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RODNEY A. OGLESBY
MARJORIE G. ADAMS

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PREFACE

This volume contains an extensive summary of many of the papers presented at the Twenty-First Annual Conference of the International Academy of Business Disciplines (IABD) held in St. Louis, Missouri, April 2 - April 4, 2009. This volume is part of the continuing effort of IABD to make available current research findings and other contributions to practitioners and academics.

The International Academy of Business Disciplines was established in 1988 as a world-wide, not-for-profit organization, to foster and promote education in all of the functional and support disciplines of business. The objectives of IABD are to stimulate learning and increase awareness of business problems and opportunities in the international marketplace and to bridge the gap between theory and practice. The IABD hopes to create an environment in which learning, teaching, research, and the practice of management, marketing and the other functional areas of business will be advanced. The main focus is on unifying and extending knowledge in these areas to ultimately create integrating theory that spans cultural boundaries. Membership in the IABD is open to scholars, practitioners, public policy makers, and concerned citizens who are interested in advancing knowledge in the various business disciplines and related fields.

The IABD has evolved into a strong global organization since its establishment, due to immense support provided by many dedicated individuals and institutions. The objectives and far-reaching visions of the IABD have created interest and excitement among people from all over the world.

The Academy is indebted to all those responsible for this year’s Conference, particularly, Carolyn Ashe, University of Texas, Downtown, who served as Program Chair, and to those who served as active track chairs. Those individuals did an excellent job of coordinating the review process and organizing the sessions. A special thanks also goes to the IABD officers and Board of Directors for their continuing dedication to this conference.

Our appreciation also extends to the authors of papers presented in the conference. The high quality of papers submitted for presentation attests to the Academy’s growing reputation, and provides the means for publishing this current volume.

The editors would like to extend their personal thanks to Dr. Robert Wyatt, Director of the Breech School of Business, Drury University and Dr. Otis A. Thomas, Dean of the School of Business and Management, Morgan State University for their support.

Rodney A. Oglesby
Marjorie G. Adams
TABLE OF CONTENTS

CHAPTER 16:  HUMAN RESOURCE MANAGEMENT...............................................399

Hiring Practices: Ethical Considerations
   Shameka Wright, Walden University .................................................................400

The Disciplinary Migration of “Culture”
   Bruce Fortado, University of North Florida
   Paul Fadil, University of North Florida ...............................................................404

CHAPTER 17:  INSTRUCTIONAL AND PEDAGOGICAL ISSUES .........................410

High Emotional Intelligence in Instructors Can Build Trust and Lower Communication
   Apprehension in the Classroom
   Timothy Lent Howard, California State University, Sacramento ......................411

The Online MBA: A Competing Values Matrix
   Robert A. Page, Southern Connecticut State University
   Kaylene Williams, California State University, Stanislaus
   Marianne McCarthy, Southern Connecticut State University ............................416

Measuring Students’ Knowledge: Benefits of and Cultural Dimensions of Global Knowledge
   Gideon Falk, Purdue University Calumet ..........................................................424

Ethiopian Immigrant Entrepreneur Technology Attitudes: Generational Differences
   and Insights
   Kellye Jones, Clark Atlanta University
   Amiso George, Texas Christian University ..........................................................430

CHAPTER 18:  INTERNATIONAL BUSINESS AND MARKETING.....................437

Grocery Shopping in the United States: An Explorative Study
   Binta Abubakar, Morgan State University
   Felix Abeson, Coppin State University
   Nathan K. Austin, Morgan State University ........................................................438

An Investigation of Gender & Product Effects of Asian-Indians’ Affective Attitude Toward
   Advertisements
   Durriya H. Z. Khairullah, St. Bonaventure University
   Zahid Y. Khairullah, St. Bonaventure University ..................................................445

Globalization of Markets and Its Impact on Domestic Economy: An Analysis of China’s
   Presence in Africa
   Ephraim A. Okoro, Howard University ...............................................................451
Reflections on the Role of Government Organizations in Developing Skilled Manpower in the Emerging Economies
Iraj Mahdavi, National University ................................................................. 520

A (0-1) Goal Programming Model For Flow-Shop Scheduling Problem
S.M. Seyed-Hosseini, Iran University of Science & Technology
Shahrooz Bamdad, Iran University of Science & Technology ....................... 525

A Novel Cost Effective Maintenance Decision Model
Kamyar Rashidi, Ryerson University
Kouroush Jenab, Ryerson University ............................................................ 534

CHAPTER 23: MARKETING RESEARCH .............................................................. 541

Edutainment Applications in Marketing Courses; Findings from Focus Group Studies in Turkey
Metin Argan, Anadolu University
N. Serdar Sever, Anadolu University
Mehpare Tokay Argan, Bilecik University ...................................................... 542

Product Affirmation in Higher Education.”College Made Me The Person I am Today!”
Michael K. Coolsen, Shippensburg University
Madoka Kumashiro, Goldsmiths University of London
Keith A. Quesenberry, West Virginia University ............................................. 549

The Breadth-Based Adjective Rating Task (BART), Explicit Attitude, and Consumer Choice
Ross B. Steinman, Widener University
Andrew Karpinski, Temple University ............................................................ 558

Understanding Student Self Perceptions on Their Online Experiences with the Demands Online Courses
Chris Myers, Texas A & M University – Commerce, Texas
Scott Sewell, Texas A & M University – Commerce, Texas
Sonia Taneja, Texas A & M University – Commerce, Texas .......................... 565

Determining Churn Drivers in Moroccan Telecom Sector
Nicolas Hamelin, Al Akhawayn University
Amani Nassali, Al Akhawayn University
Talha Harcar, Al Akhawayn University ........................................................... 573

A Conceptual Framework Determining Factors Affecting Attitudes towards Organic Food Consumption
Talha Harcar, Pennsylvania State University at Beaver
Cindy Heintz, Pennsylvania State University at Beaver .............................. 579
CHAPTER 24: ORGANIZATIONAL BEHAVIOR & ORGANIZATIONAL THEORY ..................................................................................................................585

Supporting Genuine Tolerance in Organizations
   C.W.Von Bergen, Southeastern Oklahoma State University
   Diane Bandow, Troy University .................................................................586

Preparing Competent OD Managers for Global Management Using Needs Assessment Theories
   Hamid Khan, Our Lady of the Lake University ...........................................594

CHAPTER 25: ORGANIZATIONAL COMMUNICATION & CRISIS MANAGEMENT ......................................................................................602

Communicating Knowledge: Boundary Objects as Texts
   Cliff Oswick, Queen Mary, University of London
   Maxine Robertson, Queen Mary University of London ............................603

CHAPTER 26: PUBLIC RELATIONS & CORPORATE COMMUNICATIONS ......609

Public Relations: The Theory-Practice Connection
   Bonita Dostal Neff, Valparaiso University-Indiana
   Tricia Hansen-Horn, University of Central Missouri ...............................610

Enhancing Internal Communications in the Event of a Crisis at an Institution of Higher Education
   Hans Chun, University of the Pacific .........................................................615

Confessions of a Young Public Relations Practitioner (YPR):
   A Personal Case Study
   Kendra Baker, Eastern Illinois University ..................................................620

Public Relations and War: Socially Responsible or Unethical
   John R. Fisher, Northwest Missouri State University ..............................625

CHAPTER 27: QUALITY AND PRODUCTIVITY .................................................631

The Impact of Supply Chain Integration on Manufacturing Firm’s Financial Performance and Productivity
   Hooshang Behesthi, Radford University
   Pejvak Oghazi, Lulea University of Technology
   Rana Mostaghel, Lulea University of Technology .......................................632

A Revised Pyramid Model for Quality Improvement and its Contribution
   Gideon Falk, Purdue University Calumet
   Casimir Barczyk, Purdue University Calumet ...........................................640
CHAPTER 28: SPIRITUALITY IN ORGANIZATIONS

What is Wisdom?
Chulguen Yang, Southern Connecticut State University
Stephen M. Colarelli, Central Michigan University
Kyunghhee Han, Central Michigan University .............................................................648

Spirituality and Performance at Work
Margaret Goralski, Southern Connecticut State University
Robert A. Page, Southern Connecticut State University .............................................654

Punctuated Causal Textures: A Rejoinder
Lawrence E. Zeff, University of Detroit Mercy
Mary A. Higby, University of Detroit Mercy..............................................................659

CHAPTER 29: STRATEGIC MANAGEMENT

The Takeover Strategy of Lakshmi Mittal: Mittal Steel
Margaret A. Goralski, Southern Connecticut State University................................................667

The King of Beer in a Global Age: In-Bev Acquisition of Anheuser-Busch
Omid Nodoushani, Southern Connecticut State University
Kayong Holston, Ottawa University
Cheleung Yang, Southern Connecticut State University.............................................673

CHAPTER 30: STRATEGIC MARKETING

Nag Factor: How Pester Power Persuades Parents’ Pockets
Jessica Camille Moschella, Salve Regina University
Nadia Abgrab Noormohamed, Salve Regina University............................................680

CHAPTER 31: TEAMS AND TEAMWORK

Poverty within the United States and England
Reza Fadaei, National University .................................................................686

CHAPTER 32: TOURISM, TRAVEL & HOSPITALITY

AGOA and the Prospects for Health Tourism in Sub-Saharan Africa: A Case Study of Ghana
Nathan. K. Austin, Morgan State University
Felix Abeson, Coppin State University
Binta Abubakar, Morgan State University.............................................................692
CHAPTER 33: STUDENT PAPERS .................................................................................698

Info Technology & Strategic Management in Finance: Searching for Effective Models for Improving Info Quality
   Douglas Clemmons, Morgan State University ............................................................699

Retail Inventory MIS: With a Closer Look into Small Western Maryland Businesses
   Brandi Heavner, Frostburg State University..............................................................705

The 7 July 2005 London Bombings: Lessons Learned in the Area of Communication Strategies
   Daniel Seet, Emerson College .....................................................................................712

China’s Free Economy under Authoritarian Rule: Will It Be Rendered Obsolete in An Increasingly Globalized World?
   Megan McGuire, Texas Christian University..............................................................720

Cultural Differences in Conflicts and Negotiations
   Pascal Emanuel, University of Dayton........................................................................726
CHAPTER 16

HUMAN RESOURCE MANAGEMENT
ABSTRACT

Effective and ethical human resource management can be a challenge to all organizations. This paper will discuss hiring practices and offer ethical considerations that can be used throughout the process. An overview of employment law will be provided along with various methods for recruiting and evaluating applications. It is the author’s intent to offer suggestions, while adhering to ethical standards that can be used for any organization looking to hire new employees.

I. ETHICS

Overall the human resource function is still, to a large degree, administrative and common to all organizations. To varying degrees, most organizations have formalized hiring processes. Efficient and effective management of these processes have become an increasingly essential and complex activity because, in today’s society, many people and organizations are focusing on ethical behaviors. A first resource for many psychology professionals is the “Ethical Principles of Psychologists and Code of Conduct,” however it does not hold all the answers nor address specific situations that may confront everyday professionals (Barnett, 2007). The basis of the ethics code is grounded in fidelity, justice and autonomy (Barnett, 2007), which is important when an organization must hire for vacant positions. In order to ensure a just and autonomous hiring process, organizations must follow an ethical decision-making process.

II. LAWS AND REGULATIONS

“To know whether a given employment practice is legal, it is important to understand the legal process as it relates to employment law (Aamodt, 2007, p. 69). Federal laws are passed in Congress, and these laws, oftentimes mandates, are filtered down to the state level. Individual states must follow those laws but may expand them without reducing the original intent (Aamodt, 2007). With this in mind, it is important for industrial/organizational psychologists and human resource professionals to know and understand all applicable federal, state and even local laws regarding the hiring process.

Legislation that is pertinent to the hiring process is Title VII or the Civil Rights Act of 1964, Age Discrimination in Employment Act (ADEA), American with Disabilities Act (ADA), along with several others. Title VII prohibits discrimination on the basis of race, color, religion, national origin or sex (Bogardus 2004). The ADEA prohibits discrimination against employees aged 40 years of age or older (Bogardus, 2004, p. 29). The ADA protects disabled persons in that if a person is qualified for the position, he/she cannot be overlooked because of a disability. There are several other laws that pertain to hiring practices; however these are the most significant. Laws and regulations must be blended into any organization’s ethics code and are possibly the reason for initially developing such a code.
III. RECRUITING

All throughout the hiring process, there are ethical and legal standards to be met and that includes recruiting. There are two methods an organization can choose – internal recruiting or external recruiting. Internal recruiting is an easy and inexpensive means of locating applicants (Troutman Sanders, 2004) but can create several ethical dilemmas. There may not be enough qualified applicants to create an unbiased process, and this process hinders diversity for employers who may already be struggling in that area (Troutman Sanders, 2004). Therefore, it is a good idea to use that method in conjunction with external recruiting. External recruiting allows the organization to advertise to a very diverse audience. However, to be sure that the process remains ethical, the organization will need to refrain from discriminating against a certain audience. That is why it is good to advertise in a multi-media format – a variety of newspapers, online, employment agencies (public and private), and job fairs (Bogardus, 2004). Newspapers can appeal to certain audiences while many online services can appeal to a different group of potential applicants. Some people still rely on employment agencies and job fairs to hunt for their next job. That is why a combination of advertising methods will help to reach a broader audience. It is good to decide which type of audience will be targeted for a position. For instance, if one is advertising for an animal shelter worker, he/she may select newspapers or publications to target people who work with animals. During this portion of the process, one must keep in mind the legal guidelines as well as the organization’s ethical standards.

IV. EVALUATION OF APPLICATIONS

Long before beginning the hiring process, a job analysis for the position should be completed. The job analysis is very important to this section of the process as it provides a clear understanding of the tasks performed and the competencies needed to perform those tasks (Aamodt, 2007). It will help the reviewing official to determine if the applicant has the knowledge, skills and abilities for the advertised position. After reviewing all of the applications and determining which are best suited, on paper, for the position, an interview should be conducted.

This step in the process requires one who is ethically able to determine who is to be interviewed. There may be employees who attempt to influence the final decision based on personal connections and there may be others who just want a certain person because of what is on the application. If the hiring professional succumbs to either of these two factors, there could be several legal offenses, and the process would not be ethically sound as the most qualified individual could be overlooked.

V. INTERVIEWING DECISIONS

Aamodt (2007, p. 123) discusses different types of interviews – structured and unstructured. The structured interview is the most ethical type as it will guarantee the organization remains in compliance with the employment laws. The structured interview is based on factors determined by the job analysis, asks all applicants the same questions and has a standardized scoring system (Aamodt, 2007) to provide consistency and equity. The unstructured interview lacks consistency and lets the interviewer ask whatever questions desired. This presents an ethical and legal issue because easy questions irrelevant to the position may be asked,
and an applicant can infer that he/she was discriminated against during the interview. Also important when determining the interviews is which style will be used: one-on-one, serial interviews, panel interviews or group interviews (Aamodt, 2007). It is recommended to use the panel interview where multiple interviewers ask questions and evaluate the applicants. This will reduce the potential for bias that could occur with the one-on-one method while offering additional witnesses should a question arise regarding the interviews.

Many organizations may also use different tests, in conjunction with the interview, to determine the most qualified applicant. There are a number of tests that can be used – ability, personality, job knowledge, drug testing, psychological and medical (Aamodt, 2007). The method of testing used will depend on the position being advertised, and a combination of tests can be used. However to remain ethically compliant, the same test must be administered to all applicants. A banding technique could then be applied which attempts to hire the top test scorers while still allowing flexibility (Aamodt, 2007, p. 211). A standard should be set to compare all tests scores as well as interview scores. This standard should assist with helping to select the final candidate(s). The interview portion is an integral part of the hiring process as it could be the organization’s first view of the applicant. It also gives the interviewers an opportunity to assess whether the candidate will work in collaboration with the mission and vision of the company.

VI. REFERENCE/BACKGROUND CHECKING

Reference checking is the final important step to the hiring process. If the organization is looking for someone to follow its code of ethics, the references can give a lot of information as to whether they want to hire an applicant or not. There are several reasons for conducting reference checks: confirming resume details, checking for discipline issues, discovering new information about the applicant and predicting future performance (Aamodt, 2007). Reference checks can be conducted by contacting previous employers and by requesting personal or professional references.

Another way to screen an applicant is to conduct a criminal background check. While these may become expensive, they verify the identity of the applicant and can alert the organization to any potential issues that may arise (Bogardus, 2004). An effective screening process can help safeguard employers against unpredictable workplace violence and limits the likelihood of hiring a person that does not fit the organization (Kondrasuk, 2001). This follows the ethical standard as the organization should want to protect its current and potential employees.

VII. CONCLUSION

Adhering to ethical standards as well as legal standards will ensure an organization employs fair hiring practices, identifies more qualified applicants, remains out of court for violations and provides a safe working environment for its employees. “A good ethics code offers guidance in the ethical course of action but leaves room for professional judgment and discretion” (Behnke, 2007). Therefore, it takes the entire employee population to follow those standards and incorporate them into daily practices.
REFERENCES


THE DISCIPLINARY MIGRATION OF “CULTURE”

Bruce Fortado, University of North Florida
bfortado@unf.edu

Paul Fadil, University of North Florida
pfadil@unf.edu

ABSTRACT

References to “organization culture” have spread across many disciplines in recent years. This paper compares some modern usages to the earlier application of Anthropological and Sociological concepts and methods in Human Relations. It becomes evident the meaning of “culture” has changed as it has migrated over time. This raises questions regarding whether important historical lessons are currently being ignored.

I. INTRODUCTION

The term “culture” originated in Anthropology and Sociology. The industrial field research conducted from the 1920s to 60s was called Human Relations. In the 1980s, a new generation of consultants touted the importance of leaders developing their “organization culture.” There are now culture advocates in many different disciplines: including, Organization Development (OD), Operations Management (OM), and Marketing. This paper will compare a few recent practices to the findings of some well known Human Relations fieldwork to identify important similarities and differences.

II. MODERN DAY CONCEPTIONS OF ORGANIZATION CULTURE

During the 1980s, business leaders were told how developing their “organization culture” could enhance performance (Peters and Waterman, 1982; Schein, 1985). Shared values, mission and vision statements were authored. Slogans and symbolic cultural items came into prevalent use. Ceremonies and rituals became seen as an important way to express what the organization did and did not value. Culture gurus also noted that legends, myths and other symbolic stories could powerfully communicate what the organization and leaders were like. The intention was to foster common purposes and instill pride. If managers successfully created a “strong culture,” the employees would identify with each other and the mission of the organization. Some people began using attitude surveys as a tool to assess the status of cultures (Trice and Beyer, 1993, p. 19).

Many OD consultants have advocated creating a “team culture.” Typically, organization levels were reduced, formal controls were relaxed, access to information was broadened and a greater degree of power was delegated to teams. Self control and peer discipline were relied upon to stay on course (Barker, 1999). Enhanced productivity, higher quality and lower costs were all foreseen. This would result from employing a smaller group of more broadly trained workers who assumed greater responsibility.

Some OD consultants have pursued Appreciative Inquiry (AI) (Srivastva and Cooperrider, 1999). This refers to seeking out examples of positive past interactions. Next, one
would try to build future interactions upon this foundation. If a positive upward spiral can be initiated, it will drive sustainable growth and change.

Some OM consultants have talked about the benefits of creating “customer service culture.” For example, Six Sigma leaders have been urged to apply a “missionary zeal” to creating a culture that centered on creating value for customers (Summers, 2007, p. 23). They must role model how to align the organization’s goals, work processes, and the efforts of individuals. Social pressure and the potential for embarrassment were seen as being more powerful controls than rules and procedures (Yoshimura and Anderson, 1997). Supervisors have been warned against managing on numbers or quotas, creating a reign of terror, and rewarding based on common variation (Gitlow and Gitlow, 1987, p. 120). Continuous improvement will ideally take place each period as processes that do not add value are reduced, the quality of inputs and processes become more consistent, training is enhanced, suggestions are implemented, and greater productivity is attained.

Some organizations have introduced a “marketing” or “sales culture” (Regini, Kitay and Baethge, 1999). When a customer initiates a normal service interaction, the company representative will slip a sales pitch into the transaction. Everyone in the organization is asked to think in terms of integrating sales and service. Employees need to be trained about the product offerings and what phrases may produce positive customer reactions. Referral quotas for individuals and sales targets for units are set. Normal staff meetings often include sales progress updates. The staff might then be exhorted to sell even more. In terms of rewards, points may be given when sales are closed. These points are accumulated to earn one or more of the listed product prizes.

