may now feel free to sell and reinvest the proceeds elsewhere. This increased supply and the reduction in the need to be compensated for the high tax on the sale should lead to a lower price.

All uncertainty was resolved on May 7th with the announcement that the reduction is effective on this date. Returns and the levels of capital gains are inversely related and significant for all gain estimation periods. The 18-month estimation period has the most significant relationship and the 5-year period the least significant. These results indicate higher returns on this date for firms with capital losses relative to firms with capital gains. This is consistent with the capitalization effect driving up prices on capital losers and the lock-in effect driving down prices on capital gainers. The relationship between relative volume and rank is mixed. The 18-month estimation period gives a negative and significant relationship but the 3, 4, and 5-year estimation periods have positive and significant relationships. Short-term losers were more heavily traded on this date than short-term gainers. Securities with gains over longer periods saw the opposite. This is also consistent with the capitalization effect driving up the demand for securities with short-term losses if investors believe that the losses will turn around, and the lock-in effect motivating investors to sell their long-term gainers at the lower tax rate.

Thus far the results appear to confirm the findings of Foster, White and Young (2007) that the lock-in effect dominates on both the announcement date and the effective date. Their work, however, only separated the data into dividend paying and non-dividend paying stocks and assumed that the non-dividend paying stocks were more likely to have capital gains. They did not stratify the stocks according to their actual gains or losses over varying time periods leading up to the announcement of a tax change.

A t-test for equivalence of means between the announcement day and the previous 30 days by decile rank and capital gain estimation period is conducted, and the returns on the announcement day are significantly higher for both large gainers and large losers regardless of the estimation period, but the gains are greatest for the losers. The differences in gains between gainers and losers are most pronounced using an 18-month estimation period and generally decline as the estimation period is increased. For comparison, on this date the NYSE, S&P, and NASDAQ had increases of 1.7%, 1.7%, and 2.4% respectively over their 30-day averages. Generally, losers performed as well as or better than the indices and the gainers underperformed the indices.

Relative volume is significantly higher for firms with the highest capital gains using each of the estimation periods. Only when using the 5-year estimation period does the relative volume for the firms with large losses become significant. The relative volume change for large gainers is at least three times that of losers in each case. Each index had an insignificant increase in volume compared to their 30-day averages on this date. The relatively low returns and the high volume among gainers indicate that investors were liquidating their gains on the announcement of a reduction in the tax rate.

Similar tests are performed using the May 7th data. The losers have positive and significant return differences using the 18-month, 2-year, and 4-year estimation periods and the relative volume is negative using three periods, positive for two, and insignificant using each of the five periods. The largest changes in the returns occur for the 18-month and 2-year estimation periods. The indices all had positive and insignificant changes in return and volume on this date. The largest gainers have negative changes in their returns for all estimation periods and these are significant (using 10% level) for all periods except the 5-year period while the relative volume change is positive using all five periods but insignificant for all periods except the 5-year period.

There is clear evidence that the capitalization effect dominates on this date for losers as holders of losers had lost their advantageous tax rate but saw the potential for the firms with shorter term loses to rebound in the future and these gains would now be taxed at a lower rate. Alternatively, the lock-in effect clearly dominates for firms with large...
capital gains. Investors holding these securities could now sell without paying the higher tax rate and thus were willing to accept a lower price. This along with the increased supply lowered the price and the return.

**SUMMARY AND CONCLUSIONS**

In 1997 a unique opportunity to observe investor reaction to a change in the capital gains tax rate occurred. With no notable rumors prior to the announcement, on May 2nd the government announced that an agreement had been reached to lower the tax rate. However, no information regarding the amount of the reduction or the effective date was given on this date. Five days later on May 7th it was announced that the change would be effective at the beginning of trading on this date and the reduction would be from 28% to 20% on assets held for at least 18 months. The surprise nature of the announcement, the lack of detail on the announcement date, and the lack of a change on personal tax rates makes this event perfect for analyzing two effects that are presumed to influence investor behavior.

The capitalization effect assumes that investors are willing to pay more for an asset today if they believe the gains on the future sale of the appreciated asset will be greater due to lowered taxes. The lock-in effect assumes that investors holding appreciated assets have felt “locked in” by the high tax rate and would be willing to sell their assets at a lower price if the taxes are reduced.

This study finds evidence of a capitalization effect on both dates for firms with capital losses and evidence of a lock-in effect on both dates for firms with large capital gains. These effects are most pronounced when using shorter periods to estimate the level of capital loss or gain. This result is consistent with at least some investors’ belief on the announcement date, given the Clinton administration’s willingness to make tax changes retroactive to the first of the year that the reduction was in effect immediately. They were wrong. This appears to be a ripe area for researchers in behavioral finance.

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DIMINISHING QUALITY GAP OF MARKETING JOURNALS

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ABSTRACT

This study examines the dynamics in the ranking of marketing journals and proposes a simple yet effective way of ranking journals. The authors use a 4 x 3 factorial design to investigate the changes of citations for journals over the three time periods. Two important findings emerge from the study. First, the underlying quality gaps as indicated by citations are narrowing for journals of top and bottom tiers. Second, the impact of celebrity authors on the rankings is diminishing. These findings call for caution when schools utilize existing journal rankings for tenure, promotion and merit pay increases.

INTRODUCTION

There are two main approaches for ranking marketing journals: citation based and opinion based. Most studies are based on opinions from scholars or institutions. With the advancement in computation and with the improving availability of data, citation-based ranking has become more and more popular.