III. THE HUMAN RELATIONS TRADITION

Human Relations field researchers only occasionally used the term “culture” (Chapple, 1943). However, many of them relied upon Anthropological and Sociological concepts and methods. Accordingly, they are regarded as the first people to conduct organization culture research and change efforts (Trice and Beyer, 1993, pp. 23-27).

The studies conducted at the Western Electric Hawthorne plant launched the Human Relations movement (Roethlisberger and Dickson, 1939). The initial lighting experiments were conducted in the Scientific Management tradition. A test group and a control group were used. By comparing the production in the two rooms as the level of lighting was varied in the test room, it was thought the best level of lighting would become apparent. As the lighting in the test room was incremented several times, production in both rooms rose. Next, lighting was decreased in the test room. Production went up in the test room. Production also went up in the control room. Other scenarios were subsequently run. The inconclusive results eventually put an end to this study.

Elton Mayo and his associates started a new group of studies. The Relay Assembly Test Room explored the impact of rest pauses, snacks, length of work hours and length of work week on production. For some time, things were going as they anticipated. As improvements in working conditions were progressively made, production increased. When these improvements were removed, it was anticipated production would return to its original level. Yet, the higher level of production was maintained. The researchers then began to consider what could account for this.
Two inductive studies were conducted. The first was an extensive non-directive interviewing program. The second was the Bank Wiring Observation Room. A number of important conclusions were reached. Initially, the researchers employed simple deductive logic. Changes were made that were intended to cause certain results. The surprising results suggested there were important unknown underlying factors. Their inductive research revealed that the prevailing employee sentiments played an important role. Additionally, one also had to grasp the personal histories and the social situation at work. These served as the foundation for these sentiments. Only after this context was developed could one understand how a change would be interpreted. The meaning of a change could be as important, if not more important, than the substance of the change.

Instead of thinking in terms of isolated individuals, the Hawthorne researchers came to realize one should think in terms of informal groups. The formal organization was found to have a shadow counterpart that was called “the informal organization.” Employees shared their experiences, frustrations and fears with one another. This lifted their spirits and bonded them together. Shortcuts were learned, taught and kept secret from managers. Some workers helped one another even though they did not have to.

Shared sentiments were discovered regarding coworkers not working too fast or too slow, not telling managers about things that would harm peers, and not acting too big. These norms were enforced via verbal requests, teasing, nicknaming, ostracism and binging. Output restriction of roughly thirty percent commonly existed. The workers were not lazy or irrational. There were pragmatic reasons for their norms. For instance, output restriction was found to stem from the fear of productivity expectations being raised and possible reductions in the workforce. A portion of the output was often “banked.” This provided insurance for times when there was a machine problem or the employee was having a bad day. Many employees would work faster during certain portions of the day to allow for social time. Workers were clearly not just “economic men.” The Hawthorne researchers argued if the managers were placed in the same social situation as their workers, they would react in much the same way.

A counseling program was initiated to help employees adjust to their work situations. Nondirective interviewing proved to have cathartic and catalytic benefits. The expression of frustrations to a sympathetic listener generally lifted a person’s spirits. This vocalization also helped the person organize and come to terms with what had happened. These were the central contributions of the counseling program.

Supervisory training was conducted based on disguised case examples (Dickson and Roethlisberger, 1966). These scenarios were intended to sensitize managers to human relations issues, improve their analytic abilities, and help them develop a productive management style. The workplace was viewed as a social system that was like a living organism. Ills periodically arose that needed to be diagnosed and treated.

Many other Human Relations field projects were conducted. Some were called “anthropological engineering” (Chapple, 1943). One would start with a study of the basic beliefs and values of the employees. The way the social system operated would be described. Next, one could consider how, if at all, the organization could be made more effective. After making a change, some ongoing observation would take place. Adjustments would then be made as needed (Moore, 1988, p. 13).

We will provide one other example. Starting in the 1940s, managers at Sears tried to improve performance by aligning the organization strategy, formal organization and informal organization in a particular way. Sears adopted a flat and loose structure, hired highly qualified
managers, and delegated a great deal of authority to them (Worthy, 1994). This was intended to foster flexibility, innovativeness, and entrepreneurship. It was thought this approach would lessen the gap between the formal and informal organizations. Surveys were used as a “crude thermometer.” When problems were found in a unit, nondirective interviewing was used to flesh out the situation (Jacoby, 1986). The store manager was consulted all along the way. Corrective actions were normally taken long before a report was sent to his superiors. This would ideally ease the process.

IV. DISCUSSION

The literature from both eras argues performance can be improved by introducing cultural changes. The progressive steps from “anthropological engineering” are loosely paralleled by those taken by some modern consultants and trainers (Alvesson, 2002, p. 178; Schein, 1985). One starts with a needs analysis or problem diagnosis. The options are then examined. The best one is selected and implemented. The results are then periodically measured. Revisions would be made as needed. If one is not setting goals, measuring and revising, the longevity and success of the effort are open to question. Many fads have come and gone, with little to show for the time and resources expended.

Today, survey results may be used in both needs analysis and program evaluation. Surveys are not being utilized as a thermometer that could trigger nondirective interviews and subsequent course adjustments. Moreover, interviewing and observation are seldom employed to explore and describe cultures. In Human Relations, surveys were never relied upon to assess cultures. Surveys are relatively quick and cheap, but they do not provide in-depth descriptions of the complexities of cultures like fieldwork does.

Both deductive and inductive research was done during the Human Relations era. Consideration was given to “What is,” “What should be” and the gap between the two. Field research findings were used in training to develop managers’ diagnostic skills.

The modern culture literature conveys normative statements about “What should be.” Rigorous empirical evaluation of hypotheses is less common. We do not see reports of surprising results, followed by an inductive exploration to learn what might account for this. The interplay of various interests evident in the Human Relations literature has given way to only the interests of upper level management being communicated downward. Supervisors and employees are not being widely interviewed or observed. Accordingly, little attention is being given to “What is” or diagnostic skills training.

Many modern day cultural change efforts ignore the shared sentiments, personal histories and social situations at work that might influence performance. The reasons for oppositional group norms still seem pertinent today. Nevertheless, the shared values authored by the upper level managers are assumed to have replaced such sentiments. In both team and customer service cultures, it is presumed peer pressure will be exerted in support of the goals of upper level management. When power is meaningfully delegated to a team, new norms may well form. However, conducting fieldwork is the only way to truly delineate the prevailing norms. The sanctions workers used to enforce their group norms historically were quite varied in form and severity. It also seems prudent to check what means peers are now using and if some are more functional than others.

Field studies clearly showed the incentives from Scientific Management did not work as planned. In recent years, the points and associated product awards for tellers in some bank sales
cultures have been meager. Some continuous improvement programs have offered little if any additional financial rewards. The employee fears that were associated with output restriction in the past seem just as relevant today. It remains to be seen if these new schemes will empirically prove to be more successful than piecework.

The recent literature focuses largely on the positive emotions and improved attitudes that should result from a change effort. Many employees do not enjoy either administering or receiving peer discipline. This could result in the uneven application of peer discipline and worsened interpersonal relations. Pressuring workers to progressively produce more, while using fewer resources, can produce stress and feelings of inequity. Customer service representatives in a sales culture might feel they are bothering customers, rather than pleasing them. Stress may result when employees are pushed to meet referral quotas and sales goals. Both of these experiences could lower job satisfaction. Accumulating frustrations often lead to resistance, lower levels of effort and increased turnover. These are all empirical issues that deserve future study.

As the concept of culture has migrated, its usage has changed. It has recently been assumed that cultures can be fairly quickly, easily and considerably manipulated. Much of this literature fails to mention any possible difficulties, limitations, or tradeoffs. It is understandable that advocates of an approach want to sell it. Managers, though, can do a better job when they have a good idea of what to expect. There is an old adage that those who forget the past are doomed to repeat it. Time will tell if these modern conceptions of culture are more or less accurate than the erstwhile ones from Human Relations.

REFERENCES


CHAPTER 17

INSTRUCTIONAL AND PEDAGOGICAL ISSUES
ABSTRACT

Those with high emotional intelligence tend to instill trust in the people with whom they interact, thereby reducing communication apprehension in groups in which they are involved. This is clearly evident in a classroom setting in which an instructor with high emotional intelligence creates an environment of trust, thereby encouraging students to freely communicate their ideas.

I. INTRODUCTION

Emotional intelligence—an individual’s ability to perceive, express, understand, and regulate emotional responses both internally and in other—has been linked to job satisfaction (Dong & Howard, 2008; Dormann & Zapf, 2001; Dent, 2001). An employee with high emotional intelligence is able to respond appropriately to workplace stress and to the emotional behavior of his or her coworkers. These abilities greatly enhance job satisfaction. Moreover, research has shown that emotional intelligence leads to high job performance (Bar-On, Handley & Fund, 2006; Druskat, Sala & Mount, 2006), long-term mental health (Ciarrochi & Godsell, 2006), better outcomes in work groups and leadership qualities (Lopes, Cote & Salovey, 2006), and organizational success (Mount, 2006).

Given all of these positive aspects of emotional intelligence, it is postulated that those with high emotional intelligence not only are more apt to have low communication apprehension when compared with those with low emotional intelligence, but those with high emotional intelligence promote an environment in which others also have low levels of communication apprehension.

Trust, another critical predictor of job satisfaction, is defined as a firm reliance on the integrity, ability, or character of a person or thing. Research shows that people are energized and motivated when trust is placed in them and when they are recognized for their abilities (Kramer, 1999). A high degree of trust fosters increased interdependence in a work setting, since employees are more apt to rely on each other and work productively together. Two theories help explain the function of trust (Skarlicki & Dirks, 2001). The theory of self-fulfilling prophecy suggests that employees will become what a manager expects of them. If a supervisor expects an employee to be trustworthy, and communicates this accordingly, the employee will rise to the challenge more so than if the employee is told he or she is untrustworthy. The theory of norm of reciprocity suggests that employees reciprocate benefits received. Employees who perceive that they are trusted will reciprocate trustworthiness in return. (Skarlicki & Dirks, 2001) A high level of trust, evidenced by the ability of employees to work well together to achieve common purposes, is expected to increase job satisfaction.
It is postulated that those with high levels of trust will exhibit low levels of communication apprehension, as they are more comfortable with their fellows and are less likely to feel that they will be unfairly judged for expressing their feelings and ideas. The interplay of emotional intelligence, trust, and communication apprehension is not just seen in a workplace setting, but has great significance in the classroom. Instructors with high emotional intelligence can foster a community of trust that provides a platform for open, honest, and free discussion by students.

II. LITERATURE REVIEW

Emotional Intelligence

Mayer and Salovey (1997) defined emotional intelligence as “the ability to perceive and express emotion, assimilate emotion in thought, understand and reason with emotion, and regulate emotion in self and others” (p. 401). This concept emphasizes the importance of self-awareness and the ability to re-evaluate and balance a person’s intellect and emotion. Zeidner, Matthews, and Roberts (2004) summarized emotional intelligence as “a mélange of competencies and general dispositions for adaptive personal functioning and coping with environmental demands” (p. 375). Emotional intelligence is related to “emotion, motivation, personality traits, temperament, character, and social skills” (Zeidner et al., 2004, p. 375).

Zeidner, Matthews, and Roberts (2004) stated that emotional intelligence “designates the potential to become skilled at learning certain emotional responses ... that can determine a person’s potential for learning practical job-related emotional and social skills” (p. 377). The ability to emotionally gauge oneself and one’s coworkers fosters the necessary social skills to succeed in a professional context. Emotional intelligence helps create a positive sense of well-being and thereby enhanced performance outcomes (Druskat, Sala & Mount, 2006).

Emotional intelligence plays a large role in shaping individuals. Goleman (1998) explained that emotional intelligence creates passion, confidence, friendliness, motivation, pride, and energy in individuals. The ability to transmit these same emotions to others offers emotionally intelligent people advantages over others in interpersonal and organizational contexts. Zeidner, Matthews and Roberts claimed that people of higher emotional intelligence succeed at communicating their goals, ideas, and intentions in more interesting and assertive manners. They suggested that emotional intelligence is related to the social skills necessary for teamwork. Together, these abilities contribute to a satisfying personal and professional life.

Trust

Trust is an individual’s reliance on the integrity, ability, or character of a person or thing. Trust is critical to both interpersonal relationships and individual self-development. Trust-based relationships between members of an organization will result in high job satisfaction and high job performance (“More than a social virtue,” 2003). Research shows that perceptions of trust can increase loyalty and satisfaction, as well as foster creativity and a positive environment within an organization (Dent, 2001).

Effective organizations depend upon employees’ willingness to engage in trusting relationships in which they comfortably share their insights and ideas. Mutual respect plays a crucial role within an organization, making employees feel that they are appreciated and they are
motivated to contribute to organization building (Dent, 2001). Trust is viewed as social capital and it shapes organizations and individuals’ ability to develop and sustain relationships with others (“More than a social virtue,” 2003).

Likewise, trust in a classroom setting encourages students to comfortably share their insights and ideas, and to ask questions to enhance their understanding of difficult material without concerns that they will be considered “stupid” or wasteful of class time. Each individual is valued in an environment of trust, and so participation by all members is valued.

Jo and Shim (2005) stated that a favorable organizational climate leads to efficient job performance. Empirical research has not addressed trust as a variable that mediates organizational climate and job satisfaction or performance. Supportive oral communication relates positively to an individual’s perception of management’s supportiveness and friendliness (Jo & Shim, 2005). Perceived support creates trust that the organization will fulfill its obligations by rewarding employee efforts. The current researchers’ survey results indicate that a trusting relationship is positively related to measures of communication management, suggesting that those employees receiving positive communication are more likely to be motivated to form trusting relationships with management and thereby enhance their own individual job satisfaction.

In a classroom setting, a trusting environment in which each person is valued leads to heightened performance in class assignments since the level of involvement is high. Satisfaction with the class—as quantified in end-of-the-semester student evaluations—could be used as a measure of the link between an instructor with high emotional intelligence, a classroom environment in which trust flourishes, and positive student feedback about the class.

In many circles, mutual trust between employees is regarded as a key factor for achieving organizational success. Herselman (2003) considered trust as having significant implications on employee behavior and the establishment of workplace relationships. The research suggests that employees are motivated when trust is placed in them and when trust comes from persons in authority positions. Perceived trust in the workplace improves competence, enhances self-confidence, reduces the time and unproductive energy that people tend to spend on protecting themselves, and increases productivity. Trust reduces fear, encourages interdependence, allows coworkers to rely on each other, and is a primary source of social capital within the company.

Such outcomes are to be expected in the classroom as well. Though students are not working for a salary, they are working to achieve good grades. Grades are the currency of the classroom. Since increased self-confidence that is fostered in a trusting environment is a necessary component of striving for and achieving good grades, one would expect to find that instructors with high emotional intelligence who promote trust and goodwill should produce students who are success-oriented, something that should be reflected in their final grades in the class.

**Communication Apprehension**

Communication apprehension is the resistance that an individual has to speaking forth within a group setting. For the purposes of this paper, communication apprehension is the resistance that students have to voicing their opinions, engaging in discussions, and/or asking questions or asking for help in front of their peers.

For Lee (1997), communication “is an organization’s lifeblood” (p. 23). Lee links effective communications to credibility and integrity, in other words, to trust:
must, above all else, be credible. The cornerstone of credibility is integrity; the foundation of integrity is constant and complete consistency between communication and conduct” (p. 25).

Though Lee focuses on organizations, particularly corporate environments, it is easy to see that his words also relate to classroom dynamics. In the following passage, simply replace “organization/organizations” with “classroom/classrooms,” and one can see the truth of his statement:

Communication thrives on mutual dignity and respect; together, these are the fundamental building blocks for relationships of trust and accountability. Organizations that are blessed by such relationships will, over time, develop greater internal commitment and thus outperform and surpass organizations that are not. An organization’s success ultimately depends on the fully aligned, discretionary, principled, and inspired effort of its people. Communication characterized by mutual dignity and respect, because it builds relationships of trust and accountability among people, is foundational to such effort and therefore to the success of the organization. (p. 27)

III. DISCUSSION

Instructors with high emotional intelligence are by definition those who foster a comfortable learning environment, a setting in which all students are encouraged to participate freely without fear of criticism and derision. Such a setting fosters mutual trust, and people who trust each other are more comfortable in expressing their feelings, insights, and ideas with one another than are those who do not trust each other. Hence, communication apprehension will be low in a trusting environment that is facilitated by an instructor with a high level of emotional intelligence.

Further research is necessary to quantify the relationship between emotional intelligence in an instructor, trust within the classroom, and low communication apprehension among students. A questionnaire that determines an instructor’s level of emotional intelligence could be evaluated against a questionnaire that determines student willingness to participate in classroom discussions. A direct correlation would be expected to be found between high emotional intelligence and low communication apprehension. A factor that may need to be taken into account is the emotional intelligence of individual students, as it is possible that a student with high emotional intelligence who is placed in a classroom that is headed by an authoritarian instructor with low emotional intelligence will nonetheless possess low communication apprehension. Indeed, this person may feel confident in any setting and be undeterred by circumstances. All of this merits further research.

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THE ONLINE MBA: A COMPETING VALUES MATRIX

Robert A. Page, Southern Connecticut State University
Pager1@southernct.edu

Kaylene Williams, California State University, Stanislaus
kwilliams@stan.csustan.edu

Marianne McCarthy, Southern Connecticut State University
Mccarthym3@southernct.edu

ABSTRACT

With the proliferation of MBA programs worldwide comes increasing differentiation between program offerings, including the online or “virtual” MBA. Increasing demand for distance learning has lead to the evolution of a variety of online strategies and structures. Differences will be explored using four archetypes: the virtual purists, the strategic allies (with on-ground programs), the networkers (customized programs) and the traditionalists (hybrid online/on-ground combinations). Implications will be explored.

I. INTRODUCTION

Currently the demand for business education continues to expand worldwide, creating a market whose limits have yet to be defined. While the rapid growth of business programs began in the 1950s, they are now ubiquitous (Page & Nodoushani, 2006). In the new millennium over 90 percent of accredited institutions of higher education now offer a degree programs in business on the undergraduate and/or graduate levels. Business programs have steadily increased in popularity, accounting for approximately 25% of all undergraduate degrees in the U.S. (Clegg & Ross-Smith, 2003). Similarly, Master’s of Business Administration (MBA) degrees have become legitimized as an essential credential for managerial careers in large organizations, and now constitute over 23% of all graduate degrees (Friga, Bettis & Sullivan, 2003). The growth of graduate business education has been explosive:

First, it [the MBA] is an utterly pervasive degree – for instance, more people undertake the MBA worldwide than any other postgraduate degree, so its discursive formulae infiltrate almost everywhere. It is the most popular business qualification in the world. Virtually every country in the world recognizes it as a form qualification for a career in management. (Clegg & Ross-Smith, 2003: 89)

Consequently, both undergraduate and graduate business education has become, in itself, big business, generating billions of dollars of revenue, and growing approximately 10% a year (Pfeffer & Fong, 2002). Together, corporate and education institutions spend a combined 885 billion each year in the U.S. alone (Friga, Bettis, & Sullivan, 2003). The availability of quality MBA programs has never been greater, as demonstrated by the doubling of the number of quality AACSB accredited institutions around the world in the at past 35 years (Seybolt, 2004; Zupan, 2005).
The Competing Values Model

With the proliferation of MBA programs worldwide comes increasing differentiation between program offerings. As the MBA field grows increasingly competitive, one powerful source of competitive advantage involves the online MBA. Online programs offer a degree of convenience and access that cannot be matched by on-campus programs which require either commuting or residency. Further, online programs have much lower overhead costs than on-ground facilities. Differences in online MBA offerings will be explored using a “competing values” model, which captures the inherent paradox involved in organizational effectiveness (Quinn & Rohrbaugh, 1983; Quinn, 1988). The classic competing values framework focuses on private sector organizations and the major schools of academic thought that have evolved to study them, and has been summarized in Figure One:

FIGURE 1: Competing Values Framework

<table>
<thead>
<tr>
<th>Internal Focus</th>
<th>Control</th>
<th>External Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Process Model</td>
<td>Rational Goal Model</td>
<td>Flexibility</td>
</tr>
<tr>
<td>Internal Process Model</td>
<td>(Communication, MIS, services, order)</td>
<td>(planning, productivity, efficiency)</td>
</tr>
<tr>
<td>Human Relations Model</td>
<td>(teamwork, unity, networking)</td>
<td>(learning, partnering, initiative, growth)</td>
</tr>
</tbody>
</table>

Given that online MBA programs and their sponsoring institutions span both the private and public sectors, control versus flexibility will be broadened, through an operationalization in terms of organizational structure characteristics.