While the most important justification for using the ranking is that these ranking studies reveal the underlying quality of the measured marketing journals, this assumption is open for debate. Top ranked journals are shown to be biased and favoring Carnegie classified research extensive institutions over lesser institutions (Bell, 2010; Bell & Chong, 2010). The publication decisions are not totally based on quality of the submitted articles. Instead, which institutions the authors are affiliated with, the authors’ reputation and other types of non-quality factors can determine who gets published in what types of journals. Brand named institutions crowd out other institutions; a lesser known researcher from a lesser known institution submitting his or her work to a highly regarded journal will be lucky to have it read by a staff editor, and the manuscript might never be sent out for peer review (Bell, 2012; Macdonald & Kam, 2008).

This research is adding to the debate about journal rankings and the supposed quality implications for such rankings. Here, the paper is not to topple the relationship between journal quality and journal ranking, rather we call for caution when using existing rankings. Extant studies on marketing journal rankings have focused on the past and current performance of journals. However, these studies are like a snapshot, and they have overlooked the dynamics of the quality of the marketing journals over time. While rankings stay relatively stable, it is also important to detect the actual implied quality gaps among journals and how they evolve over the time. The authors have found a narrowing gap between different tiers of journals. Furthermore, most of previous studies failed to identify and understand the drivers of a journals’ ranking, which may not have anything to do with the quality. This paper discussed one of these drivers: celebrity authors.

DATA AND METHODOLOGY

In this study we collected all the data on August 3, 2013 from a Google Scholar citation search, and recorded the information from the first two pages of the search results of each of the 30 marketing journal in an Excel spread sheet. We coded for publication date, period of publication, number of citations of an article, tier, and number of authors. The publication period was determined based on an article being published 1989 and before, 1990 to 1999, and 2000 and after.
To further investigate the differences in independent variables and differences in the dependent variable, the following three null hypotheses were written and tested.

\[ H_1: \text{Means for citations do not differ among the publication periods of 1989 and before, 1990 to 1999, and 2000 and after.} \]

\[ H_2: \text{Means for citations do not differ among the marketing journal tiers of 1st, 2nd, 3rd, and 4th.} \]

\[ H_3: \text{Means for the magnitude of citations increases or decreases do not differ among marketing journal tiers of 1st, 2nd, 3rd, and 4th regardless of the publication periods of 1989 and before, 1990 to 1999, and 2000 and after.} \]

**FINDINGS AND DISCUSSION**

Both tiers and periods of publication are significant in explaining the differences in citations for marketing journals. The top tier journals have far more citations than the 2nd, 3rd and 4th tier counterparts. Articles from the pre-1990 period have far more citations than later articles. The more recent articles tend to have fewer citations than older articles.

The first result is not unexpected and actually it reconfirms the legitimacy of using citations as basis for ranking marketing journals. Indeed we are seeing top ranked journals have more citations and thus more influence on knowledge building and learning than lower ranked journals.

However, the result about the citation differences between different publication periods is very revealing. There are two possible explanations for the fact that older articles have more citations. The most obvious explanation is that older articles get more citations simply because they exist longer and thus have more chances of being read and cited. The less obvious explanation is that super-cited articles are becoming less and less common these days because of the increasing number of journals. With an increasing inventory of articles, the number of citations each article can get will decline. Most super-cited articles we encountered are from famous authors, who also have other widely-cited papers.

We refer to these authors as celebrity authors. They have a large impact on citation-based ranking studies. While celebrity authors only account for 3.17% of all papers in our sample, the few papers they publish account for more than 15% of all citations. Previous studies have shown that these super-cited papers may bias the ranking of journals, and the declining marginal means of the number of citations over the years could mean that super-cited articles and celebrity authors are less likely to bias our ranking nowadays.

Through the significant interaction between tiers and publication periods, our results show that the boundaries between tiers become blurred in more recent periods. While there is a huge difference in the number of citations between the top 2 tiers and the bottom two tiers in the pre-1990 period, the gap is diminishing. The momentum is with the lower tiers and the gap is closing faster as we move to more recent period. This is something ordinal data won’t tell and it indicates the quality gap between top tier journals and their lower tier counterparts is not as large as before, and maybe it is time for business schools to reconsider their lists of targeted journals by either removing tiers or giving more credits to lower tier journals.

This study also proposed a simple and yet effective way of ranking marketing journals. Utilizing Google Scholar, we are able to assemble a rank list of 30 marketing journals with 20 articles from each journal.

While this study does not challenge the traditional assumption about the relationship between the quality and the rank of marketing journals, it does call for caution because of the diminishing quality gap between journals from different tiers and lower tier journals are catching up with top tier counterparts when citations are used as a gauge for a marketing journal’s influence. Citation analysis used to be flawed because of those super cited articles and celebrity authors, but our study suggests this is less a problem today, possibly due to the influx of computing technologies such as Google Scholar which makes lower tier journal articles more visible to wider audiences, unlike in the past.

**IMPLICATIONS FOR DEANS AND DEPARTMENT HEADS**
As we can tell from the data analyses in this study, marketing journals are heading in the same direction when the magnitude of citations is the measure. Because there are so many more options available to publish research due to technological innovation, scholars appear to be taking advantage of this new source of visibility. The celebrity author effect appears to be slowing in momentum, thus, giving rise to opportunities for newer marketing journals to shine. Decision makers should rethink their conceptions of “quality” scholarship as being reflected only in a handful of journals that they deem as top. We know that journal quality is not a proxy for the quality of an article and vice versa. Nevertheless, we do concede that when an article is cited often it has influence on the people citing that article.