The online MBA features four archetypes: the virtual purists, the strategic allies, the networkers and the traditionalists. One major difference between these archetypes is structural – is the MBA program completely online and virtual (offering the ultimate in flexibility), or does it offer a mix of online and onground educational activities (more traditional controls). The other fundamental difference reflects strategic focus – does the program emphasize external alliances and global relationships, or does it focus internally on the effective delivery of standard, “all purpose” MBA content, which graduates are expected to successfully apply wherever they happen to land a job. Figure 2 illustrates the matrix of online MBA programs:
FIGURE 2: Online MBA Competing Values

External Focus

<table>
<thead>
<tr>
<th>Hybrid Control</th>
<th>Networkers</th>
<th>Partnerships</th>
<th>100% Online Flexibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditionalists</td>
<td>Virtual Purists</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Internal Focus

The Virtual Purists

The completely online MBA program is virtual, in that instructors, students and administrators are not required to physically meet as a prerequisite for successfully completing the program. The only boundaries and limitations imposed on the program are artifacts of the technology driving the distribution of learning materials and the communication media linking instructors with students. Distance education universities have historically developed from the correspondence school tradition. In North America, for example, Athabasca University, based in Alberta, Canada, is the largest. Athabasca launched their online MBA in 1994, and it has since become one of the largest programs in Canada. “The program emphasizes service to students, its ability to change courses and even the curriculum quickly to respond to changing circumstances and needs, and the development of student skill sets necessary for success in the corporate world.” (Hanna, 1998: 78).

This unconventional, virtual program architecture comes at a price – problematic external validation. Public perception questions whether the online MBA is truly equivalent to a traditional on-ground MBA. Stephan Chambers of Oxford University summarizes that while an online MBA “is better than nothing, but it is not even close to the real thing” (Farrow, 2007: 54). While this statement may be interpreted as a form of counter-marketing, embraced by those universities who do not have an online component to their MBA program, it is echoed by the United Kingdom’s Association of MBAs (AMBA) who require a minimum of 120 hours of on-ground or videoconferencing instruction to meet their accreditation standards (Bradshaw, 2007).

Heriot-Watt University’s Edinburgh Business School (EBS) responds to such accusations, and to accreditation standards of the AMBA, by focusing on student outputs: "EBS does not support accreditation by private sector, self-appointed accrediting bodies, due to the focus they place on arbitrary inputs rather than the quality of student outputs" (Edinburgh Business School, 2007). A virtual program allows EBS to focus on reaching as many students as possible, maximizing profits by maximizing access and reach. EBS has also become the world’s largest distance MBA program with more than 9,000 active students (Edinburgh Business School, 2007). It currently offers exams in 350 different locations and four different languages (WorldWideLearn, 2007).
The Strategic Partners

The term “partnership” spans everything from a long term vendor relationship to an agreement between strategic allies (Oblinger, 2001):

- **Transactional Exchanges** – providing commodity-like products or services. Often the relationship is based on lowest cost, for example, purchasing PCs in bulk from a supplier.
- **Performance Contracts** – when an institution contracts for a particular product/service expecting a higher level of quality of service. For example, the existence of Service Level Agreements (SLAs) in data center operations has become common practice.
- **Tailored Environment Arrangements** - when a standard product or process is customized. The MBA provider could tailor an educational program for the sponsoring firm and charge a premium price for doing so. This arrangement enables the firm to maintain involvement in the program structure designed specifically for their workforce. Relationships of this nature are becoming popular due to mutual cost and learning advantages (Hollenbeck et al., 2005). For example, the Florida Institute of Technology (Florida Tech) announced their partnership to provide online MBAs with University Alliance Online in January 2008. All courses are taught by Florida Tech's faculty. The online features such as chat rooms, professor-led streaming video, message boards, email and downloadable MP3 lectures are provided by University Alliance Online (PR Newswire, 2008).
- **Strategic Alliances** - when parties bring unique expertise to a business venture. These relationships are established either through equity sharing agreements or contractual nonequity arrangements (Lang & Zhao, 2000).

In some cases, strategic alliances build off the advantages of horizontal integration. For example, in 2001 the Judge Institute of Management at the University of Cambridge announced their collaboration with Pearson PLC, a London-based publishing and media company, to produce their online MBA. Pearson would handle the technical aspects of putting courses online and delivering them. They would also be responsible for marketing the program to an international market. Program Director Chung Jo Choi said that the deal reflected the changing direction of higher education. “It won’t just be universities delivering education. Media companies will have a very big role to play” (Blumenstyk, 2001).

Some online MBA programs leverage their size and capacity through strategic alliances with other MBA programs. “The globalization strategies of business schools have focused on developing high-tech links with non-U.S. business schools, overseas study tours, foreign language requirements, faculty and student exchange programs, and international course material” (Friga et al., p. 237). Through alliances with foreign MBA programs in Europe and/or Asia, a number of advantages are secured:

- global exposure and international curricular content is assured
- costs and risks are shared or offset
- technologic capacity can be increased with a minimal investment
- foreign market share can be increased with intensive marketing efforts
- public image and reputation of the MBA program increases
• foreign accreditation is usually assured when with a local sponsor
• program capacity and offerings are broadened without dramatically increasing overhead costs.

For example, the Universitas 21 Global (U21Global), founded in 2001, offers a completely online MBA to students primarily from India and South East Asia. U21Global's affiliations now include universities on four continents: Tecnológico de Monterrey, University of Virginia [North America]; Lund University; University College Dublin, University of Birmingham, University of Edinburgh, University of Glasgow, University of Nottingham [Europe]; Fudan University, Korea University, National University of Singapore, Shanghai Jiao Tong University, University of Delhi, University of Hong Kong, Waseda University [Asia]; University of Melbourne, University of Queensland [Australia] (Canada NewsWire, 2008).

Based in Singapore, Global leverages its extensive alliances to win accreditation from a variety of regional accreditation organizations, despite being entirely online. Global is accredited by the European Foundation for Management Development (EFMD) for technology-enhanced learning (TEL). U21Global was initially created as a venture with Thomson Learning (Sanders, 2003). U21 Global is now in the pre-accreditation stage with AACSB (Association to Advance Collegiate Schools of Business). (Staff, 2008).

Traditionalists

On-ground MBA programs desiring online expansion typically evolve towards a hybrid structure, combining both on-campus and distance learning techniques. The hybrid or blended model seeks to combine the convenience of an online program with the time honored respect of an on-ground program. The rationale for such blending rests with the supposition that some types of learning require face-to-face human interaction and learning which cannot be replicated in the virtual world. Accordingly students are required to periodically attend on-campus class activities involving experiential exercises, presentation skills and feedback, and interpersonal relations. In some cases, this involves a relatively systematic cycle, such as one week on ground followed by one week online. In others, it involves more extensive online work, punctuated by intensive on-ground activities that can last anywhere from a few days to a few weeks as infrequently as once or twice a semester.

Proponents of the hybrid model contend that it mimics global business today, where face-to-face meetings are often followed by teams working in collaboration in different countries, and communications and project updates are all conducted electronically (Hochberg, 2006). This integrationist view is apparent in the Georgia WebMBA® program, implemented in 2001. This program is a lock-step online MBA offered by five regional AACSB-accredited universities in the University System of Georgia: Georgia College and State University, Georgia Southern University, Kennesaw State University, State University of West Georgia, and Valdosta State University. To retain online learners, the program provides a cohort- and team-based learning experience and consists of 10 courses and admits up to 35 students per cohort. Each school provides two courses and accepts seven students per cohort. Each student is accepted into the individual institution based on criteria of the traditional MBA program. All students are required to attend activities on campus, beginning with a 2-day orientation to be eligible to enroll in program courses. (Bocchi, Eastman, & Owens-Swift, 2004).
The WebMBA, now in its eighth year, has enabled the Georgia university system to globalize its reach. The program now has students from 18 US states and various countries including Afghanistan, Canada, Germany and Italy. Interest in the program has exploded with enrollment having tripled from 2006 to 2008. "The demand for our online MBA, especially in today's uncertain world-wide economy, has grown well beyond expectations," according to Joe Bocchi, Ph.D., executive director of the WebMBA program. "The program was first intended to provide Georgia residents with easy access to graduate business study. Now, we receive hundreds of applications each semester from residents in Georgia and from throughout the nation and world." (Editor, 2008).

This model has been adopted for accelerated, “executive” MBA programs as well. The Instituto de Empresa (IE) Business School, based in Madrid, Spain, is one of the latest entrants to the blended model delivery. The one-year MBA program commences with a two-week module in Madrid and is followed by a six-month synchronous online module featuring a combination of tutorials, discussions, and interactive games. The two-week module in Madrid offers intensive training in management, cross-cultural understanding, leadership and humanities through hands-on workshops and out-of-class learning experiences. 80 percent of enrolled students are from outside Spain. (IE.com, 2008).

Networkers

Some MBA programs, particularly foreign MBA programs, recognize the importance of context in teaching management skills. These programs stress embedding students in foreign cultures, and using local networks of business contacts as an ongoing source for curricular improvements. Unlike more traditional American programs which assume that Western industrial values are inherently superior best practices, around which students and their cultures are expected to conform and converge, these program reject this cultural hegemony. Instead they adapt traditional MBA content to the needs of the cultures and learning styles of their students. The Open University Business School emphasizes customization of the program specific to the student:

“in Africa the preferred way of learning is through story-telling, which is not that different to case studies. In the Middle East it is rote learning. To service these different learning cultures is number one in our research priorities” (Bradshaw, 2007:7).

The Macquarie Graduate School of Management (MGSM), based in Australia, has a multicampus network within Asia and has been operating in Hong Kong since 1994. MGSM leaders assert that foreign providers offer a different experience than local business schools, because the pan-regional network of campuses increases study options and builds flexibility into the program. Helen Lange, who directs the U21Global’s MBA program in Hong Kong, contrasts the local versus global experience offered to students by different MBA programs. She said partnerships would not necessarily produce the standards that are expected. “Collaboration between universities on a single program can work well, but sometimes are beset by the problems that confront any organization that has an increase in the number of partner relationships that need to be managed, and an increase in the number of ‘moving parts’ that need to be managed in the program” (Turner, 2008).
II. CONCLUSION

With the importance of a MBA degree increasing in corporate recruiting circles, increasing numbers of businesspeople will be unwilling to settle for a Bachelor’s degree. Demand for graduate level education shows no signs of abating, escalating competition among institutions that either offer or soon will be offering MBA degrees. One simple way to increase the student base and revenue flow is to increase accessibility, and few methodologies hold more promise in this regard than online, distance education.

Unfortunately there is no consensus concerning quality criteria for curricular design and program structure of such online programs. If anything, variety and choice is increasing, not decreasing, as is the disagreement among sources of external validation, such as independent regional or national accreditation agencies, concerning what effective online educational standards look like. In view of this disarray, the need for accurate assessment and documentation of student learning outcomes is critical. When process standards are problematic, accurate analysis of alumni placement and success may hold the key to distinguishing educational fads and fictions from the real thing.

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MEASURING STUDENTS’ KNOWLEDGE: BENEFITS OF AND CULTURAL DIMENSIONS OF GLOBAL KNOWLEDGE

Gideon Falk, Purdue University Calumet
Gideon@calumet.purdue.edu

ABSTRACT

The purpose of this paper is to discuss the benefits of measuring students’ knowledge of culture and other dimensions and to develop and present a model of the cultural dimensions of Global Knowledge. The need for such a model is great. If one intends to measure people’s (students, others) knowledge of other cultures, one would have to identify the dimensions of culture. The next step would be to construct a Global Knowledge Questionnaire which would be used to measure people’s global knowledge. This questionnaire could be used by universities to measure graduating students’ global knowledge, compare them to a standard or to freshmen’s global knowledge. It could also be used to compare students across departments, or compare universities or countries. Culture is a complex construct. This is an attempt to explore its dimensions.

I. INTRODUCTION

This paper’s purpose is twofold: a. to discuss the benefits of measuring students’ knowledge and b. to lay out a comprehensive set of dimensions of culture. The background for the second goal is that the author is in a process of developing a survey instrument that would measure global knowledge which includes culture as a key component. The dimensions to be included in a comprehensive measuring instrument of students’ knowledge of global issues are the following:

1. Culture (see below)
2. World Geography
3. World History
4. International Relations: wars, treaties, regional conflicts
5. International Travel
6. International Trade: Exchange rates, export, import, FDI
7. International Organizations: UN, NATO, OPEC, EU, WTO, WHO, Interpol
8. International Business and MNCs: expatriates, subsidiaries, offshore outsourcing
9. Global BIO –Environment: air pollution, water pollution, global warming, climate change
10. Economic Development: Developing, emerging and developed countries

II. BENEFITS OF A GLOBAL MEASUREMENT INSTRUMENT

The importance of measuring students’ knowledge of the international or global environment is high. First, it is part of the key goals of general education of all universities. Society, state government, parents, students and employers expect that universities will develop
students who upon graduation will possess a significant degree of knowledge of global issues. The students should be able to communicate across cultures without offending partners from around the globe. How well do universities do to meet this reasonable expectation? No one knows! To the best of the author’s knowledge there is no acceptable way to assess the degree of goal attainment in this area. Having a reliable, valid instrument to measure global knowledge would be of high value to universities. It also could be used for assessment purpose, to demonstrate that universities’ goals are achieved. How could it be used? The simplest way to use such an instrument would be to administer it to freshmen students and then again to seniors and see the gain in global knowledge. Furthermore, one could use it also to study different curricula in terms of their effectiveness to improve students’ performance on this questionnaire. Comparative studies can be conducted to make the following comparisons:

- Graduating seniors to freshmen,
- Students starting an international business (or international studies) to those who complete it,
- Students in two or more universities,
- Students in two or more departments (History department vs. a Marketing department),
- Students in different countries,
- Students who specialize in International Business vs. those who have other majors.
- A comparison of students’ actual level of knowledge to a predetermined standard established by a department, a school or a university. This could be used for assessment.

In conclusion, a valid and reliable measuring instrument would be an invaluable tool for universities. Businesses could use such an instrument to select which employees are better candidates for international assignments or for determining the need for more training in this area.

III. CULTURE – THE COMPLEX DIMENSION

Among the ten dimensions listed above, culture is the most complicated one. It certainly is a very important dimension in understanding other peoples’ way of thinking and behaving. It is a key to any in-depth interaction and communication with foreigners. It might be the most important dimension. Culture includes the following elements:

1. Language and communication
2. Religion and holydays
3. Art & aesthetic
4. Music and entertainment (including sport)
5. Food and drinks
6. Gender roles in society
7. Family relations
8. Attitudes toward time, space and change
9. Material culture: housing, transportation,
10. Type of political system (Democracy, Dictatorship)
11. Type of economic system (capitalism, socialism, mixed system)
12. Attitudes toward nature and animals
13. Societal Norms
14. Work, work attitude, role of work in life
15. Individualism vs. collectivism
16. Power distance & status
17. Short term Vs. Long Term Orientation
18. Risk taking: Hofstede’s Uncertainty Avoidance
19. Masculinity vs. Femininity

Below is a discussion of the different dimensions and examples of questions to tap the specific dimension of culture.

1. **Language and Communication** – the connection between culture and language is strong. Each language is based on a national culture. For example, British English is different from American English reflecting cultural differences. Similarly, Mexican Spanish is different from Spanish in Spain due to the different cultures. Furthermore, the language of a country frequently ties to its climate and weather so that Saudi Arabia may have multiple words for warm and hot, many more than Syria or Morocco. Items that are important to a culture are reflected in the language (Terpstra & David, 1995). Here are several examples of how one can evaluate knowledge of this dimension: A handshake is the most common greeting custom among business people throughout the world. Latin is the most common language of Latin America. Non-verbal communication (gesture, facial expression) has the same meaning in all countries.

2. **Religion and Holydays** – The religion of a given society is a central element of a culture. Clearly, the religion dictates most of the holydays and holidays. The religion has a major impact on the behavior of individuals and families within the society. However, one needs to focus on both the type of religion as well as the degree of adherence to the religion. Thus, the cultures of two countries of the same religion could be quite different partially due to very different level of commitment to the religious practices. Therefore, one needs to know both of these in order to have an idea what is the proper way to behave in a given country. Examples of questions pertaining to this dimension are: 1. All main religions disallow polygamy (multiple wives or husbands). 2. Which three of the following religions have common beliefs and sources?  
   a. Buddhism, Islam, and Christianity
   b. Christianity, Islam, and Judaism
   c. Shinto, Buddhism, and Islam
   d. Paganism, Christianity, and Judaism

3. **Arts & Aesthetic** are an important element of a culture. Artistic artifacts like pictures, status, plays and movies all reflect the culture. They are frequently affected by religion --what is permissible and what is not. They are also affected by the landscape and the degree of exposure to other cultures. They are also influenced by the media and fashion trends, i.e. what is considered beautiful and desirable? Thus, the art of a European country, where there are open borders for a long time is influenced by the art of neighboring countries. Examples follow:
1. What country is famous for the beautiful architectural display known as the "Parthenon"?
   a. Greece  
   b. Italy  
   c. France  
   d. Spain  
   e. Morocco

4. **Entertainment and Music**: Music varies across cultures. It varies by the type of instruments it is played on, by rhythm, by degree of variation, by pitch and more. The relative emphasis on theater – drama, tragedies, comedies as compared to operas or a symphony would vary across cultures. The relative importance of different types of sports is well known. For example, Americans put a major emphasis on Baseball, while the Brits and Italian emphasize soccer. Examples for questions:
   1. Dancing is not allowed in Iran, Iraq, and India. (True/False)

5. **Food**: Cultures differ in what they eat and drink. This is partially due to their climates, their plants and partially due to other factors. Examples are: 1. The most common food among East Asians is rice. (T/F) 2. A combination of bread and meat is a common food in most countries. (T/F).

6. **Gender Roles in Society**: Roles develop over time. They are partially affected by the country’s religion, the degree of adherence to a religion and the level of democratic values. There is also a significant difference within a society between urban, rural and suburb communities. Examples:
   1. Men have more power than women in business organizations in all countries. (T/F)
   2. Women are allowed to work outside their own home in:
      a. Only in countries who follow Western cultures
      b. North America and European countries only
      c. All countries, however, in some countries they're required to wear a veil
      d. Most countries, but, some Islamic countries do not allow it

7. **Family** – the size of a family, its importance to an individual is one of many components of culture. One element is the core family (parents and kids) vs. the extended family which is for example, common in the Middle East as well as other traditional societies. This impacts how kids are cared for, where older family members stay and live (e.g., nursing homes). Examples are:
   1. The family is the basic structure in all countries. (T/F)
   2. The number of children per family is an important element in assessing the family's social standing in: a. All countries b. European countries c. Some Asian countries d. Everywhere except for China.

8. **Attitudes toward Time Space and Change**
   There are societies where time is viewed as cyclical – what one hasn’t done today can be done the next day, the next month, season or next year. Other cultures view time as linear – time is an unrecoverable resource; this leads to statements/phrases such as "time is money", or "he
wasted my time”. This leads to high degree of time management, importance of punctuality, and adherence to time schedules. In regard to space, cultures vary how they build their homes and construct their offices as well as how physically close they are to friends and strangers. Obviously, traditional societies are more resistant to change than more modern societies who are eager to use new technologies and new ways to live, work and entertain.

Examples: 1. All societies welcome change. (T/F)  
2. Time is viewed in a similar way in all countries. (T/F)  
3. Punctuality is a societal norm in all developed countries. (T/F)

9. Material Culture: This includes technology, housing, transportation, science. Man made technology is a key component of cultures. It impacts the type and size of housing, thus impacting space and behavior. Examples:
   1. Medicine is practiced in the same way in all countries. (T/F)  
   2. While in the past some countries had driving on the left side of the road, today, legal driving is on the right side of the road in all countries. (T/F)

10. Type of Political System: An important part of culture is a country’s political system. Is the country a democracy or is it an authoritarian or a communist country? This would affect life in many ways. Thus the culture of Great Britain (a democracy) is very different from that of North Korea (communist) or Belarus (a dictatorship). Examples:
   1. The President of every country has the most political power in that country. (T/F)  
   2. Wherever there is a free market economy, there also is a democratic system of government. (T/F)

11. Type of Economic System: Is it a Socialist system, a capitalist system or a mixed system? Again it impacts the material culture, the standard of living and many other elements of life. Examples:
   1. Wherever there is a free market economy, there also is a democratic system of government.
   2. People who believe in capitalism believe that each person should contribute according to his/her ability and each should receive according to his/her needs. (T/F)

12. Attitudes toward Nature and Animals: Do people preserve nature or destroy it? Do they have pets? And how do they treat animal and especially mammals?
   Example follows: -1. The dog is considered "man's best friend" in all countries. (T/F)  
   - 2. People have pets in all countries. (T/F)

13. Societal Norms: These are expectations and rules of behavior not included in previous sections.
   1. Politeness is a common norm in all countries; the implied behaviors vary across countries. (T/F)
   2. The attitude toward people disagreeing on an idea or issue is:
      a. Negative in all countries  c. Neutral in all countries  
      b. Positive in all countries d. Negative in some countries and positive in other countries
IV. LIMITATIONS

This is a conceptual paper and has no empirical data to support the assertions made. However, it is based on both the literature and experience. One can easily find some degree of overlap among the dimensions listed above. For example, Gender Roles (6) and Family Relations (7) might overlap. A woman’s role in her home and her husband’s expectations from her might be impacted by society’s definition of gender roles. Similarly, societal norms may tie to gender roles. A sharper distinction might be needed. It is easy to argue that other dimensions of culture also overlap.

V. CONCLUSIONS

The purpose of this paper is to stimulate discussion among academics and practitioners on the dimensions of culture. Culture is a very complex concept which is not easily captured. This paper is an attempt to conceptualize the cultural dimensions of Global Knowledge and then provide ways to measure these dimensions. Following the identification of 14 (19) dimensions based on Ball et. al. (2009), Terpstra and David (1991) and Ferraro (1990), the author proposes examples of how these dimensions can be operationalized. The final goal is to develop one or more instruments to measure students’ global knowledge.

REFERENCES


ETHIOPIAN IMMIGRANT ENTREPRENEUR TECHNOLOGY ATTITUDES: 
GENERATIONAL DIFFERENCES AND INSIGHTS

Kellye Jones, Clark Atlanta University
kjones@cau.edu

Amiso George, Texas Christian University
a.george2@tcu.edu

ABSTRACT

This study examines whether immigrant entrepreneur attitudes differ generationally with respect to the introduction of IT in firms. A MANCOVA analysis reveals that entrepreneurs and their offspring vary in their perceptions of IT. Offspring held more positive attitudes about IT and its components. The empirical results and respondent interviews were used to develop training modules to assist the entrepreneurs and the performance of their firms.

I. INTRODUCTION

Studies have increasingly reported on the entrepreneurial activity of immigrant group members in the US (Anderson & Platzer, 2007; Portes & Manning, 1986). Many of these reports indicate that immigrants are making substantial strides in stimulating the US economy, while others examine the rate of entrepreneurial activity among certain groups (Rayasam, 2007). Researchers have also examined the role that culture plays in establishing businesses (Light & Gold, 2000).

While a host of studies about immigrant entrepreneurs have been conducted, little is known about the offspring of these individuals. These children were born in the US and have been dubbed the 2.0 generation. There are approximately 30.4 million second generation immigrants in the US (USDC, 2005). Many of these children were raised in an ethnic enclave and have achieved higher levels of education and greater language proficiency than their parents.

One challenge confronting both the first and second generation is the process of immersion into American society. Mainstream institutions strongly nudge this process since they facilitate social acceptance and economic mobility (Alba & Nee, 2003). Portes and Fernandez-Kelly (2008) describe three approaches to assimilating into American society. The approach most germane to this study is selective acculturation. Selective acculturation takes place when language and culture learning occurs while simultaneously preserving elements of the parental culture.

Information is crucial to the performance of entrepreneurial firms, and the use of information technology (IT) is becoming increasingly important. US small businesses in the retail, services, and manufacturing sectors report that the use of IT yields positive results, such as increased productivity and efficiency, as well as reduced cost (Cooper & Zmud, 1990).

Immigrant entrepreneurs have steadily increased their participation in the business community. While widely studied, there are, however, areas of limited inquiry. One such area entails examining the operations of immigrant owned firms relative to IT within the firms since IT is an integral part of operations. Also, many of these entrepreneurs involve their children in
the business yet, scant attention has been placed on the experiences of these children who are dubbed generation 2.0. This paper examines whether immigrant entrepreneur perceptions differ generationally with respect to the introduction of IT in firms. The paper begins by examining the business participation patterns of immigrants in the US. Next, the role of IT in businesses is examined. Aspects of national culture, as well as the relationship between culture and attitudes toward the adoption of technologies, are presented. Last, ethnic enclave, middleman, and diffusion theories are briefly discussed. The remaining sections include the methodology, hypotheses, results, and discussion.

II. IMMIGRANTS AND AMERICA

Immigration has had a significant impact on US society and immigrant entrepreneurs have, in fact, contributed to the US economy for more than one hundred twenty five years. Immigrants have participated in the US census since 1880 and data reveal that immigrants have had a greater inclination toward self employment as compared to the native born (Research Perspectives on Migration, 1997).

African immigrants comprise about 4 percent of immigrants in the US and they constitute about 14 percent in the Washington, D.C. area (USCD, 2005). Members of the Ethiopian ethnic group have made steady progress in their immigration to the US. They have carved out a major presence in Los Angeles, Dallas, Atlanta, and Washington, D.C. (Singer, 2004). While Ethiopians have been quite successful at creating enclaves and growing businesses in these communities, few academic studies examine their experiences.

III. ROLE OF INFORMATION TECHNOLOGY

Companies of all sizes are incorporating IT components such as e-commerce (EC), online video, blogs, and are establishing a greater presence on the Internet. Those business owners that have introduced IT into their organizations report an increase in production, better operating efficiencies, and cost reductions (Cooper & Zmud, 1990; Julien, 1995).

EMarketer (2007) reports that EC revenues in the US for 2006 were $102.1 billion which was a 24% increase over the $82.3 billion spent in 2005. From an entrepreneurial perspective, EC has been associated with business growth, customer responsiveness, and organizational efficiency (Thong & Yap, 1995). Many business owners indicate that EC activities are essential to their strategic initiatives as well as their near-term revenue growth (Leibs, 1999). EMarketer (2009) reveals, however, that many of the small business owners in their study do not heavily use other IT components such as online video, blogging, and podcasting in their firms.

Given the reported benefits associated with IT in general, and EC specifically, entrepreneurs are carefully assessing and analyzing how the diffusion of IT such as EC, online video, blogging, and podcasting might impact their firms and their operations. Part of the evaluative process that owners and decision-makers should undertake prior to introducing new technology should include assessing current attitudes about and their expectations of the technology.
IV. ASPECTS OF NATIONAL CULTURE

Attitudes towards technology and, in turn, acceptance of new technologies, are impacted by many factors including national and organizational culture. Researchers found that national culture affects IT management, development and use (Gefen & Heart, 2006).

Numerous researchers have used Hofstede’s (1980) conceptualization of culture, which identifies five dimensions, Power Distance, Individualism, Uncertainty Avoidance, Masculinity, and Long Term Orientation. Individuals who have high uncertainty avoidance are threatened by ambiguity and uncertainty and subsequently desire formal systems and rules in order to reduce discomfort. The scores were 46 for East Africa which includes Ethiopia, and 52 for the US. The higher the score the more one wants to avoid uncertainty.

Having an individualistic orientation, which is characteristic of the U.S. culture, is consistent with a quid pro quo approach. Conversely, when the collectivist value is dominant, there is greater personal involvement and connection with others. Hofstede’s (1980) Individualism scale reveals that with a score of 91, the US is at one end of the continuum while Ethiopia with a score of 27 is closer to the opposite end and demonstrates less individualism. Ethiopians had a lower Long Term Orientation score as compared to the US and the scores were 20 and 29 respectively. A lower score indicates that Ethiopians have a greater appreciation for cultural traditions.

V. CULTURE AND ATTITUDES TOWARD ADOPTION OF TECHNOLOGIES

Culture embodies the shared values, beliefs, and attitudes of people in a particular grouping, and it is often expressed through social relations, customs, and organizations (Clarke et al., 1981). In addition, these researchers suggest that IT is a means through which the values, beliefs, ideas, and cultural artifacts of a group are expressed. Gefen and Heart (2006) concluded that national culture should be included in EC studies.

VI. ENCLAVE, MIDDLEMAN, AND DIFFUSION THEORY

Ethnic enclave and middleman theories provide insights about the entrepreneurial activity of immigrants and as such, are the underpinnings for this study. Both theories lend perspective on the cultural and structural patterns that assist or hinder business success (Bonacich, 1973; Wilson & Portes, 1980). Numerous studies have examined diffusion theory and the factors that help or hinder adoption of an idea. One of the most frequently discussed theories is the Diffusion of Innovations concept developed by Everett Rogers (1995). Specifically, Rogers describes five constructs that may be used to explain the adoption or rejection of an innovation: (1) relative advantage, (2) compatibility, (3) complexity, (4) trialability, and (5) observability. Although many factors influence the diffusion of technology, Hasan and Ditsa (1998) suggest that the role of culture is perhaps one of the most illusive.
VII. METHODOLOGY

The neighborhoods which comprised this study are located along the “U” street corridor of Washington, D.C. and are dominated by Ethiopian ethnic group members. Their businesses include eateries, service, retail, and communications firms.

In investigating the attitudes of immigrant entrepreneurs and members of the 2.0 generation toward IT, Haddad’s (1996) attitude scale was used. Fifteen statements addressed four dimensions identified as: (1) Comfort Level - how comfortable one feels about IT; (2) Efficiency Level - how one feels IT raises efficiency levels; (3) Positive Influence - how one feels IT positively influences jobs and firms; and (4) Negative Influence - how one feels about the negative influence IT has on the workplace. Thus, four hypotheses were developed about differences in attitudes:

H1: Generation 2.0 will express a higher degree of comfort with IT.
H2: Generation 2.0 will perceive that IT increases the efficiency of their jobs.
H3: Generation 2.0 will feel more positive toward IT.
H4: Generation 2.0 will feel less negative toward IT.

VIII. THE RESEARCH STUDY

The firms were randomly selected from a directory of Ethiopian businesses in Washington, D.C. Entrepreneurs and their children were asked about the development and use of IT in the firm, and only those firms in the early stage of expanding IT capability were included in the study. The total number of respondents who participated in the study was 116. The 40 entrepreneurs together with 76 members of the generation 2.0 completed a self-assessment instrument that measured their attitudes toward IT. In order to examine generational insights about their experiences, respondents also participated in interviews. Interview questions explored respondent facility with technology, nature of family philosophy and parenting approaches, and the role of family business.

Naturally, generation 2.0 was younger than the entrepreneur respondents. Overall, the entrepreneurs had less education than the other group. The percentage of entrepreneurs with some college, a college degree or graduate work was almost 50 percent versus over 75 percent of generation 2.0.

Haddad’s (1996) scale for measuring attitudes toward new technology was used. For the 15 statements, the scale ranged from 1 to 5 (Likert-type). To reduce questionnaire bias, the statements were worded positively and negatively, and they were reverse-coded for the analyses. Cronbach’s alpha for the scale was 0.82.

IX. RESULTS

Table 1 illustrates the results of a MANCOVA analysis where the dependent variables are the attitude dimensions: comfort level, efficiency level, positive influence, and negative influence. The independent variable is generation.
Table 1: MANCOVA Results

<table>
<thead>
<tr>
<th>Source</th>
<th>Dependent Variable</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
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<tbody>
<tr>
<td>Intercept</td>
<td>Comfort</td>
<td>202.32</td>
<td>1</td>
<td>202.32</td>
<td>52.60</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Efficiency</td>
<td>220.184</td>
<td>1</td>
<td>220.18</td>
<td>35.61</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Positive</td>
<td>348.90</td>
<td>1</td>
<td>348.90</td>
<td>64.41</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Negative</td>
<td>203.44</td>
<td>1</td>
<td>203.44</td>
<td>51.35</td>
<td>.000</td>
</tr>
<tr>
<td>Generation</td>
<td>Comfort</td>
<td>131.65</td>
<td>1</td>
<td>131.65</td>
<td>11.14</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Efficiency</td>
<td>32.33</td>
<td>1</td>
<td>32.33</td>
<td>9.23</td>
<td>.004</td>
</tr>
<tr>
<td></td>
<td>Positive</td>
<td>28.19</td>
<td>1</td>
<td>28.19</td>
<td>9.02</td>
<td>.000</td>
</tr>
<tr>
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<td>1</td>
<td>30.13</td>
<td>2.74</td>
<td>.000</td>
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<tr>
<td>Model</td>
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<td>5</td>
<td>148.56</td>
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<td>.000</td>
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<td>301.48</td>
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<tr>
<td></td>
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<td>5</td>
<td>278.45</td>
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<td>.000</td>
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<tr>
<td></td>
<td>Negative</td>
<td>341.79</td>
<td>5</td>
<td>247.98</td>
<td>28.44</td>
<td>.000</td>
</tr>
</tbody>
</table>

For the four dimensions, comfort, efficiency, positive influence, and negative influence there was a difference in the attitudes between generations at a 0.01 level of significance. Thus, all hypotheses were supported. Entrepreneurs had a lower comfort level with IT (means: entrepreneurs = 10.89; generation 2.0 = 12.46), and generation 2.0 adults viewed IT as being more efficient (generation 2.0 = 13.17; entrepreneurs = 12.06). With respect to negative and positive influence, entrepreneurs exhibited a more negative outlook (means: entrepreneurs = 11.39; generation 2.0 = 10.51), and generation 2.0 exhibited a more positive outlook (means: generation 2.0 = 11.63; entrepreneurs = 10.76).

X. DISCUSSION

The results of this study reflect that generation 2.0: (1) has a higher comfort level with technology than entrepreneurs, (2) views technology as more efficient than entrepreneurs, (3) believes technology has a positive impact on the workplace, and (4) views technology’s impact as less negative on the workplace than entrepreneurs. Respondent interviews support the empirical results and are consistent with constructs that Rogers (1995) describes. Members of generation 2.0 were quite comfortable with technology and clearly understood how technology would vastly improve the operations of the firm while the entrepreneurs had a tendency to need more information before deeming a particular technology as beneficial. This is consistent with “relative advantage” as discussed by Rogers (1995). Likewise, generation 2.0 believed in technology having a positive effect on the firm. They could also conceptualize and articulate how the use of technology could be incorporated into the strategies and goals of the firm. This is representative of “compatibility” as discussed by Rogers (1995). Conversely, entrepreneurs, had
difficulty recognizing the connection between how technology could assist in strategizing and goal attainment. Last, members of generation 2.0 had less apprehension about new technology and its use which is indicative of "complexity" and discussed by Rogers (1995). There was a greater tendency for entrepreneurs to assume that new technologies would be cumbersome and too difficult to understand. The presence of immigrant entrepreneurs is continuing to increase and their role in growing businesses with technology cannot be overlooked. In order to be fully competitive they should be knowledgeable about IT and the attitudinal concerns associated with deployment. As such, training modules were developed to assist these entrepreneurs and the performance of their firms. Modules addressed increasing the awareness and impact of: technology attitudes, the acculturation process, and the intersection of work and family.

REFERENCES


ABSTRACT

With the current state of the economy, our research is to provide insight on how consumers are adapting to the economic change and how it has impacted their grocery shopping habits. In addition, the study shows an interrelationship between key variables, such as shopping, satisfaction, and delight, which is believed to be the major factors influencing consumer grocery shopping habits. The foundation of the study was put together by articles, a sample of 500 was targeted for data collection at several grocery shops in Maryland, including; Save-A-Lot, Trader Joe’s, and Super Fresh grocery stores in the Baltimore City area. The questionnaire included independent variables that participating consumers had to rate using a likert Scale, shopping, satisfaction, and delight was the major variables.

I. INTRODUCTION

The current state of the economy has resulted in a change in consumer’s grocery shopping behavior, according to Dellaert et al (1998) this is not a new phenomena, that many consumers in North America and Western Europe are confronted with tightening time budgets, that a major socioeconomic shifts, such as an increased number of dual-earner households, more active out-of-home recreational lifestyles, and increased transport mobility levels, have created a culture in which time rather than money rapidly is becoming the scarcest commodity. Because of the growing number of professional and personal commitments, many people seem to have less and less time available to undertake more and more different activities. The challenge in this century is not just about time. Consumers are being pounded by a worsening economy. More than 400,000 jobs are lost, gasoline price topped $4 a gallon in July 2008 and food prices are up more than 5%. In addition, house hold incomes are decreasing. According to the Bureau of Labor Statistics (2008), as of August 2008 the unemployment rate was 4.5% compared to 3.6% in August 2007. In Maryland the national unemployment rate is 5%. Supermarket shopping is often categorized as a self-service retail environment. For supermarket retailers wanting to build relationships with their customers, being able to track their levels of ‘satisfaction’ with the key elements of the supermarket environment is extremely important. From the retailer’s perspective the aim is to minimize the reasons for complaints and dissatisfaction and the cost of a service recovery plan (McCollough, Berry and Yadav, 2000) while establishing a track of direct feedback from customers about their reactions to those key elements. This dream is becoming difficult, because it posit that consumer are shopping differently in hard times, and that
satisfaction no longer play a major role for patronage, that shopping is influence by activities in the environment and the economy. The objectives for the current study was to provide further insight as to the impact of the economies changes on consumer grocery shopping behavior. Understanding the variation in consumer satisfaction and delight level as is influenced by the economic changes. A model is proposed to describe key variables that impact on consumers when face with hardship.

II. LITERATURE REVIEW

To accomplish our objectives, several theoretical foundations for this research were explored. According to, Dellaert, Arentze, and Timmermans (2008), shopping is the involvement of choices between courses of action in settings in which multiple choice opportunities such as; location, timing and transportation. Satisfaction is defined as a consumer’s post-purchase evaluation of the overall service experience. It is an affective reaction (Menon and Dubé, 2000) in which the consumer’s needs, desires and expectations during the course of the service experience have been met or exceeded (Lovlock, 2001). Satisfaction in this sense could mean that a supermarket has just barely met the customer’s expectations, not exceeded nor disappointed those expectations. The benefits of taking the customer’s response beyond satisfaction at this level by exceeding expectations, is a competitive strategy many retailers aspire to achieve.

Customer satisfaction now represents a central strategic focus for customer-oriented firms across diverse industries. In recent years, researchers have focused their attention on measuring levels of customer satisfaction (Tom and Lacey, 1995) and on the cues that signal services quality to customers (Parasuraman et al. 1988). There has also been an attempt to better understand the dynamics of the relationship that exists between satisfaction and service quality and the impact on customer purchase intentions. According to Miranda, Konya, and Havrila, (2005), the levels of satisfaction are not the only key components to shoppers keeping store loyalty.

Delight is defined in this study as the necessary attributes and product/services provided that makes a customer feel happy inside without feeling any dissonance after purchasing an item or visiting a store, according to a paraphrased definition of cited articles from (Richbell, and Kite, 2007). According to Torres, and Kline (2006) delight can impact on a firm's financial statements by supplying a steady stream of cash-flows associated with repeat customers. When the customer is satisfied; the risk or danger is somewhat greater, since the competitor must be able to deliver a comparable experience. When the customer is delighted, the risk or danger associated with switching brands is very high, since they will expect the new property to meet and exceed their expectations. Thus the customer will have greater uncertainty whether the new choice will be able to deliver at this level; this will make the customer hesitate when faced with other choices. Customer delight can also be a differentiating element for which consumers will be willing to pay a premium. If a hotel in a certain segment is able to differentiate itself on the basis of superior service without incurring greater costs, it will be able to yield a greater profit.

According to Carpenter and Moore (2006), the grocery store format and attributes are geared around the consumers’ demographics, that individual characteristics of consumers influence their consumption behavior. In their study of 450 US consumers, they found income as the only significant predictor of patronage. The stepwise regression model indicated that respondents with higher incomes were more likely to shop in specialty grocery stores. While
price competitiveness was ranked lowest by the frequent specialty store shopper; it remained one of the top five store attributes sought. Although the respondents indicated that product assortment and courteous personnel were most important, price competitiveness remains an influential factor within this context. Household size was also viewed as a significant predictor of patronage within the traditional supermarket category. The current research develops an extended model for grocery shopping in the US. Key variables were tested for in selected US supermarkets. Through the interpolation from literature the factors that consumers view as a major influence on their shopping behavior in the US grocery market was study. An exploratory research as it is, we can draw some generalized conclusion from our research outcome.