The problem with creating lists of marketing journals in the new era is with how Google technology has made available to authors of lesser known institutions a means by which their work is highly visible too, and this is a break from the past. If the goal for deans and department heads is to associate their schools with the top journals brand, which have the most influence because of their citation prowess, then this strategy, as we see from the data, might put schools with lists of acceptable journals at a disadvantage over time. Obviously, Google Scholar is more than just citations from ISI or library databases; it is a much richer combinations of scholarly articles produced by researchers all over the world. From the Google Scholar Content Coverage page they articulate the following about what exactly is included in Google Scholar citations:

That said, Google Scholar is primarily a search of academic papers. Shorter articles, such as book reviews, news sections, editorials, announcements and letters, may or may not be included. Untitled documents and documents without authors are usually not included. Website URLs that aren't available to our search robots or to the majority of web users are, obviously, not included either. Nor do we include websites that require you to sign up for an account, install a browser plugin, watch four colorful ads, and turn around three times and say coo-coo before you can read the listing of titles scanned at 10 DPI... You get the idea, we cover academic papers from sensible websites.

In the pre-1989 period, we found celebrity authors’ citations clearly had an effect on the estimated marginal means of the top tier journals, nevertheless, evidence is showing that all tiers are arriving at the same place over time, that is to say, soon the 30 journals we compared in this study will have negligible if any difference at all in total citations, possibly in as little as 10 years. With this said, it is very important that decision makers—deans and department heads of marketing—begin to consider lesser known journals as a part of the tenure decision criteria. The fact that several business schools have created lists of journals as acceptable outlets for their faculty to publish is quickly becoming an outmoded competitive strategy. There will need to be much more diversity of journal representation if top school wish to remain on top. The days of high-visibility by publishing only in a select few marketing journals appears to be diminishing rapidly over time.

REFERENCES


A PROPOSED MODEL OF SUPPLY CHAIN MANAGEMENT PRACTICE, AGILITY AND COMPETITIVE ADVANTAGE IN BANGLADESH APPAREL INDUSTRY

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ABSTRACT
This study proposes a theoretically grounded comprehensive model combining the transaction cost economics and diffusion of innovation theory in explaining inter-organizational relationship, and examining supply chain management (SCM) implementation and practice. While various aspects of SCM have been widely studied by numerous researchers, there is a paucity of studies pertaining to differentiating SCM implementation and practice as per theory which has been neglected so far. Therefore, this study aims to investigate how the SCM implementation and practices contribute to improving supply chain agility and organizational competitiveness. This research also examines the moderating roles of networking and relationship quality on the relation between SCM implementation and practices. Along with a number of unique theoretical contributions, it is anticipated that the practical application of the study will contribute significantly to the advancement of largest export sector of Bangladesh as well as to the industry practitioners’ and the academics’ knowledge and practices. It can be adopted for application in various manufacturing sectors in local and global arena.

Keywords: Supply chain management, networking, relationship quality, supply chain agility, competitive advantage.

INTRODUCTION
Manufacturing organizations are constantly striving to improve their supply chain operations to remain competitive. Therefore, effective coordination of complex inter-organizational activities is becoming a key source of competitive advantage. A few empirical researches, rare in Bangladesh context, have been conducted on supply chain management (SCM) in an integrated fashion in apparel industry. Considering the enormous economic importance in the national economy of Bangladesh and dynamic nature of the global marketplace, effective implementation of SCM and achieving supply chain agility have become critical for the apparel industry of Bangladesh.

Bangladesh has emerged as the most preferred destination for major international apparel companies for sourcing world class fabrics and finished cloths. Through a rigorous journey of capacity building in response to growing demand and competition, Bangladesh became the second largest apparel exporting country in the world in 2011. This industry is directly employing nearly 3.6 million people comprising over 50% of industrial workforce and 80% of them are females (BOI, 2011). McKinsey forecast that the industry would grow by as much as 9 percent a year over the next decade (Wassener, 2012). In such a context, a least developed, resource poor, labor surplus country like Bangladesh, the
apparel industry has been playing a vital role for the emancipation of socio-economic condition through employment and foreign earnings and acting as driving force in the economic development (Uddin and Jahed, 2007). There is a growing realization among the practitioners and academics that SCM is a crucial factor for Bangladeshi apparel industry to compete and grasp the leading position in global market place. In such a context, the research endeavors to investigate the following research questions:

* RQ1: What are the antecedents of the implementation and practice of supply chain management in apparel manufacturing industry?

* RQ2: How do supply chain management (SCM) practices impact supply chain agility and competitive advantage of the apparel manufacturing organizations?

* RQ2: Does supply chain agility mediate the relation between SCM practice and competitive advantage?

**THEORETICAL FOUNDATION**

There are different theories that have offered insights into how and why SCM practices emerge and for understanding the effect of these practices for efficiency and competitiveness of an organization. This study examines supply chain management implementation & practice from two perspectives: (1) transaction cost economics, and (2) diffusion of innovation theory.

**Transaction Cost Economics**

Transaction cost economics (TCE) perspective suggests that a firm organize its inter-organizational activities to minimize production costs within the firm and transaction costs within market (Koh and Venkatraman, 1991). According to TCE, the choice of using either vertical integration/hierarchies or market mechanisms depends on various factors, such as what investments have to be made specific to the relationship (asset specificity), what activity is critical for effective business performance of the firm (Premkumar, 2000), the relative monitoring costs that arise from bounded rationality and from uncertainties due to partners’ self-interest and opportunism (Kaufman et al., 2000, Cao & Zhang, 2011), together with environmental conditions (Clark and Lee, 2000). Within the collaborative paradigm, the business world is comprised of a network of interdependent relationships developed and advanced through strategic collaboration with the aim of gaining mutual benefits (Borys and Jemison, 1989; Madhok and Tallman, 1998; Chen and Paulraj, 2004). Through a review of TCE literature, this study first explores some of the important antecedents that should be present before a firm enters into a SCM type of arrangement, and then explain the rationales for adopting different key SCM initiatives.

**Diffusion of Innovation Theory**

Using the innovation diffusion perspective from the information systems and organizational innovation literature, this study examines SCM practice through a three stage process: implementation, diffusion or practice, and consequences. Innovation-process studies stress the implementation stage in putting an innovation into use in an organization (Rogers, 2003); subsequent diffusion stage initiates the expanded use which leads to widespread transfer for regular use in an organization (Wu and Chuang 2009). Eventually, there are some consequences which are the changes that occur in an organization as a
result of the adoption of an innovation (Rogers, 2003). Wu and Chuang (2010) studied stage-based e-
SCM diffusion and accentuated on a good transaction climate with mutual trust and commitment between
partners in facilitating the diffusion of innovation. Thus, we propose, in this study that relationship quality
is possible intervener between the adoption and diffusion stage of the SCM. The proposed study will
examine the important linkage between these three stages of the diffusion process such as
implementation, use or practice and consequences.

LITERATURE REVIEW

Regardless of the increased attention paid to SCM and the abundant expectations from SCM,
literature does not provide much evidence of successful implementations (Li et al., 2005). The focus of
SCM literature is more on SCM practices than on its implementation. Thus, the underlying study holds
that there should be formal or informal procedures, policies, principles, processes or some sort of systems
put in place at the SCM “implementation” phase while at the following phase “practice” is assessed by
the extent of use of such systems incorporating SCM. Depending on how well these systems
implemented, SCM practice within an organization will be enhanced. However, the existing literature
does not differentiate between SCM implementation and practice.

Again, agility in supply chain is seen as an important weapon for manufacturing organizations in
achieving strategic advantage in competitive environment of continuous and unpredictable changes
(Lancioni, 2000; Tan, 2002). Agility now has become an issue of enormous importance in apparel sector
due to the trend of increased global sourcing, high levels of price competition, shorter product lifecycle,
market volatility and high demand uncertainty in the marketplace (Bruce et al., 2004). In this study, it is
proposed that supply chain agility as a business capability is an outcome of the SCM practice and it is a
possible mediator between SCM practice and firm’s competitive advantage.

There are some external influences which are basically various external conditions and forces that
create opportunities and threats to the organization, and exert pressure to implement and practice SCM
such as environmental uncertainty, customer focus, competition intensity, networking and inter-
organizational relationships. These are explored as major antecedents for encouraging SCM
implementation factors from extant literature. In this study, networking is proposed to have a moderating
role between SCM implementation and practice in the proposed research model. Frambach (1993)
suggests that the participation of members of an organization in an informal network of relations
facilitates the spread of information on a certain innovation; therefore he argues that the probability of an
organization adopting an innovation increases with its members participating in informal networks on a
more extensive basis.

An organization’s previous behaviors relating to working relationships will develop its
reputation which influences its future cooperation with other organizations. Literature in channel
relationship indicates that satisfaction of a channel member positively effect in increasing morale,
cooperation between channel members, lowering relationships terminations and reducing litigation
(Ganesan, 1994). Thus, we argue that supply chain relationship quality moderate the effect of SCM
implementation on SCM practice.
THE PROPOSED RESEARCH MODEL

Drawing on the literature, having identified theoretical lenses, research gaps and the indicators of different constructs of the field of SCM, a research model (shown in Figure 1) is proposed which describes the causal relationships between the antecedents, implementation, practice and consequences of SCM. This research, conceptualize SCM as an organizational innovation and SCM practice as an organizational effort to diffuse the innovation within the organization. The rationale underlying this research framework is as follows: the antecedent factors drive an organization to implement SCM; depending on how well SCM is implemented, SCM practice within an organization will be enhanced; the level of SCM practice will impact supply chain agility; finally, supply chain agility will have direct or mediated impact on the competitive advantage of an organization. Moreover, based on the literature, the research model proposes that networking moderates the relation between SCM implementation and practice. Drawing on the inter-organizational relationship management literature, it is also expected that supply chain relationship quality moderates the relationships between SCM implementation and SCM practice, and SCM practice and supply chain agility.

Figure 1: The Proposed Research Model

5. CONCLUSION

The proposed research aims to provide insight into the implementation and practices of SCM and consequences of SCM practices in terms of achieving supply chain agility and competitive advantage in the apparel industry. The significant difference between the prior studies and this study is in explicitly differentiating SCM implementation and practice as per theory which has been neglected so far. It is also expected that the study will produce significant contribution in combining organizational culture, networking, environmental uncertainty, customer focus, competitive pressure and inter-organizational relationship quality to examine their role in SCM implementation and practice which link the firms’ ability of achieving competitive advantage. Our immediate plan is to test the model by surveying CEO, supply chain executives, procurement managers, merchandising managers, production managers, merchandizing managers, and sales and marketing managers of apparel manufacturing firms of Bangladesh. The model, including both of its main constructs and sub-factors can be taken as they are, or fine-tuned to carry out a comprehensive empirical study in other manufacturing sectors.
REFERENCE


Abstract:

We make hundreds of decisions every day. Nearly all of these decisions are heavily reliant on probabilistic information. There is often a very clear right and wrong answer in most of these decisions. Using expected value (EV) functions, we are able to weigh the risk against the reward to find an optimal decision. Often, sub-optimal decisions are made. My study aims to discover the relevance of these sub-optimal decisions in regard to streaks of successive positive or negative outcomes. These streaks, or runs, are believed to alter the probabilistic decision making of the decision maker.