III. METHODOLOGY

The research methodology consisted of a qualitative and quantitative study, with a targeted sample size of five hundred (500) consumers, who shop in the major grocery chain in Maryland USA. The data was collection in six specific stores namely; Shopper, Save-a lot, Giant, Safeway, Food lion and Marc superman. The researchers utilized observation method to determine and watch consumers purchase intentions and quantities purchased, and what attracts the consumers to that store/outlet. Thus the research is exploratory in nature; similar design has been used by Richbell, and Kite (2007) in which they explored the characteristics of night shoppers in 24 hour supermarket, they approach the shopper after they concluded their shopping experience. There were one hundred (N=100) usable responses selected for analysis, using SPSS.

IV. FINDINGS

The shoppers were from various ages, genders, ethnicities, family sizes, and household incomes. Participation was voluntary and a response rate of 90% was obtained. They responded to a Likert scale style survey. Surprisingly, many consumers were eager to complete the surveys and it sparked few interesting conversations of how the economy has affected a minor event, such as grocery shopping. Table 1 illustrates age as compared to shopping behavior, the mean score is 2.484 and t = 46.948, when shopping behavior is compared to age. The mean score is 1.810 and t = 19.962 when age is contrasted to shopping behavior. Table 2 illustrates Satisfaction as compared with Family Size. The mean score is 2.0985, standard deviation is .601 and t = 34.861, when satisfaction is compared with family size. When family size is contrasted to satisfaction, the mean score is 2.54, standard deviation is 1.15 and t = 22.094.

Table 3 illustrates delight as compared to shopping experience. When delight is compare the mean score is 2.326, standard (std) deviation is .598 and t = 38.87, when delight is compared to shopping experience. When shopping experience is contrasted to delight, the mean score is 2.98, std. deviation is .71 and t = 41.949. Table 4 illustrates the comparison between the various demographics explored. Age has a mean score of 1.81, a median of 2, mode of 1 and a std. deviation of .907. Gender has a mean score of 1.49, a median of 1, a mode of 1 and the std. deviation is .502. The mean for ethnicity is 1.43, the median is 1, the mode is 1 and the std. deviation is .756. Family size has a mean of 2.54, a median of 2, mode of 4 and a std. deviation of 1.15. The mean for household income is 2.2, the median is 2, the mode is 3 and the std. deviation is .995. Shopping experience has a mean score of 2.98, a median of 3 and likewise for the mode, and a std. deviation of .71.
In applying the Dellaert et al (2006) study, a statistical analysis of all key demographic variables was ran to determine their significant level, Table 4 illustrates the outcome from our analysis which indicates that the variables where statistically significant. The location of the grocery store may play a role in the consumer’s ability to shop due to hard times because of the rising gas prices thus making it more costly to travel. According to Carpenter and Moore (2006), different demographic groups choose their place of shopping (supermarket, warehouse, super center, internet grocers etc.) based on attributes of price, product and atmosphere. This study supports the works of Mitchell and Harris’ (2005) that product pricing may affect the consumer’s ability to make a purchase during hard times leaving the consumer dissatisfied. Loyalty programs are a marketing strategy designed to secure customer loyalty to a specific retailer. Cottet, Lightle and Plichon’s (2006) believes that the more easily available the product, the higher the store’s utilitarian value and greater consumer expectations are met and gravitation is desired.

V. MANAGERIAL IMPLICATION

The results of the studies indicate that consumers are more likely to establish a negative relationship between grocery shopping and hard times. However, outside this negative relationship there were many issues that consumers were satisfied with in the various store in which where data collect our data collected; several were expected give other unexpected. This finding suggests that consumers may perceive grocery stores as potentially less thoughtful and less concerned with their customers and the current state of the economy. Consumers were more concerned with the quality when making a purchase. Consumers want more for their money during hard times. Research shows that branding play a major role in consumer decision making. In our findings, several respondents voiced their opinions about the economy and how it’s affecting them. Grocery store managers should play a positive role in the relationship between consumers, the grocery store and hard times. Customer relationships or good customer service was seem as playing an important role in which shop to go to. The perception that one shop advertise every weekend is believe to help consumer purchase decision and which outlet to patronize.

VI. CONCLUSION

The findings of this study indicates that current economy climate, greatly impact consumer shopping behavior in grocery shops, some of the key variables tested where all found to have a significant relationship to the model variables, satisfaction, and delight. Customers value friendliness and caring treatment and to succeed there is need to provide these services, especially in a competitive market. The results suggest customer service, might be an important antecedent to customer satisfaction, loyalty and future patronage. In addition to gaining feedback on attributes of our key variables, further work needs to be undertaken in the retail industry to better understand the relationship between the store preference, perceived satisfaction and service quality in hard times. The retail outlets chosen were representative of the retail landscape of the USA, because the sample sizes were large, and the measurements exhibited high reliability, hence the results could be generalizable.
# Table 1: Age

<table>
<thead>
<tr>
<th>Shopping</th>
<th>N</th>
<th>Mean</th>
<th>T</th>
<th>df</th>
<th>Sig. (2-tail)</th>
<th>Mean Diff</th>
<th>95% Confidence Interval of the Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>100</td>
<td>2.4842</td>
<td>46.948</td>
<td>99</td>
<td>.000</td>
<td>2.48417</td>
<td>2.3792, 2.5892</td>
</tr>
</tbody>
</table>

# Table 2: Satisfaction vs. Family Size

<table>
<thead>
<tr>
<th>Satisfac</th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>t</th>
<th>df</th>
<th>Mean Diff</th>
<th>95% Confidence Interval of the Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fam Size</td>
<td>100</td>
<td>2.0958</td>
<td>.60120</td>
<td>34.861</td>
<td>99</td>
<td>2.09583</td>
<td>1.9765, 2.2151</td>
</tr>
</tbody>
</table>

# Table 3: Delight vs. Shopping Experience

<table>
<thead>
<tr>
<th>Delight</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>t</th>
<th>df</th>
<th>Mean Difference</th>
<th>95% Confidence Interval of the Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shopping Experience</td>
<td>100</td>
<td>2.3258</td>
<td>.59836</td>
<td>38.870</td>
<td>99</td>
<td>2.32583</td>
<td>2.2071, 2.4446</td>
</tr>
</tbody>
</table>

# Table 4: Demographic Comparison

<table>
<thead>
<tr>
<th></th>
<th>Age</th>
<th>Gender</th>
<th>Ethnicity</th>
<th>Family Size</th>
<th>Household Income</th>
<th>Shopping Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Mean</td>
<td>1.8100</td>
<td>1.4900</td>
<td>1.4300</td>
<td>2.5400</td>
<td>2.2000</td>
<td>2.9800</td>
</tr>
<tr>
<td>Median</td>
<td>2.0000</td>
<td>1.0000</td>
<td>1.0000</td>
<td>2.0000</td>
<td>2.0000</td>
<td>3.0000</td>
</tr>
<tr>
<td>Mode</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>4.00</td>
<td>3.00</td>
<td>3.00</td>
</tr>
<tr>
<td>SD</td>
<td>.90671</td>
<td>.50242</td>
<td>.75552</td>
<td>1.14962</td>
<td>.99494</td>
<td>.71038</td>
</tr>
</tbody>
</table>
Figure 1: Proposed Model

Grocery Shopping

Satisfaction

Shopping

Delight

Economy (Recession)

Figure 2: Extended Model

Grocery Shopping

Satisfaction

Shopping

Delight

Location
Store Preference
Product Brand
Competition
Price Variation
Family/Children
Loyalty

Price
Product Placement
Recycling
Convenience
Social Responsibility
Packaging
Store Layout

Incentives
Delivery Services
Store Attraction
Service Quality
Online Services
Bonus Cards
In Store Taste Testing

Economy (Recession)
REFERENCES


AN INVESTIGATION OF GENDER & PRODUCT EFFECTS OF ASIAN-INDIANS' AFFECTIVE ATTITUDE TOWARD ADVERTISEMENTS

Durriya H. Z. Khairullah, St. Bonaventure University
durzk@sbu.edu

Zahid Y. Khairullah, St. Bonaventure University
zyk@sbu.edu

ABSTRACT

The paper investigates the perceptions of Asian-Indian male and female consumers towards American and Asian-Indian print advertisements. Product, Ethnicity and Gender effects on Attitude Toward Advertisements (Aad) are examined for a pair of American and Indian shampoo advertisements and a pair of American and Indian suit advertisements. The study included a consideration of the order in which the advertisements were shown to the subjects.

I. INTRODUCTION

The objective of the present research is to investigate ethnic male and female consumers’ perceptions toward ethnic print advertisements versus their perceptions of American advertisements of the same product class. The research also examines whether the order of presentation of the advertisements’ effects the perceptions of male and female respondents in the study. Third, it also explores whether the products considered in the advertisements had an effect on perceptions of the ethnic and American advertisements sampled in the study.

The ethnic consumers selected for this study were first generation Asian-Indian adults coming from the Indian subcontinent of Asia. According to Banks (1981, p. 53) an ethnic group is defined as "a cultural group with several distinguishing characteristics, and it is a group that shares a common ancestry, culture, history, tradition and sense of peoplehood". In this research Asian-Indian male and female perceptions of ethnic print advertisements as well as their perceptions of American print advertisements were measured through Attitude Toward Advertisements (Aad), a commonly used affective variable representing consumers' favorable or unfavorable feelings or emotions toward the advertisement (Allen, et al., 2005). In recent years marketers have devoted their attention to studying affective attitudes together with cognitive or “thinking” component to provide a better understanding of consumer attitudes (Voss, et al., 2003) for developing effective product positioning, sales presentation and advertising strategies (Madrigal, 2000).

II. METHODOLOGY

Instrument

The first four items on the scale used to measure the Aad of male and female respondents were selected from Barban’s (1969) study. The next three items on the scale were taken from
Mitchell and Olson’s (1981) study. These items have been reported to have acceptable levels of internal consistency by the respective researchers. The items on the scale consisted of seven bipolar adjectives with seven points across each item describing affective reactions. The score of 7 implied a most favorable reaction and 1 implied a most unfavorable reaction to the advertisement. Following Barban (1969) and Mitchell and Olson’s (1981) approach the mean score of these seven items was used as a measure of the individual respondent’s Aad. The Cronbach’s coefficient alpha was 0.97 for the seven items on the scale measuring the Aad in this study.

Advertisement Stimuli

The four advertisements selected for two products namely shampoo and man’s suit was: (i) an American shampoo advertisement, (ii) an American man's suit advertisement, (iii) an Indian shampoo advertisement, and (iv) an Indian man's suit advertisement. The Indian advertisements had Indian looking models against Indian cultural décor and settings and had very little copy. The American advertisements had Caucasian looking models against American cultural settings, and they too had very limited copy. These advertisements thus permitted the Aad to be manipulated through the use of visual imagery in the advertisements. Twelve different treatment designs of advertisement stimuli were prepared. Each design included two of the four advertisements. Each of the respondents was shown one treatment design.

Data Collection

The data for this study was collected by self-administered questionnaires during several get-togethers of Asian-Indian associations in three different cities of the western New York region (Buffalo, Rochester, and Syracuse). From these three cities a total of 1,118 subjects agreed to participate, and the usable sample after pooling the data from these three cities consisted of 929 responses. This resulted in the response rate of 74 percent. A package containing two questionnaires on Aad and one advertisement treatment design along with the instructions was given to those male and female respondents who were willing to participate in this research project. Depending upon the research design, the respondents saw the first advertisement and were directed to answer the questionnaire measuring the Aad toward that advertisement. Than they saw the second advertisement and were directed to respond to the question related to this advertisement. The two questionnaires given to the Asian-Indian males and females were in English. The two Indian advertisements selected for this study were also in English. English is one of the official languages for conducting business in India (CIA - The World Factbook : India, 2004) and Asian-Indians immigrants who come to the U.S. are fluent in English language (Mehta and Belk, 1991). The following research questions were addressed:

1. Are there differences or similarities in the Aad toward the Indian and American advertisement between the male and female respondents?
2. Whether the presence of ethnicity in the Indian advertisements had an impact on the Aad for the male and female respondents.
3. Is there a treatment design effect present:
   (a) Whether the order of presentation of the advertisements had any impact on male and female respondents' Aad.
   (b) If a given advertisement was paired with different advertisements in the treatment design, whether that had an impact on male and female respondents' Aad.
4. Whether the products -- shampoo and suit (Indian and American) that were used as the advertisement stimuli had any effect on the Aad for the male and female sample.
III. RESULTS

Gender Effects

The T-tests were undertaken to check for differences in the Aad between the male and female subjects for Indian versus the American advertisements. The results of the T-tests tabulated in Table-I show that there were no significant differences (at the 0.05 level) among male and female respondents for the first three advertisements: the American shampoo, the American suit, and the Indian suit. There was one exception, however, in the case of the Indian suit advertisement. It appears that the females who saw this advertisement had a stronger preference for it than did the males who saw the same advertisement (see Table-I).

### TABLE-I

| Advertisement          | Mean Aad Males (N=511) | Mean Aad Females (N=418) | T - Value | p > |t| |
|------------------------|------------------------|--------------------------|-----------|-----|---|
| American Shampoo       | 4.741                  | 4.743                    | -0.02     | 0.986 |   |
| American Suit          | 4.649                  | 4.493                    | 1.37      | 0.174 |   |
| Indian Shampoo         | 4.928                  | 4.974                    | -0.36     | 0.178 |   |
| Indian Suit            | 4.385                  | 4.807                    | -3.06     | 0.002*|   |

### Advertisement Treatment Design Effects

T-tests and regression analysis were undertaken to investigate whether the means of the Aad for male and female subjects differed: (i) when they saw the same advertisement in a different order of appearance but paired with a given second advertisement, and (ii) when they saw a given advertisement paired with a different second advertisement. The t-tests results indicated that there were no significant differences (at the 0.05 level) in the Aad for males and for females relative to the order of presentation of the advertisement stimuli. In addition, respondents' Aad was similar regardless of the particular combination of two advertisements appearing in the treatment designs.

The comparisons of the regression coefficients (slopes) for all males and for all females were undertaken by following the methodology for comparing two separate linear regression lines as outlined by Kleinbaum, et al. (1988). The results showed that there were no statistically significant differences (at p = 0.05 level) in the regression slopes for the males as well as for the females for the same advertisements when the order of presentation of the advertisements to the
subject was changed. The slopes were not significantly different whether the same advertisement was seen first or second. It also did not make a significant difference which two advertisements were paired in the research instrument presented to the male and female respondents.

**Product and Ethnicity Effects**

Next, the effects of the product (shampoo/suit) shown in the advertisements were examined. The effect of the presence of ethnicity featured in the advertisements was also considered. For this purpose, the means of the Aad for each of the six different combinations of pairs of advertisement stimuli were considered for the male respondents. Similar comparisons were undertaken for the females in the sample.

It can be seen from Table-II the Indian shampoo advertisement was preferred over the American shampoo and the American suit advertisements by the male subgroup. However, the American suit and the American shampoo advertisements were preferred by them over the Indian suit advertisement.

<table>
<thead>
<tr>
<th>Advertisement Combinations</th>
<th>Male Subjects Mean Aad (N=511)</th>
<th>Female Subjects Mean Aad (N=418)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Combination #1 American Shampoo</td>
<td>4.741 (0.82)</td>
<td>4.743 (2.04)</td>
</tr>
<tr>
<td>Combination #1 American Suit</td>
<td>4.649</td>
<td>4.493</td>
</tr>
<tr>
<td>Combination #2 American Shampoo</td>
<td>4.741 (-1.58)</td>
<td>4.743 (-1.73)</td>
</tr>
<tr>
<td>Combination #2 Indian Shampoo</td>
<td>4.928</td>
<td>4.974</td>
</tr>
<tr>
<td>Combination #3 American Shampoo</td>
<td>4.741 (2.86)</td>
<td>4.743 (-0.48)</td>
</tr>
<tr>
<td>Combination #3 Indian Suit</td>
<td>4.385</td>
<td>4.807</td>
</tr>
<tr>
<td>Combination #4 American Suit</td>
<td>4.649 (-2.44)</td>
<td>4.493 (-3.75)</td>
</tr>
<tr>
<td>Combination #4 Indian Shampoo</td>
<td>4.928</td>
<td>4.974</td>
</tr>
<tr>
<td>Combination #5 American Suit</td>
<td>4.649 (2.13)</td>
<td>4.493 (-2.47)</td>
</tr>
<tr>
<td>Combination #5 Indian Suit</td>
<td>4.385</td>
<td>4.807</td>
</tr>
<tr>
<td>Combination #6 Indian Shampoo</td>
<td>4.928 (4.30)</td>
<td>4.974 (1.20)</td>
</tr>
<tr>
<td>Combination #6 Indian Suit</td>
<td>4.385</td>
<td>4.807</td>
</tr>
</tbody>
</table>

* indicates test statistic is significant at p=0.05

A higher score implies a higher preference for the advertisement

1 on the scale = most unfavorable reaction to the advertisement
7 on the scale = most favorable reaction to the advertisement

448
In the case of Indian advertisements with American advertisements. There was no statistically significant difference for the female respondents, the Indian advertisement was preferred in three out of the four combinations or pair #3, in which the American shampoo advertisement was paired with an Indian suit advertisement.

IV. DISCUSSION

The results indicate that except in the case of the Indian suit advertisement there is no significant difference in the Aad between male and female respondents for the Indian shampoo, American shampoo, and American suit advertisements. It appears that the females who saw the Indian suit advertisement had a stronger preference for it than did the males who saw the same advertisement. This is rather surprising because suit as a product should appeal more to males than to females.

The results also indicate that the effect of ethnicity of the advertisement was present in the Aad of Asian-Indian male and female respondents. The females clearly preferred Indian advertisements over the American advertisements. In case of the male respondents there was no clear indication whether the male respondents preferred Indian advertisements over the American advertisements. The females in our study seemed to be more sensitive in retaining their ethnic cultural values. Based on these observations it appears that marketers can be more effective in reaching Asian-Indian females by devising advertisements that reflect the cultural values of their home country. The Asian-Indian females can be reached by several English language Indian print media that are available in the United States for example, India Abroad, Masala, India News, Desi.

The results also showed no significant impact of either: (i) the order of presentation of advertisement stimuli or (ii) which two advertisements were paired in the research instrument shown to the subjects. The nature of the product – shampoo and man’s suit advertised also had no effects on the Aad of Asian-Indians.

Future research could look into the Aad of durable versus nondurable products. The Aad in this study was manipulated through the use of visual imagery in both the Indian as well as the American advertisements. Other ways to evoke the Aad for instance humor, affectionate vignettes, story elements and role portrayals as proposed by Batra and Ray (1986) can also be tested. Future research could study the Aad of Asian-Indian male and female consumers towards other media advertisements other than print like television or radio. The study can also be replicated to study other ethnic groups in the United States such as Mexican-Americans, Koreans, Chinese and other ethnic groups.

REFERENCES


GLOBALIZATION OF MARKETS AND ITS IMPACT ON DOMESTIC ECONOMY: AN ANALYSIS OF CHINA’S PRESENCE IN AFRICA

Ephraim A. Okoro, Howard University
eaokoro@howard.edu

ABSTRACT

This paper examines market globalization and its impact on Africa, specifically on Sub-Saharan region. With the surge of Chinese entrepreneurs and their businesses in Africa, it is critically important to explore the quality and quantity of products and the scope of services which China exports to Africa, the bilateral nature of economic relationship between China and Africa, and the effect of this relationship on Africa’s domestic business environment. Further, the paper examines the role of African leaders in their business partnership with China. It identifies a lack of balance in trade negotiations and agreements, an absence of social and ethical accountability in the conduct of businesses, a lopsided commercial exchange, and an economic burden on African development agenda.

I. INTRODUCTION

As the twenty-first century evolves, the world economy is being integrated and business organizations are competing on a global scale. The global market has expanded, and has grown increasingly competitive to the extent that developed and developing countries are seeking new ways to explore, exploit, and advance business opportunities. With the benefit of globalization, African countries are encouraging business cooperation and economic interdependencies. As Bhargava (2006) and Gyimah-Boadi (2004) noted, African economy has maintained a high growth rate for the past decade, and has attracted foreign investments and global markets.

With a land mass of approximately 30,328,662 square kilometers, Africa is the second largest continent. It is largely dependent on agriculture for employment and exports to sustain its growing economy. In the past, Africa attracted trade and investments from many countries, including the United States and China. Foreign direct investment is concentrated in minerals, mining, and food processing. Many African countries are focused on tourism, infrastructure development, and service sectors (Corporate Council on Africa, 2001). Restructuring or privatization opened up large portions of Africa’s previously state-run entities to competition with domestic and foreign organizations (The World Bank, 2007; CCA, 2001).