Initial evidence for this research topic has been shown in the Monty Hall Problem (Barbeau, 149), which deals specifically with Bayesian updating. Bayesian updating is the process in which individuals anchor and adjust their beliefs of probabilities. The Monty Hall Problem illustrates that individuals are not intrinsically skilled at Bayesian updating. There is an inherent disconnect between the optimal choice and the perceived correct choice. (Tversky and Kahneman, 1124)

This information is relevant due to the ramifications of sub-optimal decision-making. This phenomenon is illustrated when individuals ignore base rates of risk due to learning from runs. The question that I aim to test is if these runs influence behavior. This is commonly referred to as the “Hot Hand Phenomenon.”

Subjects are given the true probabilities in the first trial. The second trial introduces a representative sample. This sample will be drawn at random using the population probabilities. Representative samples, which are often skewed in one direction because of the small sample size, most closely replicate the scenarios that are found in practical probability judgments. For example, a gambler knows the true probabilities when he or she is entering a game. However, the gambler’s decisions are often contingent upon the recent runs or recent streaks. The observed sample will alter the probabilistic decision processing of the gambler.

The problem is approached through a casino style game where participants will be asked to maximize their payoff. All participants will be compensated for their performance. These steps are taken so that the laboratory experiment can be a very close duplication of real life decision-making. The choice between optimal probability decisions and probability matching is utilized to initially label the subjects. The biases that I intend to test are inherent in field studies within gambling. The Florida State University’s Social Science Scholar Grant provides all of the necessary funds to run the experiment.

The field of neuroeconomics combines behavioral economics with cognitive psychology to better understand the biological basis of weighing risk with reward. I have chosen to include the neurological background because of the powerful research that has shown several links between certain brain area activations during probabilistic decision-making.
ACCOUNTING ESTIMATES AND CREDIBILITY OF FINANCIAL STATEMENTS IN THE HOSPITALITY INDUSTRY IN NIGERIA

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ABSTRACT

This study aimed at investigating accounting estimate with a view to determine the extent to which it influences the credibility of financial statements. To achieve this objective, research hypotheses were formulated and a critical review of extant literature was made. The population of the study consisted of twenty-seven (27) firms selected from the hospitality industry in Nigeria. In order to generate the necessary data for this study, a set of questionnaire was administered on the independent auditors of the selected firms. The questionnaire was designed in five-point Likert-scale, and the data generated for the study were analysed with percentages while the stated hypotheses were statistically tested with Chi-square ($\chi^2$) and Pearson Product Moment Co-efficient of Correlation. The findings of the study revealed that accounting estimate has a significant relationship with the credibility of financial statements but accountants are highly bias in the determination of accounting estimates which manifests in material misstatements of accounting information thereby misleading users in their decision making. Based on the above, it was recommended that – accountants should carefully follow the process of developing accounting estimates to make such estimates more objective and reliable; accountants should attend training programmes, workshops and conferences to properly acquaint them with the requisite skills and knowledge on the determination of accounting estimates; and revised earnings resulting from the significant deviation between estimates and facts, should be properly disclosed in the financial statements.

Keywords: Accounting estimates, credibility, financial statements, accountants’ bias, estimation uncertainty

INTRODUCTION

The purpose of financial statements is to provide stakeholders such as shareholders, management, investors, lenders, suppliers, government and customers with useful information about the firm’s ability in managing available material and economic resources thereby building its value. Such information influences the decisions of stakeholders in their relationship with the business. It enables lenders and suppliers to appraise the credit worthiness of the business; it helps the government to determine the business tax liability; and it gives guidance to shareholders and investors on investment decisions. It is the responsibility of management accountants to generate information for the preparation of financial statements. Such information includes both actual and estimated monetary values of financial statements elements. The question is how do we ascertain the financial value that would be used to record items of financial statements when the actual amount is unknown? This calls for accounting estimates.
According to Costello (2012), accounting estimate is an approximation of the monetary value of elements or items of financial statements for which there is no precise means of measurement. Accounting estimates include among others depreciation calculations, warranty claims, and bad debts. Depreciation calculation requires the accountant to estimate the number of years the firm will use the asset and the value of the asset at the end of the assets life. Warranty claim requires the accountant to estimate the number of customers who will file warranty claims and the cost of repairs for such claim. Bad debt requires the accountant to estimate the number of customers who will default on their accounts and the monetary value of those accounts. According to Gay (2010), estimates are based on subjective as well as objective criteria and as a result, judgment is required to estimate the monetary value of an item or event. Such judgment must be as accurate as possible. Accountant’s judgment is normally based on his knowledge and experience about past and current events and his assumptions about conditions he expects to exist and courses of action he expects to take. Sagam (2006) posits that even when management’s estimation process involves competent personnel using relevant and reliable data, there is potential for bias in the subjective criteria of accounting estimates.

The ever-increasing prevalence of estimates in accounting information is among the most fundamental issues in accounting. The reliability of these estimates is increasingly challenged by de-regulation, globalization and fast technological changes thereby making the reliability of accounting estimates increasingly difficult. Schoderbek (2009) claimed that the credibility of financial information is compromised by the increasing difficulty of making reliable forecasts in a fast-changing, often turbulent economy; and the frequent managerial misuse of estimates to manipulate financial data. According to Li, Lev and Sougiannis (2009), biased estimates provide unreliable information of the financial statements thereby misleading users of the information. Based on the above discussion, the objectives of this paper are –

(i) To examine the degree of biasness by accountants in the determination of accounting estimates.
(ii) To investigate the extent to which accounting estimates influences the credibility of financial statements of firms.