With the emergence of global markets, which in turn creates global consumers, it is critically necessary to examine the relationships among trading nations, the economic impact of globalization on developing nations, and its future implications. Globalization engendered an economic interdependence, which to a large extent, enhances the quality of life for consumers. Further, globalization results not only in the movement of goods and services, it also leads to the relocation of organizations and their intellectual capital to many parts of the world where their subsidiaries are established. Steger (2006) indicates that in 2002 the neoliberal American magazine Business Week featured a cover story on globalization, arguing that for nearly a decade political leaders tried to persuade the American public and other nations about the advantages and values of globalization.
II. SIGNIFICANCE OF THE STUDY

In the wake of globalization, this paper examines its impact on developing nations of Africa, especially the Sub-Saharan region. Specifically, it analyzes China’s growing trading presence and interest in the region. The paper also makes a critical assessment of China’s increasing business interests and relationships with African countries, alleged exploitations, human rights abuse, and the imbalance in resource-sharing between the two trading partners. Recent studies (Boardman, 2007; Rotberg, 2009) noted that China’s exports to Africa have increased dramatically since the beginning of the decade. It was also estimated that over 750,000 Chinese were engaged in various forms of business and marketing activities in Africa (French and Polgreen, 2007b). Further, the business relationship between Chinese governments and African leaders was equally significant, and the paper was then guided by questions adapted from (Spring & Jiao, 2008): Is the trading partnership between Africa and China providing mutual benefits?, Are the low-cost Chinese goods and services affecting African domestic businesses?, and What type of businesses is China conducting in Africa?

III. BACKGROUND LITERATURE

Recent studies of the influx of China’s businesses in Africa indicate that Chinese entrepreneurs believe they were providing economic and financial support to Africa. As Ngomba (2007) stated, many Chinese intellectuals and business people were under the impression that their investments in Africa was intended to support Africa’s economic and financial situations, and to improve the quality of life of Africans. But many researchers indicate that Africans are suspicious of China’s presence, and that anti-Chinese sentiments have grown increasingly widespread in many African countries, such as Nigeria, Zambia, Ghana, and South Africa. The negative sentiments were triggered by the exportation of inferior and low cost goods, labor abuses, undercutting of domestic industries, and violating basic human rights (Taylor, 2009; Rotberg, 2008; French & Polygreen, 2007; and Wines, 2007).

Recent studies indicate that African leaders were attracted by the unconditional loans and infrastructure developments offered by the Chinese governments. These unconditional business and economic relationships impressed African nations, and consequently swayed them from seemingly valid organizations and countries who demanded accountable, transparent, and ethical leadership. Researchers (Taylor, 2006; and Tull, 2006) noted that China’s vague business policies would have negative political and economic implications in Africa. Junger (2007) and Large (2007) explained that China provided advanced and sophisticated weaponry as well as the capacity to develop and produce arms and other war equipment to Sudan.

Studies have provided mixed interpretations of China’s global marketing and business objectives. Some argue that China has engaged Africa in exporting and importing business with a hidden agenda to exploit through direct investments and joint ventures (Briandab, 2007; Rotberg, 2008). Shelton (2005) stated that a “Forum on China and Africa Cooperation” (FOCAC) was introduced in Africa in 2000 with nearly 48 active membership. Zafar (2007) explained that Chinese Foreign Direct Investment (FDI) in the Sub-Saharan Africa amounted to nearly US$1 billion in 2006; and that by the year 2007, China had committed a total of US$8.1 billion to numerous development projects in Nigeria, Angola, and Mozambique.
IV. CHINA-AFRICA TRADE RELATIONS AND CHINA’S POLICY TOWARD AFRICA

Ambassador Wenzhong (2008) noted the increased emphasis on Africa’s huge market potential, its significance in energy security, as well as its collective role in international affairs. He acknowledged Africa’s prominent role in the international community, stressing that to strengthen unity with the Africa is a critical part of China’s independent foreign policy of peace. He explained that at the Beijing Summit on China-Africa Cooperation held in 2006, China announced eight policy measures to enhance China-Africa cooperation and the capacity-building for the African continent. These measures include more assistance to Africa, bigger steps for debt relief and tariff-free treatment, providing concessional loans, setting up the China-Africa Development Fund, professional training, and building hospitals.

Researchers (Broadman, 2007; Gyimah-Boadi, 2004) contended that trade and natural resources was China’s main interest in the Sub-Saharan Africa. Others studies indicated that China extracted Africa’s resources and exported manufactured goods to Africa. Further, China provided development aid to Africa which was reciprocated with favorable votes in the United Nations (Spring & Jiao, 2008; Taylor, 2009). While Zafar (2007) contended that Africa could potentially face marginalization from the global economy because of China’s dominant presence, Brautigam (2007) expressed optimism that China could provide a model for lower-technical industrial development, stimulating the spring-off of manufacturing, or establish local investment in Africa. Other scholars (Chan-Fishel, 2007; Taylor, 2009) claimed that China’s projects caused environmental degradation in Sub-Saharan Africa. Gong (2007) and Spring & Jiao (2008) described the working conditions for Africans in Chinese projects as extremely difficult and unacceptable. Alden (2007) and Sylvanus (2007) stated there were few jobs for Africans in Chinese projects, because Chinese contractors employ Chinese citizens to work for them.

Taylor (2006) and Spring & Jiao (2008) categorized China’s motivations to enter Africa by sectors. For example, the China National petroleum Corporation, the China National Offshore Oil Corporation, and the China Petroleum and Chemical Corporation (Sinopec) were established as ministries, and located within the State Economic and Trade Commission to represent the Chinese government to purchase operating rights in Africa. State-owned and private medium-scale enterprises deployed their sophisticated technologies and human skills in sectors and areas where interest margins were extremely low in order to exploit or capitalize on weak African industries, such as agriculture, textiles, and mining. Additionally, China benefited from the low market-entry conditions and uncontrolled costs in African countries.

MODEL AND STRUCTURE OF CHINESE BUSINESSES IN AFRICA

With respect to the type of Chinese businesses in Africa, studies (The World Bank, 2007; Broadmn, 2007; and Rotberg, 2008) identified owners of small and medium size formal sector businesses, export-import agents and wholesalers, informal sector hawkers and retailers, and state corporations. Alden (2007) determined that Chinese in Africa comprised of a combination of “capitalists, comrades, and carpet-baggers.” The study identified three separate categories of Chinese migration to Africa in recent years, which included laid-off workers by downsizing Chinese businesses, displaced workers by large construction projects, and business people (settlers) who reside in Africa. Alden (2007) and Spring & Jiao (2008) estimated that in 2004
millions of Chinese had relocated to seek employment outside China; and by 2006, nearly 1,609 licensed Chinese businesses had moved to several countries in the Sub-Saharan region.

Table 1 below provides the structure of Chinese business ownership in Africa, ranging from state-owned businesses and corporations to individual retailers and entrepreneurs. In determining levels of businesses, the Table classified them into ownership, range of capital, number of workers, business types, time/duration, and market strategies adopted in Africa. The Table indicates that there were more informal-sector Chinese entrepreneurs who sell apparels and garments, and competing head-on with African domestic enterprises. These informal-private businesses were self-employed, engaged in retail and wholesale distribution, with operating capital within the range of $5,000. Specific strategies were to compete in local and rural communities, employing family support system, and selling at very low prices.

**TABLE 1: EXAMPLES OF LEVELS AND TYPES OF CHINESE BUSINESSES AND ENTERPRISES IN AFRICA**

<table>
<thead>
<tr>
<th>Example</th>
<th>Level</th>
<th>Ownership</th>
<th>Business Sec/Type</th>
<th>Capital Range</th>
<th>Number &amp; Type of workers</th>
<th>Time-Frame</th>
<th>Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>SinoHydo Large Formal Energy/ Construct.</td>
<td>$1m-5 bn</td>
<td>500-1500 Chinese</td>
<td>Long</td>
<td>State-support</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Huawei Tech. Large Private/ Formal Tele-commun.</td>
<td>$1-200 m</td>
<td>100-500 Chinese</td>
<td>Long</td>
<td>Global</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zhogken Farm Medium Formal Agriculture</td>
<td>$1-50 k</td>
<td>50-200 Chinese/ African</td>
<td>Long</td>
<td>Global</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Co. in Nigeria Medium Private/ Formal International trade</td>
<td>$1–50k</td>
<td>5-25 Chin/Afri.</td>
<td>Long</td>
<td>Enterprise Assoc.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baiho Shops in CapeVerde Small Private/ Formal Fixed Location Retail</td>
<td>$5–10 k</td>
<td>1-25 Chinese Family</td>
<td>Medium</td>
<td>Local Community</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WholeSale In Johnasburg Medium Private/ Informal Whole-Saler</td>
<td>$5-10k</td>
<td>Self-Employed</td>
<td>Long</td>
<td>Local Community</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hawkers/ Retail Small Private/ Informal Retail</td>
<td>&gt;$5k</td>
<td>Self-Employed</td>
<td>Long</td>
<td>Family Network</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vendors/ Retail Small Private/ Informal Retail</td>
<td>Self-Employed</td>
<td>Long</td>
<td>Family Network</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Spring and Jiao (2008)
TABLE 2: ANALYSIS OF EXPORTS FROM SELECTED AFRICAN COUNTRIES TO CHINA, AND IMPORTS FROM CHINA TO SELECTED AFRICAN COUNTRIES (IN MILLIONS OF US DOLLARS).

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>139.7</td>
<td>40.2</td>
<td>988.2</td>
<td>67.4</td>
<td>9,937.1</td>
<td>983.8</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>0.7</td>
<td>67.5</td>
<td>7.4</td>
<td>144.4</td>
<td>119.8</td>
<td>474.8</td>
</tr>
<tr>
<td>Ghana</td>
<td>7.7</td>
<td>122.5</td>
<td>27.4</td>
<td>200.5</td>
<td>72.6</td>
<td>883.2</td>
</tr>
<tr>
<td>Kenya</td>
<td>1.3</td>
<td>68.3</td>
<td>4.7</td>
<td>76.8</td>
<td>22.1</td>
<td>683.8</td>
</tr>
<tr>
<td>Mozambique</td>
<td>0.0</td>
<td>12.7</td>
<td>6.9</td>
<td>16.5</td>
<td>32.9</td>
<td>76.5</td>
</tr>
<tr>
<td>Nigeria</td>
<td>24.9</td>
<td>393.1</td>
<td>73.9</td>
<td>739.2</td>
<td>252.5</td>
<td>3141.2</td>
</tr>
<tr>
<td>Senegal</td>
<td>3.2</td>
<td>28.6</td>
<td>8.6</td>
<td>44.8</td>
<td>9.2</td>
<td>153.4</td>
</tr>
<tr>
<td>South Africa</td>
<td>168.1</td>
<td>854.6</td>
<td>447.8</td>
<td>1,488.1</td>
<td>2,085.1</td>
<td>7,494.8</td>
</tr>
<tr>
<td>Sudan</td>
<td>1.3</td>
<td>384.5</td>
<td>1,052.1</td>
<td>431.5</td>
<td>1,764.9</td>
<td>1,558.5</td>
</tr>
<tr>
<td>Zambia</td>
<td>0.9</td>
<td>6.7</td>
<td>3.4</td>
<td>28.1</td>
<td>380.7</td>
<td>83.6</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>16.6</td>
<td>50.7</td>
<td>29.4</td>
<td>24.4</td>
<td>25.8</td>
<td>45.9</td>
</tr>
</tbody>
</table>

Source: Spring and Jiao adapted from original data in the DOT database of IMF off to two decimals (www.imf.org).

Table 2 indicates the export transactions which African leaders had with Chinese governments, and the import data show a total of the transactions by different businesses in Africa. It also indicates the exports and imports patterns of selected African countries that traded with China in recent years. The original data set ranged from 1998 to 2006, but the Table illustrates 1998, 2002, & 2006 when most trading transactions occurred. Imports from China by African countries started to increase in 2002, and increased rapidly by 2006. African countries imports from China were higher than exports, except Angola and Sudan, who shipped large quantities of oil to China. The table shows that exports of copper and minerals by Zambia rose in 2006. Evidently, the tables indicate that China exported large quantities of goods into African markets. Studies (Broadman, 2007; Spring & Jiao, 2008; Rudra, 2008) emphasized that the strategy was toward Africa’s dependency on Chinese imports to sustain its economic and political viability.

V. EVALUATION OF ISSUES ASSOCIATED WITH CHINA’S BUSINESS IN AFRICA

The expansion of world trade in the past few years as a result of globalization trend is endangering the economies of developing nations in Africa. Broadman (2007) argued that the presence of China in Africa has compounded economic and social problems in many parts of the continent. Domestic businesses have been in a competitive disadvantage by the uncontrolled and unregulated Chinese imports. The saturation of Africa markets with Chinese goods has created serious economic hardships, largely because of unfair competition in Africa’s domestic markets. Unemployment, which is the immediate outgrowth of China’s unabated presence, has reached disturbing and unprecedented proportions in Sub-Saharan region. As recent studies (Taylor, 2009; Rotberg, 2008; Alden, 2007) determined, large Chinese state-owned corporations focus on
construction projects and infrastructure maintenance, heavy industry (oil drilling and logging), and telecommunications. Over 800 of these projects were established in Africa in 2006. Some of them were African contracted projects, while others were Chinese development aid projects financed by China’s central and provincial governments, who were paid with African resources.

VI. ASSESSMENT OF AFRICAN LEADERS’ PARTNERSHIP WITH CHINESE GOVERNMENTS AND THE REACTIONS OF AFRICAN CITIZENS

Based on these studies (Broadman, 2007; Gong, 2007; Alden, 2007; Wenzhong, 2008), African leaders believe that their business partnerships with China was mutually beneficial to their countries’ economic development. Ambassador Wenzhong noted that there were frequent exchanges between China and Africa in the political and business arena with an emphasis on mutual interest and support. African leadership views China as supportive of their development agenda and believed that China is the emerging superpower that could support investments Africa. Alden (2007) synthesized that from the establishment of Zimbabwe’s ‘Look East’ policy to the introduction of Chinese-language program in Nigeria, African leaders treated China’s presence with excitement and hope. Alden further describes African regimes with differing relationships to China as weak democracies with commodity-based economies, and democracies with diversified economies. The elites and government officials in these African regimes (Angola, Chad, Nigeria, Cameroon, and Zimbabwe) enriched themselves through business agreements with China. Describing Africa’s leadership as dictators, Spring & Jiao (2008) stressed that the leaders viewed their partnerships with China as a strategic and reciprocal business venture. For instance, Alden (2007) explained that Nigeria with its oil, large market size, and political clout in the African Union and NEPAD was described by China as “a designated partner.” The former Nigerian president, Olusegun Obasanjo, identified China as a role model for Africa, and strongly supported various business partnerships and joint ventures with China. In contrast to the former leader’s position, Alden noted that some Nigerian citizens and private businesses vehemently objected to the government’s unregulated business practice and the extension of disproportionate trade incentives to their Chinese competitors. Also, Spring (2008) and Ngome (2007) indicated the negative reactions of many Africans about the misguided rhetoric of their leaders, who selfishly contracted and encouraged business deals with China. A recent survey in Cameroon showed the consternation, frustration, and sadness of the citizens.

VII. POLICY IMPLICATIONS

There is no doubt that African businesses have embraced the trend of global competition, which may result in new opportunities and financial avenues for sustainable economic growth. Evidently, global markets will continue to enrich the economic development of Africa, but there is an urgent need to control importation and exchange rates with the China. A total elimination of tariffs, quota, and quality control measures might engender the degree of market saturation that would ultimately diminish domestic business and productivity. African governments should provide adequate financial support and protection for domestic business that compete with China’s imports, and should also institute trade regulations that would aid infant industries. Excessive imports from China might place Africa in a perpetual trade deficit. African leaders should engage in market negotiations with China based on the principle of comparative or absolute advantage. A more realistic approach for Africa is to limit the quantity of importation of
Chinese goods, and to encourage domestic businesses in order to ensure employment and sustainable economic advancement. Finally, as suggested by Oyewole & Okoro (2008), Africa should raise its tariffs to get higher net barter terms of trade and then increase its trade volume (imports plus exports) in order to take advantage of favorable terms of trade. African countries, especially the Sub-Saharan region should export more goods in order to gain from trade surplus.

VIII. CONCLUSION

While China’s policy toward Africa indicates a new type of strategic partnership, including its complete plan of the orientation and priorities for China-Africa friendship and cooperation, data on Tables 1 & 2 and the concerns expressed by Africans, indicate a frustrating imbalance or lopsidedness in the business relationship. Increasingly, there is a strong rejection of the deployment of China’s workers in Africa, unregulated and uncontrolled importation of China’s goods and services, and the stifling of domestic industries in Sub-Saharan Africa. As noted by researchers (Taylor, 2009; Rotberg, 2008; Rudra, 2008), Africa has become an investment destination in the twenty-first century globalized economy, in which China has engaged in order to support and sustain their economic growth. Furthermore, other recent studies (Broadman, 2008; Spring, 2008; Alden, 2007) contend that the business and economic relationships between China and Africa is devoid of balance and fairness, which placed enormous burden on African leaders and stakeholders. Africa should renegotiate their deals with China, and get involved in mutually beneficial trade agreements.

Market and economic globalization have been described as an important development of the twenty-first century, which should provide opportunities for developing and developed nations. As Rudra (2008) noted, the globalization phenomenon has been embraced world-wide, because of its interdependent economic advantages, the creation of global markets, consumers, and cultures. It provides access to improved quality of life for consumers across the world. However, Rudra, Taylor, and Rotberg caution that China’s growing presence in Africa’s economy raises the stakes in the race for competitive and sustainable economic advantage. Against this backdrop, globalization should be reevaluated and redefined in order to ensure equity and mutual respect among nations. A redefined global market will discourage exploitation, human rights abuse, degradation of nations and their environment. Global researchers (Stiglitz 2003; Devarajan & Holmgren, 2001; Spring & McDade, 1998) concluded that international relations are undergoing complex and profound changes, and economic globalization is increasingly deepening. Therefore, global social and ethical responsibility should be strongly emphasized and enforced in a consistent way that can direct market globalization toward mutual economic benefits, reciprocity, and common prosperity among nations.

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A SEGMENTATION STRATEGY FOR THE GLOBAL INTERNATIONAL TOURISM MARKET

Philemon Oyewole; Howard University
Poyewole@howard.edu

ABSTRACT

Paper operationalized two new segmentation variables for the international tourism market. These variables were used to segment the countries of the world into 9 market segments: Heavy travelers, heavy spenders (HH); Heavy travelers, medium spenders (HM); Heavy travelers, light spenders (HL); Medium travelers, heavy spenders (MH); Medium travelers, medium spenders (MM); Medium travelers, light spenders (ML); Light travelers, heavy spenders (LH); Light travelers, medium spenders (LM); and Light travelers, light spenders (LL).

I. INTRODUCTION

Several authors have submitted that segmentation is important for successful marketing planning and more effective allocation of advertising dollars (Dolnicar 2004; Hudson and Ritchie 2002). Hence, segmentation of the tourism market can help destination management organizations (DMOs), national tourism organizations (NTOs), as well as travel marketers who need to have their publicity programs, as Dore and Crouch (2003: 137) put it: “deliberate, planned, methodical and coordinated with a clear set of objectives” rather than being “unplanned and incidental.” McQueen and Miller (1985: 17) said, in the same vein, that segmenting the tourist markets allows for more competent promotional activities because, “…event opportunities for which targeted groups are sensitive can be offered.” Several authors (e.g. Fitzgibbon 1987; Wicks and Schuett 1993) have long suggested that increased returns on promotional investments could be achieved by targeting those persons likely to spend the most when traveling. Thus by extension, on a macro level, similar results could be obtained by targeting countries likely to spend the most abroad. The first step though is to identify such countries through appropriate segmentation of the countries of the world. That is what this paper is set out to do. It computes the propensity to travel and propensity to spend abroad of countries and then group these countries into easily identifiable market segments based on their propensities.