To achieve the above objectives, the following null hypotheses are raised;

Ho₁; Accountants are not bias in the determination of accounting estimates.
Ho₂; There is no significant relationship between accounting estimates and the credibility of financial statements of firms.

LITERATURE REVIEW

Financial statements provide business stakeholders with information about the performance of the business. It provides information about the liquidity, solvency, efficiency, profitability, and investment performance of a business upon which decisions are made by the stakeholders. The accountant has an obligation to create these statements to the best of his ability. When the accountant knows that financial activities have occurred, even if the value is unknown, he needs to reflect those activities. Estimating the value of those activities allows him to include that impact in the financial statements. According to McIntosh (2011), accounting estimates include
the estimated salvage value and the estimated useful life of depreciable assets, estimated percentage of bad debt expense, estimated percentage of units to be repaired or replaced during a warranty period, and routine estimates of monthly expenses for utilities and other expenses. When a change is needed to one of the estimates, the change can affect the current and future periods. Sagam (2006) claimed that for accounting estimates to be useful and relevant, the accountant needs a reliable basis of estimating those numbers. He might use historical information, documentation, or personal calculations to estimate the numbers. Historical information provides a reliable basis for numbers that rarely change. Documentation provides a good basis when the accountant uses a vendor contract to estimate the numbers. If he calculates the estimate using his own calculations, he needs to document those calculations.

Some of the accounting transactions and events involving accounting estimates are

(i) **Losses on Financing Receivables** – These are recognized when they are incurred. Therefore the accountant required to make best estimate of probable losses inherent in the portfolio. Such estimate requires consideration of historical loss experience, adjusted for current conditions, and judgments about the probable effects of relevant observable data, including present economic conditions such as delinquency rates, financial health of specific customers and market sectors, collateral values, and the present and expected future levels of interest rates. The risk management process, which includes standards and policies for reviewing major risk exposures and concentrations, ensures that relevant data are identified and considered either for individual loans or leases, or on a portfolio basis, as appropriate (Li, Lev, and Sougiannis, 2009). According to Ohlson (2010), past experience and the use of extensive accumulated data facilitate estimates that are reliable.

(ii) **Revenue Recognition on Long-Term Contracts** – Revenue recognition on long-term contracts to provide product services (product services contracts) requires estimates of profits over the multiple-year terms of such contracts, considering factors such as the frequency and extent of future monitoring, maintenance and overhaul events; the amount of personnel, spare parts and other resources required to perform the services; and future billing rate and cost changes (Gamu, 2009). Estimates under product services agreements are regularly revised to adjust for changes in outlook. Fuji (2004) posits that revisions that affect a product services agreement’s total estimated profitability will also result in an immediate adjustment of earnings. Moreover, customer credit risk inherent in the carrying amounts of contract costs and estimated earnings are regularly assessed. With this we are able to gain insight into future utilization and cost trends, as well as credit risk.

(iii) **Asset Impairment** – The assessment of asset impairment involves various estimates and assumptions involving the class of asset such as:

**Investments** – Investment securities are regularly reviewed for impairment based on criteria that include the extent to which cost exceeds market value, the duration of that market decline, our intent and ability to hold to recovery and the financial health and specific prospects for the issue (Gamu, 2009). There is need to perform a comprehensive market research and analysis and monitor market conditions to identify potential impairments.
Long-Lived Assets - Long lived asset are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Determining whether impairment has occurred typically requires various estimates and assumptions, including determining which cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount, and the asset’s residual value, if any. McIntosh (2011) revealed that the measurement of an impairment loss requires a determination of fair value, which is based on the best information available. Internal discounted cash flow estimates and quoted market prices when available are appropriate to determine fair value. The cash flow estimates are derived from justified experience and internal business plans. According to Costello (2012) the fair value used to assess the impairment of an asset is also based on current market values generated by independent appraisers.

Goodwill and other identified intangible Assets - Goodwill is measured for impairment annually and whenever events or circumstances make it more likely than not that impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell or dispose of a reporting unit. Determining whether impairment has occurred requires valuation of the respective reporting unit, which is estimated using a discounted cash flow method. When available and as appropriate, comparative market multiples are used to corroborate discounted cash flow results. In applying this methodology, we rely on a number of factors, including actual operating results, future business plans, economic projections and market data (Jaggi and Bharat, 2012). If an analysis indicates that goodwill is impaired, measuring the impairment requires a fair value estimate of each identified tangible and intangible asset.

Other identified intangible assets with defined useful lives are also assessed for impairment and subject to amortization by comparing the carrying amount to the sum of undiscounted cash flows expected to be generated by the asset. But intangible assets with indefinite lives are measured annually for impairment using a fair value method such as discounted cash flows.

(iv) Insurance Liabilities and Reserves – Insurance liabilities and reserves differ for short and long-duration insurance contracts. Short-duration contracts such as property and casualty policies are accounted for based on actuarial estimates of losses inherent in that period’s claims, including losses for which claims have not yet been reported. Short-duration contract loss estimates rely on actuarial observations of ultimate loss experience for similar historical events. Measurement of long-duration insurance liabilities (such as guaranteed renewable term, whole life and long-term care insurance policies) also is based on approved actuarial methods that include assumptions about expenses, morbidity, lapse rates and future yield on related investments. Jaggi and Bharat (2012) reported that insurance industry experience indicates that a greater degree of inherent variability exists in assessing the ultimate amount of losses under short-duration property and casualty contracts than exists for long-duration mortality exposures. This inherent variability is particularly significant for liability-related exposures, including latent claims issues (such as asbestos and environmental related coverage disputes), because of the extended period of time -
often many years - that transpires between when a given claim event occurs and the ultimate full settlement of such claim. This situation is then further exacerbated for reinsurance entities (as opposed to primary insurers) because of coverage often being provided on an “excess-of-loss” basis and the resulting lags in receiving current claims data.

(v) **Pension Assumptions** - These are significant inputs to actuarial models that measure pension benefits or obligations and related effects on operations. Two critical assumptions - discount rate and expected return on assets - are important elements of plan expense and asset/liability measurement. These critical assumptions are evaluated at least annually on a plan and country specific basis. Other assumptions involving demographic factors such as retirement age, mortality and turnover are evaluated periodically and are updated to reflect the experience and expectations for the future. Actual results in any given year will often differ from actuarial assumptions because of economic and other factors (Lakanmi and Richards, 2009). With a given discount rate one is enable to state the expected future cash flows at a present value on the measurement date. This rate is the yield on high-quality fixed income investments at the measurement date. A lower discount rate increases the present value of benefit or obligations and increases pension expense.

To determine the expected long-term rate of return on pension plan assets, attention should be given to the current and expected asset allocations, as well as historical and expected returns on various categories of plan assets.

(vi) **Other Loss Contingencies** - Such are recorded as liabilities when it is probable that a liability has been incurred and the amount of the loss is reasonably estimable. Disclosure is required when there is a reasonable possibility that the ultimate loss will exceed the recorded provision. Contingent liabilities are often resolved over long time periods. Estimating probable losses requires analysis of multiple forecasts that often depend on judgments about potential actions by third parties such as regulators (Lakanmi and Richards, 2009).

**THEORETICAL FRAMEWORK**

Some financial statement items cannot be measured precisely but can only be estimated. Such financial statements items are referred to as accounting estimates. The nature and reliability of information available to the accountants to support the making of an accounting estimate varies widely, which therefore affects the degree of estimation uncertainty associated with accounting estimates. The degree of estimation uncertainty affects, in turn, the risks of material misstatement of accounting estimates, including their susceptibility to unintentional or intentional management bias.

Prior studies that relate accounting estimates and the credibility of financial statements revealed a high impact of accounting estimates on financial statements credibility. Schoderbek (2009) revealed that investors’ lost their confidence in real estate in Malaysia as a result of wrong investments based on wrong accounting information which metamorphosed from biased accounting estimates. Sagam (2006) reported that the objectivity of accounting estimates of certain financial statement items such as net realizable value of inventory and account
receivables, property and casualty insurance loss reserves, and pension and warranty experiences of financial institutions in the U.S., enhances the firm’s market value as a result of the quality of information used in preparing the financial statements. Jaques and Bennet (2008) also indicated that auditors of selected firms in South Africa reports that in obtaining and evaluating sufficient and appropriate audit evidence, the accounting estimates were biased and therefore negativity affect their audit of financial statements of such firms. Lakanmi and Richards (2009), also claimed that there is a high level of biasness among accountants in the determination of accounting estimates.

**METHODOLOGY**

This study involves a pilot survey of twenty-seven (27) firms selected from the hospitality industry in Rivers State of Nigeria. In order to generate the necessary data for the study, a set of questionnaire was administered on the independent auditors of the selected firms. The questionnaire was designed in 5-points Likert scale with weights of 5, 4, 3, 2 and 1 from the positive side.

The data generated for this study were analysed using percentages while the stated hypotheses were statistically tested with Chi-square ($\chi^2$) and Pearson Product- Moment Coefficient of Correlation.

**DESCRIPTIVE ANALYSIS**

Although all the twenty-seven (27) copies of questionnaire administered on the independent auditors of the selected firms were successfully retrieved, six (6) copies were found not usable. Therefore, this analysis was based on the responses from twenty-one (21) auditors.

The respondents were asked to indicate the extent to which accountants are being biased in the determination of accounting estimates, and the result obtained is presented in the table below.

**Table 1; Degree of accountants’ biasness in the determination of accounting estimates**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequencies</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Very High Extent</td>
<td>6</td>
<td>28.57%</td>
</tr>
<tr>
<td>(b) High Extent</td>
<td>9</td>
<td>42.86%</td>
</tr>
<tr>
<td>(c) Indifferent</td>
<td>2</td>
<td>9.52%</td>
</tr>
<tr>
<td>(d) Low Extent</td>
<td>3</td>
<td>14.29%</td>
</tr>
<tr>
<td>(e) Very Low Extent</td>
<td>1</td>
<td>4.76%</td>
</tr>
<tr>
<td>Total</td>
<td>21</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Field Work (2013)*

The data presented in the table above shows that 6(28.57%) of the respondents indicated a very high extent of accountants’ biasness in the determination of accounting estimates; 9(42.86%) stated a high extent; 2(9.52%) were indifferent; 3(14.29%) revealed a low extent; while 1(4.76%) suggested a very low extent. This implies that accountants are highly bias in the determination of accounting estimates.
The respondents were asked to indicate the extent to which accounting estimates influence the credibility of financial statements, and the result obtained is presented in the table below.

Table 2: Extent to which accounting estimates influence the credibility of financial statements.