II. LITERATURE

Two main approaches used for market segmentation include: (i) a priori segmentation, where the segmentation variables are known in advance, and (ii) a posteriori segmentation, where the segmentation variables are not known in advance (Weber, 1992). Although a posteriori segmentation studies are now found in the literature, a priori segmentation has long been the approach of choice in tourism marketing, and continues to be so. In a review of studies on tourism market segmentation done over a 15-year period, Dolnicar (2004) reported that more than half of the studies employed a priori segmentation approach. The author reported that even those that used a posteriori method started off first with a priori segmentation. Like most studies of its type, the present study equally employs a priori segmentation approach.
While several authors favor the use of a priori approach to tourism market segmentation, they part widely on the choice of segmentation variables to use for the exercise. A whole host of variables have been attempted in the literature. However, the variable of special interest to the present paper is consumer spending which several authors (Wicks and Schuett 1993; Legohérel 1998) have advocated, based on the strategic importance of the 80-20 rule in marketing. The 80-20 rule, also known as the Pareto principle, states that about 80 percent of sales are generated by only about 20 percent of the items, or customers (Berkowitz, et al. 2006). Thus suggesting the need for marketers to prioritize their activities by first determining those 20 percent of their customers that supply the majority of their sales. In view of the growing importance of international tourism, both in size and economic contribution to national development, the present paper advances the study of tourist’s spending to the international tourism market, examining both the propensity to travel, and propensity to spend abroad, of the countries of the world. Countries of the world will be ranked and segmented based on their propensity to travel (which relates to a country’s population) and propensity to spend abroad (which relates to a country’s income).

III. METHODOLOGY: DATA SOURCE AND ANALYSIS

Data for this study was obtained from the World Bank’s “World Development Indicators” (World Bank, 2007, 2008). The publication provides data on the total annual international tourist departures from a country, as well as total tourist expenditure (in US$) in foreign countries. Data were also available on countries’ population, gross national income, and other economic and social variables used in the study. In order to even out any random variations in the data set, a five-year average (2002-2006) was calculated for each data set and used in the analysis. Although the World Development Indicators (WDI) contains entries for a total of 209 countries, only 104 countries had the complete set of 5-year records required for the study. These were the 104 countries retained for analysis.

“Propensity to travel abroad” of a country was operationalized by the annual total tourist departures from a country as a percentage of total population. Thus:

\[ PTA = \frac{\text{Departures}}{\text{Population}} \times 100 \]

Where PTA = propensity to travel abroad.

Similarly, “propensity to spend abroad” of a country was operationalized by the annual total expenditures by tourist abroad as a percentage of a country’s annual gross national income (GNI). Thus:

\[ PSA = \frac{\text{Expenditures}}{\text{GNI}} \times 100 \]

Where PSA = propensity to spend abroad.

After computing the PTA and PSA for each country, the countries were ranked in descending order of magnitude first on propensity to travel and then on propensity to spend abroad. The resulting rank orders provided the basis for segmenting the countries, a priori, into 9 segments based on their level of propensity to travel and propensity to spend abroad. The next step taken was to describe the countries using some 20 selected economic, demographic and social characteristics. The aim was to examine how variables like structure of the economy, structure of the population, structure of the labor force, savings rate, level of urbanization, and
level of exposure of the populace to the outside world impact countries’ propensity to travel and to spend abroad.

IV. RESULTS

The mean propensity to travel abroad was 54.08%. Hence, it was judged reasonable to divide up the countries into 3 groups according to their level of propensity to travel abroad as follows:

1. Heavy Travelers: Above 50% propensity to travel abroad
2. Medium Travelers: 10-50% propensity to travel abroad
3. Light Travelers: <10% propensity to travel abroad
Likewise, the mean propensity to spend abroad was 3.03. Hence it was judged reasonable to divide up the countries into three groups according to their level of propensity to spend abroad as follows:

1. Heavy Spenders: Above 3% propensity to spend abroad
2. Medium Spenders: 2-3% propensity to spend abroad
3. Light spenders: <2% propensity to spend abroad

<table>
<thead>
<tr>
<th>Traveler Type</th>
<th>Spender Type</th>
<th>Heavy</th>
<th>Medium</th>
<th>Light</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heavy</td>
<td>Cell A (HH)</td>
<td>Albania, Austria, Belgium, Cyprus, Estonia, Hong Kong, Hungary, Ireland, Kuwait, Latvia, Lithuania, Luxembourg, Malaysia, Malta, Norway, Oman, Seychelles, Singapore, Sweden, United Kingdom.</td>
<td>20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medium</td>
<td>Cell D (MH)</td>
<td>Bulgaria, Fiji, Gabon, Jordan, Maldives, Mauritius, Nicaragua, Puerto Rico, Samoa, Ukraine.</td>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Light</td>
<td>Cell G (LH)</td>
<td>Burundi, Georgia, Honduras, Madagascar, Moldova, Vanuatu.</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cell B (HM)</td>
<td>Canada, Czech Republic, Denmark, Germany, Israel, Netherlands, Portugal, Slovak Republic, Slovenia, Swaziland, Switzerland.</td>
<td>11</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cell E (MM)</td>
<td>Australia, Costa Rica, El Salvador, Kazakhstan, Korea, Rep., New Zealand, Russian Federation, Syrian Arab Republic.</td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cell F (ML)</td>
<td>Azerbaijan, Chile, France, Gambia, Italy, Japan, Mexico, Romania, Saudi Arabia, Spain, Tunisia, United States, Uruguay.</td>
<td>13</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cell I (LL)</td>
<td>Algeria, Bangladesh, Brazil, Cambodia, China, Colombia, Ecuador, Egypt, Guatemala, India, Indonesia, Morocco, Papua New Guinea, Paraguay, Peru, Philippines, Turkey, Venezuela.</td>
<td>18</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TABLE 1: 9-CELL COUNTRY SEGMENTS**
From these two classifications, the countries could be grouped into 9-cell country segments as follows:

1. Cell A: Heavy travelers, heavy spenders (HH)
2. Cell B: Heavy travelers, medium spenders (HM)
3. Cell C: Heavy travelers, light spenders (HL)
4. Cell D: Medium travelers, heavy spenders (MH)
5. Cell E: Medium travelers, medium spenders (MM)
6. Cell F: Medium travelers, light spenders (ML)
7. Cell G: Light travelers, heavy spenders (LH)
8. Cell H: Light travelers, medium spenders (LM)
9. Cell I: Light travelers, light spenders (LL)

Table 1 shows the segment that each country belongs to according to this classification. Countries in each cell are listed in alphabetical order only. The Table shows that of 33 countries that are heavy travelers, 20 (in Cell A) are also heavy spenders (HH), while 11 (in Cell B) are medium spenders (HM), and 2 (in Cell C) are light spenders (HL). As for the 31 countries classified as medium travelers, 10 (in Cell D) are heavy spenders (MH), while 8 (in Cell E) are medium spenders (MM), and 13 (in Cell F) are light spenders (ML). Finally, of the 40 countries classified as light travelers, 6 (in Cell G) are actually heavy spenders (LH), while 16 (in Cell H) are medium spenders (LM), and 18 (in Cell I) are equally light spenders (LL).

IX. DISCUSSION AND MANAGERIAL IMPLICATIONS

The findings of this research show that countries differ in their propensity to travel and to spend abroad. This result suggests some strategic marketing actions. Based on the 80-20 rule, or the Pareto principle, international tourism marketers could first target the HH (heavy travelers, heavy spenders) segment, followed by the HM (heavy travelers, medium spenders), then the MH (medium travelers, heavy spenders), and then the MM (medium travelers, medium spenders) segments. Next, the countries within each segment should be ranked according to their propensity to spend before making final selections at the country level. This strategy has the potential of maximizing revenue for the receiving country from the incoming tourists. Promotional dollars spent on attracting such tourists would thus be more efficiently spent as advocated by authors such as Hudson and Ritchie (2002).

Another implication of the results of this research is that international tourism marketers should adopt appropriate strategies to encourage high and medium travelers but medium spenders segments to spend more when they do travel. This is feasible because it has been shown that often gaps exit between intention and actual spending of travelers at destinations (Legohérel, 1998). Thus, with appropriate strategies, marketers could influence travelers to spend more at destinations. Based on the literature, a number of strategies could be suggested. For example, in their destination studies in the United Kingdom, Downward and Lumsdon (2000, 2002) two important determinants of visitor spending were found to be (i) group visitation, and (ii) length of stay. Hence one strategy is to encourage group tours from countries in the medium spender segments, and promote high price events/activities such as golf. Another is to give incentives for longer stay to visitors from those segments. An incentive could be a sales promotion that says: “For one-week hotel stay, one night is free,” or “Stay two weeks and get two nights at half...
price.” One other strategy is to encourage visitors to combine attractions. For example, visit to a tourist attraction could be combined with watching a local festival and a tour of the local region. All these have the potential of extending the stay of visitors. Research has also shown that travelers who bring their DSTL (Destination Specific Travel Literature) to a destination spend more than those who don not (Wicks and Schuett 1993). Hence, a strategy to encourage the medium spender segments to spend more is to distribute DSTL to high and medium traveler segments and encourage them to bring their brochure to the destination. This could be achieved with incentives such as putting coupons in brochures which are redeemable at the destination.

As reported by Wicks and Schuett (1993) more knowledgeable travelers spend more than those with less knowledge about a destination. Hence, high and medium traveler segments should be educated about destinations of interest. All available channels should be used to do this such as friend and family recommendations, newspaper advertisements, news stories, radio advertisements, television advertisements, DSTL brochures, and destination welcome centers. In their research, Roehl and Fesenmaier (1995) reported that some visitors extended their stay one day or longer based on the information they received at state welcome centers. Likewise, Tierney and Haas (1988) reported that visitors’ average daily spending increased 25% due to information obtained at welcome centers. Thus, one way to encourage high and medium traveler segments spend more at destinations is to ensure that welcome centers truly make visitors feel welcome, and provide easily accessible information with the goal of modifying travelers’ attitude and behavior so that they stay longer and spend more at a destination. Some studies (e.g. Fesenmaier 1991) have reported that people stop at welcome centers mainly to use the restroom! Hence, welcome centers should take the initiative to share information with visitors. For example, large displayed information signage (preferably lighted) could be put up at welcome centers for all to see.

X. CONCLUSION

This paper has used novel segmentation variables (propensities to travel and to spend abroad) to segment the international tourism market into 9 easily identifiable segments. The paper found that some country segments are heavy, and medium travelers but medium spenders, while some others are heavy and medium spenders, but medium travelers. The paper advanced some practical targeting strategies for international tourism marketers. The suggested strategies have the potential of maximizing returns on promotional expenditures. Strategies were also suggested on how international tourism marketers could encourage high and medium traveler segments to spend more at their destinations.
REFERENCES


CHAPTER: 19

LEADERSHIP
A CONCEPTUAL MODEL OF GENDER DIFFERENCES IN THE RELATIONSHIP BETWEEN FOLLOWERSHIP AND PERSONALITY

Shingirayi M. Mushonga, Jackson State University
shingirayi.m.mushonga@jsums.edu

Christopher J. Mathis, Morgan State University
christopher.mathis@morgan.edu

Christopher G. Torrance, Jackson State University
christopher.g.torrance@jsums.edu

ABSTRACT

Our study sets out to meet three specific goals: identify followers based on two of the dimensions outlined by Kelley (1992); highlight the scarcity of research on followership; and present new propositions with respect to gender differences in relation to follower type to personality. Therefore, this study presents a framework that is often overlooked in research. We argue that an increased focus on the relationship between followers’ type and personality traits will offer interesting findings about the leader–follower relationship that may need to be empirically tested in future research.

I. INTRODUCTION

Followership, defined as “the ability to effectively follow the directives and support the efforts of a leader to maximize a structured organization” (Bjugstad, Thach, Thompson, & Morris, 2006, p. 304) or “an interactive role individuals play that complements the leadership role” (Howell & Costley, 2001, p. 304), has been an understudied discipline. Bjugstad (2004) conducted a book search on Amazon.com, and found that the mainstream business world has largely focused on leadership as if leaders are an entirely separate entity from the individuals that they lead. Since leadership and followership are intertwined, we find it disturbing that there has been a lack of research and emphasis placed on followership relative to leadership. Therefore, the emergence of the literature on followership signifies that a challenge exists because of the traditional assumptions that leadership is more important.

Given that there are substantially more followers than leaders, and even a majority of the leaders of organizations are followers themselves, followers are viewed as being an integral part of the leadership process (Marion & Uhl-Bien, 2001), because scholars have argued that “courageous,” “exemplary,” and “star” followers are a requirement for achieving successful group and organizational performance (e.g., Kelley, 1992, 2004; Rosenau, 2004; Seteroff, 2003). Consistent with prior research (Depree, 1992; Hollander, 1993), it is ironic that the effectiveness and efficiency of a leader greatly depends on the willingness and permission of the followers because without followers there are no leaders. In essence, it is imperative for leaders to gain a better understanding of the leader–follower association, and thus, in-depth research needs to be conducted to assess the most common characteristics that followers possess (Burns, 1978).
Prominent leadership theories (e.g., charismatic leadership, House, 1977) emphasize the leader’s personality and behavior, while disregarding the follower’s impact on leadership. Over eighty years ago, Follett (1926) suggested that employees would have attitudes that are more positive and more productive if those “giving the orders” were to create an environment based on trust and mutual respect. Since followers are an essential part of an organization’s productivity, it is imperative to determine the personality traits that followers have in order to ascertain the most appropriate type of leadership style that needs to be adapted and utilized.

In addition, many studies have documented that gender differences exist in personality traits (Costa, Terracciano, & Mccrae, 2001; Feingold, 1994; Zuckerman, 1994). For instance, Feingold (1994) conducted a meta-analysis to confirm gender differences in personality traits that were reported by an initial study (i.e., Maccoby & Jacklin, 1974) and concluded that men scored higher than women on assertiveness and lower on gregariousness (extraversion). Although scholars have acknowledged that gender differences exist in personality, one important area which remains unexplored in the leader/followership literature stream is whether these gender differences exist between the follower’s type and the personality trait. Thus, this paper seeks to contribute to the emerging interest in followership by reigniting the dialogue on Kelley’s (1992) model of followership, providing some insight on follower’s type and personality traits, and exploring whether gender differences exist between the type of follower and personality trait.

II. THE CONCEPT OF KELLEY’S MODEL OF FOLLOWERSHIP TYPES

According to Kelley (1992), followership consists of two dimensions: thinking (i.e., independent, critical thinking) and acting (i.e., actively engaged). The first dimension of followership, thinking, is categorized as followers that contemplate the impact of their actions and are willing to be innovative and creative, and may offer criticism regardless of the repercussions. The second dimension consists of actively engaged followers who take the initiative in decision making and accomplishing tasks without constant direction or feedback from the leader. Additionally, the second dimension illustrates the followers’ sense of ownership in their assigned tasks and in the organization as a whole. It also demonstrates the followers’ commitment to their job and organization.

Out of the two dimensions, Kelley’s (1992) study spawned five different subsets of followers. Given the five different subsets of followers created, oftentimes only the four-quadrant subset (i.e., exemplary, alienated, conformist, and passive) is utilized because this allows for an unambiguous distinction between the follower types (i.e., Bjugstad et al., 2006; Kelley, 1992). Since we would like to investigate followers that either rank high or low on both active engagement and independent, critical thinkers, this paper will use only two of the four-quadrant subset: exemplary and passive.

Exemplary Followers

Exemplary followers are “independent, innovative, and willing to question leadership. This type of follower is critical to the organization’s success. Exemplary followers know how to work well with other cohorts and present themselves consistently to all who come into contact with them” (Bjugstad et al., 2006, p. 310). In addition, they rank high on both independent, critical thinking and active engagement, and add value to the groups they are a part of by focusing on goals and taking initiative.
Synonymous with Kelley’s (1992) definition of exemplary follower, is Chaleff’s (1995) courageous follower, who is categorized as an individual possessing the courage to assume responsibility, to serve, to challenge, to participate, and to lead. Furthermore, exemplary followers and courageous followers alike, avoid or resist meaningless compliance, and therefore, do not just carry out tasks without critically and independently thinking about the consequences of those tasks. They are not afraid to question a leader’s decision or even withdraw their support from an incompetent leader without being disruptive to the organization’s operations.

**Passive Followers**

According to Kelley (1988), passive followers lack motivation and need continuous supervision to complete requested tasks. They lack enthusiasm, ambition, creativity and are more likely to experience job burnout. Passive followers exercise dependent, uncritical thinking and take a passive approach within the organization. In addition, followers rank low on both independent, critical thinking and active engagement. Overall, they depend on the leaders to do their thinking (Bjugstad et al., 2006). For this reason, passive followers epitomize ineffective followers.

Typically, passive followers report to work and try to avoid situations that encourage or force them to engage in independent thinking. For instance, if an individual has not completed their daily tasks by the end of the workday, passive followers are more likely to leave their tasks incomplete. Passive followers are vulnerable against exploitative leaders because they definitely do not have the courage to stand up for themselves or the organization. Similarly, Howell and Costley (2001) agree that passive followers expect to be “spoon-fed” and require parental-like supervision from leadership.

### III. PERSONALITY

Even though the Five Factor Model of personality has not achieved universal acceptance, it has become a meaningful description of the arrangement of the higher order structure of personality traits (Saucier & Ostendorf, 1999). Generally, the model identifies the basic dimensions of personality as extraversion, conscientiousness, agreeableness, neuroticism, and openness to experience. Research (e.g., Bono & Judge, 2004; Judge, Bono, Ilies, & Gerhardt, 2002) has demonstrated that under certain conditions there are meaningful relationships between personality and leadership. Since followership is in its early stages of empirical assessment, the same logic may be applicable. Therefore, given Kelley’s (1992) definition of exemplary and passive followers, we will only investigate two of the five factors of personality (i.e., conscientiousness and neuroticism) because they hypothetically describe the type of followers we are examining.

**Conscientiousness**

Barrick, Parks, and Mount (2005) define conscientious individuals as “dependable, hardworking, efficient, organized, thorough, responsible, persevering, and achievement-striving” (p. 747). Also, these individuals are intrinsically motivated to perform their job duties and responsibilities well, and do not rely on extrinsic rewards. Conscientious individuals tend to be goal-driven, and therefore, place more emphasis on completing tasks than personal gain.
Conscientious people play a salient role in self-managed teams by motivating team members and maintaining the team’s focus on assigned tasks (Barrick & Mount, 1993; Costa & Mcrae, 1992). For example, Mushonga and Torrance (2008) found that conscientiousness was positively related to actively engaged followers and to independent, critical followers.

As related to exemplary followers, conscientious individuals are an asset to both the team and the organization as a whole because of their ability to inspire and motivate others in a leadership capacity in addition to their courage to challenge authority. Such courageousness is vital to the organizations, especially when followers speak up when they feel that the leader and/or the organization is losing sight of the organization’s vision and mission. Exemplary followers tend to lead from behind by supporting the leader’s vision or providing the vision to the leader (Chaleff, 1995). In summary, the aforementioned information demonstrated that exemplary followers portray a conscientious personality trait, and therefore, we propose that:

**Proposition 1: Conscientiousness is significantly related to exemplary followers**

Neuroticism

According to Judge et al. (2002), neuroticism represents the propensity to display “poor emotional adjustment and experience negative affects, such as anxiety, insecurity, and hostility” (p. 767). Neuroticism is commonly associated with apprehension, volatility, and lack of emotional stability (Judge, Higgins, Thoresen, & Barrick, 1999). Due to their pessimistic outlook on life, they tend to encounter more negative life events (Magnus, Diener, Fujita, & Pavot, 1993) based in part on their poor decision-making skills (Emmons, Diener, & Larsen, 1985). As a result of these negative events, neuroticism may lead an individual to experience lower levels of job satisfaction, withdrawal from their work, and have greater intentions to leave their organization.

As related to passive followers, neurotic’s passive approach often leads them to avoid social situations and tend to display deficiencies when working with others. Such passiveness is detrimental to the organizations. In summary, the aforementioned information demonstrated that passive followers portray a neurotic personality trait, and thus, we propose that:

**Proposition 2: Neuroticism is significantly related to passive followers**

IV. GENDER DIFFERENCES, PERSONALITY, AND FOLLOWERSHIP TYPE

Scholars have rarely investigated gender differences on conscientiousness. Feingold (1994) conducted a meta-analysis on gender differences in personality and found that women scored higher than men on conscientiousness. Given the paucity of research that has been conducted, women scored higher than men on conscientiousness, therefore we believe that this will transcend to the relationship between conscientiousness and exemplary followers. Thus, we have formulated the following proposal:

**Proposition 3: Gender will moderate the relationship between conscientiousness and exemplary followers such that the relationship will be stronger for women than men**

Lynn and Martin (1997) reported that gender differences on traits related to neuroticism. For instance, women scored higher in anxiety (Feingold, 1994) and symptoms of depression (Nolen-Hoeksema, 1987). Additionally, utilizing samples that consists of college students and
adults, women tend to score higher on neuroticism (Costa et al., 2001). Consistent with prior research, Chapman, Duberstein, Sörensen, and Lyness (2007) utilized a sample of older adults, and found that women still scored moderately higher on neuroticism than men. As demonstrated in aforementioned literature, young, midlife, and/or old age adults tend to report that women score higher than men on neuroticism. Given that women tend to score higher than men on neuroticism, we believe that this will transcend to the relationship between neuroticism and passive followers. Therefore, we propose that:

**Proposition 4: Gender will moderate the relationship between neuroticism and passive followers such that the relationship will be stronger for women than men**

V. DISCUSSION AND CONCLUSION

Both academicians and practitioners have endeavored to find great leaders to lead organizations at the expense of followers. This leader-centric expedition has often overlooked the salient role that followers play within the organization. In this paper, we have attempted to reignite the sporadic discussion on followership. Our goals were to highlight the scarcity of followership research, identify followers based on two of the dimensions outlined by Kelley (1992) (i.e. independent, critical thinking and actively engaged), and present new propositions with respect to gender differences concerning the relationship between follower’s type and personality traits.