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequencies</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Very High Extent</td>
<td>5</td>
<td>23.81%</td>
</tr>
<tr>
<td>(b) High Extent</td>
<td>7</td>
<td>33.33%</td>
</tr>
<tr>
<td>(c) Indifferent</td>
<td>1</td>
<td>4.76%</td>
</tr>
<tr>
<td>(d) Low Extent</td>
<td>6</td>
<td>2.57%</td>
</tr>
<tr>
<td>(e) Very Low Extent</td>
<td>2</td>
<td>9.52%</td>
</tr>
<tr>
<td>Total</td>
<td>21</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field Work (2013)

Analysis of the questionnaire revealed that 5(23.81%) of the respondents indicated that accounting estimates influence the credibility of financial statements to a very high extent; 7 (33.33%) stated a high extent; 1(4.76%) was indifferent; 6(28.57%) revealed a low extent while 2(9.52%) showed a very low extent. This implies that accounting estimates influence the credibility of financial statements.

TEST OF HYPOTHESES

Ho1; Accountants are not biased in the determination of accounting estimates.

In testing this hypothesis, data presented in table 1 were used and the Chi-square test is as presented in the table below.

Table 3: Chi-Square Test for Hypothesis I

<table>
<thead>
<tr>
<th>Responses</th>
<th>of</th>
<th>ef</th>
<th>(of – ef)</th>
<th>(of – ef)^2</th>
<th>(of – ef)^2/ef</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Very High Extent</td>
<td>6</td>
<td>4.2</td>
<td>1.8</td>
<td>3.24</td>
<td>0.77</td>
</tr>
<tr>
<td>(b) High Extent</td>
<td>9</td>
<td>4.2</td>
<td>4.8</td>
<td>23.04</td>
<td>5.49</td>
</tr>
<tr>
<td>(c) Indifferent</td>
<td>2</td>
<td>4.2</td>
<td>-2.2</td>
<td>4.94</td>
<td>1.15</td>
</tr>
<tr>
<td>(d) Low Extent</td>
<td>3</td>
<td>4.2</td>
<td>-1.2</td>
<td>1.44</td>
<td>0.34</td>
</tr>
<tr>
<td>(e) Very Low Extent</td>
<td>1</td>
<td>4.2</td>
<td>-3.2</td>
<td>10.24</td>
<td>2.44</td>
</tr>
<tr>
<td>Total</td>
<td>21</td>
<td>21</td>
<td></td>
<td>10.19</td>
<td></td>
</tr>
</tbody>
</table>

Source: Field Work (2013)

Expected frequency (ef) = \( \frac{N}{k} \) i.e. \( \frac{21}{5} = 4.2 \)

\( \chi^2 = 10.19 \)

Degree of freedom = \( K - 1 = 5 - 1 = 4 \)
At 0.05 level of significance and 4 degree of freedom, the critical value of Chi-Square ($\chi^2$)

\[ \chi^2_{\text{computed}} = 10.19 \]

\[ \chi^2_{\text{critical}} = 9.49 \]

Decision; Reject Ho; This implies that accountants are bias in the determination of accounting estimates.

Ho2; There is no significant relationship between accounting estimates and the credibility of financial statements of firms

In testing this hypothesis, data were generated on the strength of accounting estimates and the credibility of financial statements. The two variables were related and the result obtained is presented in the table below.

**Table 3: Relationship between accounting estimates and credibility of financial statements**

<table>
<thead>
<tr>
<th>Accounting Estimates</th>
<th>Pearson Correlation 1</th>
<th>Credibility of Financial Statements 0.864</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.01</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>21</td>
<td>21</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Credibility of Financial Statements</th>
<th>Pearson Correlation 0.864</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.01</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>21</td>
<td>21</td>
</tr>
</tbody>
</table>

**Source:** SPSS Version 17 Window Output

The table above shows a correlation co-efficient of 0.864 which is close to 1.0 from the positive side. This indicates a strong positive relationship. The p-value (0.01) is less than 0.05 level of significance, which suggests a significant relationship. This implies that accounting estimate has a significant relationship with the credibility of financial statements.

**CONCLUSION AND RECOMMENDATIONS**

Some financial statements items cannot be measured precisely because relevant data concerning such events or transactions are not readily available, hence the need for accounting estimates. Accountants are responsible for making the accounting estimates included in the financial statements. Estimates are based on subjective as well as objective factors and as a result judgment is required to estimate an amount at the date of the financial statements. Accountants judgment is normally based on their knowledge and experience about past and current events and their assumptions about conditions they expects to exist and courses of action they expects to take. The nature of information available to the accountant to support the making of an
accounting estimate varies widely, which thereby affects the degree of estimation uncertainty associated with accounting estimates.

The result of this study has revealed that accounting estimate has a significant relationship with the credibility of financial statements of firms. That is, the higher the reliability of accounting estimates the higher the credibility of financial statements. But accountants in the Nigerian hospitality industry are highly bias in the determination of accounting estimates because they do not pay adequate attention to the process of developing such estimates. This biasness leads to risk of material misstatements of accounting information thereby misleading users in their decision making.

Based on our findings and the conclusion drawn there from, the following recommendations are made –

(i) Accountants should carefully follow the process of developing accounting estimates to make such estimates more objective and reliable.

(ii) Firms should regularly organize training programmes, workshops and conferences for accountants to properly acquaint them with the requisite skills and knowledge on the determination of accounting estimates.

(iii) Revised estimates arising from the significant deviations between estimates and facts should be properly disclosed in the financial statements as such may change the pattern of earnings.

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