Although the research on the relationship between leadership and personality is well documented, less is known about the link between followership and personality and the variables that moderate this relationship. We have argued that a focus on the relationship between followership and personality may provide unique insights about the leader–follower relationship. Furthermore, we propose moderating that relationship with gender increases our understanding of the relationship, which has some direct implications for organizations.

The framework presented has practical implications at the individual and organizational level. It is our contention that increased research on followership may improve our understanding of the leader–follower relationship. It is not only important for the leader to know what type of followers he or she leads and their dispositions, but it is also important for the organization, in order to more appropriately match the follower type with the right leadership styles, to improve job satisfaction and performance. Therefore, this study may help organizations improve in areas like leader selection/succession and avoid situations in which leaders and followers are imposed on each other without cautious consideration of their styles and disposition.

The salient contribution of this study is that it examines how gender affects the relationship between followership and personality. As suggested by Tsui and O’Reilly (1989), this has very important implications for organizations because women subordinates experience less role ambiguity and role conflict when they have a female superior. This notion of women subordinates’ preference for a female superior was also supported by Feingold (1994), who found that women exhibited higher levels of conscientiousness than their male counterparts. The well documented difference between male and female personality traits warrants the need to further examine these differences in the context of followership.

Examination of the effects of gender on the relationship between personality and followership may provide more insight of commonly held gender stereotypes. For example, women followers typically prefer interpersonally oriented leaders as opposed to men who tend to
prefer more task oriented leaders (Eagly & Johnson, 1990). Therefore, further exploration of this phenomenon may assist in either discarding the misconception of gender differences or the support of such commonly held views by various researchers. Although we are aware of gender differences, research on how these differences affect different organizational variables is scarce; therefore this paper attempts to arouse gender differences research as it applies to person-organizational fit, diversity, socialization tactic research, etc.

As much as this study helps advance our understanding of followership, personality and gender, it has some areas that require further attention. First, future research needs to look at the other two types of followership (i.e., alienated and conformist) with respect to the other three personality types (i.e., extraversion, agreeableness, and openness). In addition, it is imperative to explore how gender moderates this relationship. Further, not only do scholars need to empirically investigate the relationships introduced in this study, but also the relationships offered for future research.

In conclusion, advancing the viewpoint of follower effectiveness involves the removal of the misconception that followers carry out commands while leaders make all of the decisions. As more organizations focus on self-managed teams as the centerpiece of their mission, there is an increase importance on cultivating and nurturing effective followership.

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EXPLORING YOUR ‘DISCOMFORT’ ZONE:
A CLARION CALL FOR WOMEN LEADERS

Diane D. Galbraith, Slippery Rock University
DianeDGalbraith@aol.com

ABSTRACT

Women are closing the leadership gap as they ascend into more senior roles in the workforce. Comprising more than 46% of the workforce, the rationale for female promotion is both compelling and critical for an organization to retain a competitive advantage. On the path to equal opportunity in leadership though, women must learn some essential skills that many men have already mastered. Often, the case is that women simply don’t ask for opportunities. This paper will explore why women often don’t position themselves in unfamiliar territory in order to become more qualified candidates for strategic positions and some key insights based on those who have. The findings are based on research with a group of senior executives in the banking profession.

I. INTRODUCTION

The purpose of this paper is to explore women’s insights on advancement opportunities, specifically their ability or inability to move forward into uncharted territory to obtain more senior leadership positions. This research will review the relative position of women and the reaction when opportunities arise for challenging assignments or promotions.

Discomfort - There are many obstacles to women’s progression that have been uncovered such as a lack of line experience, few role models, stereotypes of women, choosing a mommy track or commitment to family and personal life, a glass ceiling, ambition, etc. Nevertheless, are there also self-imposed barriers for women? A discomfort zone, as described by this research is the arena where women may retard their own growth. This zone encompasses the myriad of opportunities that may arise but women do not raise their hand to volunteer or offer their candidacy. Women historically have not been bold and seemingly need to be overqualified before they enter an area of discomfort. Often they shy away from competition or unfamiliar territory even when it is a task that they can perform as well as or better than, men. An example is when an advancement opportunity is presented and traditionally many men express their interest but few if any women do, even though they are equally or more qualified. Choosing not to compete or underrating their own abilities may decrease their chances for promotion or choice positions (Wharton, 2005). This may explain some of the gender inequity that still exists with women earning about 77% of men’s wages.

Mustang Women - Successful women have been portrayed as “mustangs; the original wild horses of the West” by (Fermer, 2004, p.5). “They were tough, strong, agile, sound and quick to learn”. Women, with this mentality will experience greater rewards as they overcome self-doubt and refuse to conform to traditional roles.
The basic principles of a mustang woman are:

★ **Become secure with insecurity** – despite your flaws, keep charging forward
★ **Hold your breath and dive in** – giving up is not an option – know how to buck up and win
★ **Be altruistic** – there’s no choice but do the right thing
★ **Be passionate** – focus on what matters to you and live an inspired life
★ **Be connected** – build support networks internally and externally

(Fermer, 2004, p.12)

Women often do not enter into insecure situations. They tend to be very conservative and play it safe, while similarly talented males raise their hands. In Godin (2002), book Purple Cow, he illustrates that “we face two choices: to be invisible, anonymous, uncriticized and safe or to take a chance at greatness, uniqueness and the Cow” (p. 46). A Purple Cow is innovative, different and remarkable! Godin continues:

We’ve been raised with a false belief: We mistakenly believe that criticism leads to failure. From the time we get in school, we are taught that being noticed is almost as bad. It gets us sent to the principal’s office, not to Harvard….Being safe is risky. We often respond to our aversion to criticism by hiding, avoiding negative feedback and thus (ironically) guaranteeing that we won’t succeed… the only way to cut through is to be remarkable, and the only way to avoid criticism is be boring and safe….You do not equal the project. Criticism of the project is not criticism of you (p. 47).

In order to compete with men for the same limited senior leadership positions, women must take a different path than their early academic training; confidently and creatively, learn to color outside the lines. Don’t be afraid to fail! Mahatma Gandhi stated, “There are no big wins without big goals, no big goals without big risks, no big risks without a coherent path.”

Women are still behind men in access to many of the corporate positions. According to the 2005 Census of Women Board Directors of the Fortune 500, “women accounted for 46.4 percent of the U.S. labor force, 50.6 percent of management, professional, and related occupations, and 32.0 percent of all M.B.A. degree holders. Clearly, the wealthiest and most powerful companies in the United States do not fully utilize women’s talents and skills.

The Catalyst research (2005) states three reasons for the limited advancement opportunities for women on boards. The first reason (the “pipeline issue”) is that women are not qualified for, or interested in, positions on boards. Consequently, the pool of women ready for board positions is small. The second reason (the “exclusion issue”) is that qualified and interested women are excluded from the networks, pathways, and traditional recruitment strategies that lead to board service. A third reason recognizes the relationship between the first two and states that women who observe the low numbers of women on boards may downsize their ambitions and forgo pursuit of board membership. All of these explanations are rooted in barriers that limit women’s advancement in top companies.

This third reason is the one that is the focus of this research. Often, women do not ask for more challenging or difficult assignments. Sometimes, they opt out with the false assumption that they are not qualified or do not have a chance.
In the book, *Man's Search for Meaning* (2000), by Victor E. Frankl, he illustrates the power of choice and everyone’s ability to choose your attitude even in the midst of tragedy:

We who lived in the concentration camps can remember the men who walked through the huts comforting others, giving away their last piece of bread. They may have been few in number, but they offer sufficient proof that everything can be taken from a man but one thing: The last of the human free-doms - to choose one's attitude in any given set of circumstances, to choose one's own way. And there were always choices to make (p.66).

**Gender Discrimination** -One of the reasons for inequality in the attainment of leadership positions lies in the element of gender discrimination. Through women’s self-reporting and research, women have been held to higher standards of performance compared to their male counterparts for the same levels of recognition and reward. Women are still underrepresented in positions of leadership due to female stereotypes and gender role expectations. The attainment of leadership positions in non-traditional positions is often met with hostility, negativity and as a violation of traditional roles.

**Self-Efficacy** -Self-efficacy is another factor that can contribute to women’s success. At the core of social cognitive theory by Bandura (1997), are self-efficacy beliefs; people’s judgments of their capabilities to organize and execute courses of action required to attain designated types of performances. Accordingly, these beliefs provide the foundation of human motivation, well-being and personal accomplishment. Unless people believe that their actions can produce the desired results, they will not be incented to persevere during difficult situations.

Bandura contends that self-efficacy touches every aspect of people’s lives; whether they think productively or in a self-debilitating way, optimistically or pessimistically; how well they motivate themselves and persevere in the face of adversity; their vulnerability to stress and depression; and the life choices they make. Self-efficacy as a critical determinant in human functioning is consistent with other theorists and philosophers such as Maslow and Aristotle who have argued that the nature of beliefs makes them a filter through which new phenomena are interpreted (Pajares, 2002).

Self-efficacy beliefs can influence people’s choices and the activities that they pursue based on their core belief that they are capable of accomplishing the task. The effort expended and the resilience in confronting obstacles is based on this concept. An individual’s thought patterns and emotional reactions can be tied to self-efficacy in that these positive thoughts often result in self-fulfilling prophesies and a strong belief that one can accomplish, often results in the actual accomplishment (Bandura, 1997). Women must believe in their respective abilities and raise their hand in order to receive opportunities for projects or promotions.

**II. METHODOLOGY**

This qualitative study uses a portraiture inquiry style. Portraiture is a method of data collection, analysis and writing style that allows the reader to “think more deeply about matters that concern them” (Lawrence-Lightfoot & Hoffman Davis, 1997, p.10). Called a people’s scholarship by Featherstone – this design is a scholarship in which “scientific facts that are
gathered in a field give voice to a people’s experience (1989). The portrait is a form of narrative that allows those who are not normally heard, such as women to find expression.

Six women located in three different states who have attained leadership positions in conservative banking cultures were interviewed for this study.

RESULTS

You may be disappointed if you fail, but you are doomed if you don't try.

*Beverly Sills*

A common misconception among women is that they need to act like men to succeed in business and industry. This research affirmed that this is indeed a myth. In fact, the intellectual and emotional capital that comprised these female leaders was the differentiators that contributed to their individual success. Often stereotyped as weak or incompetent, these women refused to be labeled and became the change agents that were essential for their organizations. Far from the victim mentality, these senior executives were a quick study in navigating the corridors of their organizations.

My job is to get men to do what they don’t want to do in order to achieve what they’ve always wanted to achieve.

*Tom Landry*

The successful executives took chances that exposed potential vulnerabilities in order to ultimately strengthen their leadership acumen for the future. They took progressive steps that positioned themselves for senior management. This is true for women as well.

III. LESSONS

Courage is like a muscle.
We strengthen it with use.

*Ruth Gordon*

Successful people have the courage to explore the unknown by taking risks. They choose to face their fears by habitually doing what others are afraid to do. Many times these people are exhilarated and propelled by the results they receive. There are a number of lessons to be learned from these women and applied to future women in business. Some of these highlights include:

- Ask for promotions; the squeaky wheel gets promoted
- Learn to raise your hand
- Talk to your supervisor, not just to each other
- Learn the difference between self-promotion and bragging
- Step up and lead
- Believe that you can do it
- Chase down opportunities
IV. CONCLUSION

‘Women whether subtly or vociferously, have always been a tremendous power in the destiny of the world.”

Eleanor Roosevelt

Unfortunately, although women can be a powerful force in this country, they often impede their own progress simply by not asking for opportunities or not exploring unknown arenas. Women can progress from a follower to a leadership role often by challenging themselves. Self-knowledge, self-efficacy and empowerment can be great tools for women in all facets of life.

Through silence or fear, many women are stifling their own careers. This can ultimately be a disservice to both the individual and an organization, as their potential may never be realized. Mentors and senior leadership can also be instrumental in this process through the recognition and management of the organization’s talent, particularly the women.

Women need to be bold and take the first small step in order to proceed into leadership roles. They need to promote their own abilities instead of by default assuming that someone else is better qualified. With women’s empowerment and some support from a caring culture, all talent can be recognized and rewarded. By embracing challenges and risk, women should self-promote. Like their male counterparts, women must learn to be comfortable in uncomfortable environments in order to progress in corporate America.

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CHAPTER 20

MANAGERIAL ACCOUNTING
LEADERSHIP, SATISFACTION, THE BALANCED SCORECARD: STUDY OF MANAGER-EMPLOYEE RELATIONSHIPS IN TAIWAN RETAIL INSTITUTIONS

Yu-Jia Hu, Fortune Institute of Technology, Taiwan
nickhu@center.fotech.edu.tw

Yi-Feng Yang, Shu-Te University, Taiwan
yifeng@mail.stu.edu.tw

Majidul Islam, Concordia University, Canada
mislam@jmsb.concordia.ca

ABSTRACT

Literature review indicated sales manager’s transformational leadership has a positive impact on the job satisfaction of salespeople while job satisfaction has significant influence on the salespeople’s work behaviors, which is essential to the approach of the modern managing tool: Balanced Scorecard (BSC). This quantitative research is to empirically investigate leadership behaviors using statistical and technical tools and to predict employee satisfaction based on the BSC perspective. The findings supported the hypothesis that there is a positive and statistically significant relationship between sales managers’ transformational leadership and sales associates’ job satisfaction. This research also provided the discussions of the interaction between sales managers’ leadership and sales associates’ job satisfaction with the strategic management tool-BSC.

I. INTRODUCTION

Leading sales associates is the most challenging task any sales manager faces. Martin and Bush (2003) claimed that sales associates were more likely to exhibit better selling behaviors when sales managers applied transformational leadership rather than transactional leadership. The theory behind transformational leaders on the other hand is based on the hypothesis that leaders can exploit a need of the follower. George and Jones (1999) indicated that job satisfaction was one of the most important work attitudes in organizational behavior, with the potential to affect a wide range of behaviors in organizations. Job satisfaction is vital for sales associates’ attitude toward their work. Pettijohn, Pettijohn, and Taylor (2002) indicated that sales associates’ job satisfaction was a key determinant for a business’s long-term success. The relationship between the leadership of sales managers and the job satisfaction of sales associates is critical. Dubinsky, Yammarino, Jolson and Spangler (1995) indicated that transformational leaders have as strong an influence on sales associates’ job satisfaction as transactional leaders do on the sales environment. The Balanced Score Card (BSC) is considered as the latest management approach to sweep the organizational world and is also considered as a radical approach to measurement and management (Ip & Koo 2004), permeating to varied organizations. Research shows that use of this approach ranges from “BSC as instruments for service level management using CobiT” (Grembergen, De Haes & Amelinckx, 2003) to “public monitoring and good governance advancement” (Gueorguiev, Dimitrova & Traykov, 2005) to “the art of
business management strategies” (Lee & Ko 2000). From this perspective, the use of the BSC—specifically, to show how the interaction between manager and associates in an operation can be a dominant factor in the performance of the company—for managing the resources of companies.

The purpose of this research is three fold: first, to empirically and comprehensively examine the relationship between the transformational leadership of sales managers and the job satisfaction of sales associates through quantitative, non-experimental, and correlation research design with regression analysis; to discuss the interaction between sales managers’ leadership and sales associates’ job satisfaction with the strategic management tool-BSC, and to generate further scholarly inquiry.

II. LITERATURE REVIEW

Hsu, Hsu, Huang and Li (2003) indicated that classic leadership theories were typically divided among three categories: Trait Theory, Behavioral Theory, and Contingency Theory. Doyle and Smith (1999) indicated that the fourth generation and most up-to-date leadership theory was the Transformational Leadership Theory. The concept of transformational leadership was introduced by Burns (1978), and developed by Bass (1985). Bass (1985) identified four factors of transformational leadership: charismatic, inspirational, individualized consideration, and intellectual stimulation. Margaret (2003) pointed out that the most current leadership behavior model was the Bass Transformational and Transactional Leadership Model. In 1974, Churchill, Ford and Walker conceptualized job satisfaction as being composed of various factors relating to the job itself and the work environment, which sales associates could find rewarding, accomplishing, and gratifying, or discouraging and ungratifying. Durst and DeSantis (1997) claimed that job satisfaction was a result of many different variables influencing workers. In addition, studies have indicated that demographic factors—age, gender, race, and education—have significant effects on job satisfaction. For example, older workers are more likely to be satisfied than younger workers (Devaney & Chen, 2003). Gibson, Ivancevich and Donnelly (1997) researched motivational theory as being central to job satisfaction and divided this theory into two categories: content theories and process theories.

The BSC (Kaplan & Norton, 2004) was originally developed to solve problems related to financial measures in accounting (Dearden, 1969, 1987; Hopwood, 1972; Johnson & Kaplan, 1987; Kaplan & Norton, 1996). The BSC covers four broad perspectives related to financial aspects, such as customer relations, internal business, and innovation and learning. As pointed out by Kaplan and Norton (1992), a company’s ability to innovate, improve, and learn is tied closely to a sale’s working value. The research by Pettijohn et al (2002) provided the reasonable connection that the motivation of sales people will have positive impacts on their work behavior which benefiting the companies finance and non-finance factors. With regard to the BSC, the ability of the company to launch more effective services can enhance its value for customers. Thus, innovation can be viewed here as the continual improvement of existing products and services and the ability to develop new marketing services with salesperson’s expanded working capabilities. The innovation and learning perspective is aimed at sustaining innovation and maintaining capabilities by continuous business improvement and growth. The innovation, improvement, and learning of business units have a direct impact on corporate value. Continuous innovation and learning can increase the business’s operational efficiency by strengthening financial competitiveness through increased profitability and earnings per share.
III. METHODOLOGY

Based on the literature review and the objective of this research, the researcher proposed three research questions and one hypothesis: 1) Research question one: Is there any significant difference between the personal demographic factors of sales associates (gender, age, years of service, education level, and marital status) and their perception of sales managers’ transformational leadership? 2) Research question two: Is there any significant difference between the personal demographic factors of sales associates (gender, age, years of service, educational background, and marital status) and their perception of job satisfaction? 3) Research question three: Can sales managers’ transformational leadership predict the job satisfaction of sales associates? 4) Research hypothesis: There is a significant and positive relationship between the sales associates’ perception of sales managers’ transformational leadership and the level of job satisfaction.

Questionnaire

The questionnaire comprised three parts, with a total of 35 questions designed by the researcher. The first part included five questions on personal demographic factors including five items: gender, age, years of service, education level, and marital status. The second part encompassed 15 questions asking the sales associates for their perceptions on sales managers’ transformational leadership behavior. Based on the related transformational theories, this instrument included five facets: charisma, inspirational motivation, intellectual stimulation, individualized consideration, and vision. There were three questions on each facet, for a total of 15 items, based on the five-point Likert-type scale, where Strongly Disagree = one point; Disagree = two points; Neutral = three points; Agree = four points; and Strongly Agree = five points. The proven internal reliability of this questionnaire ranged from .89 to .92. The third part encompassed 15 questions asking the sales associates for their perceptions on job satisfaction at their companies. This instrument contained two facets, based on the Two Factor Theory (Herzberg, 1959), which divided job satisfaction into intrinsic (7 items) and extrinsic (8 items), with 15 items on a five-point Likert-type scale, where Strongly Dissatisfied = one point; Dissatisfied = two points; Neutral = three points; Satisfied = four points; and Strongly Satisfied = five points. The facet of overall job satisfaction was the sum of the two facets. The proven internal reliability of this instrument ranged from .79 to .88.

Sampling and Data Collection

The sales associates working in multinational sales organizations of the FMCG industry in Taiwan were selected as an acceptable population for this proposed study. This research used the method of convenience sampling. Four companies randomly selected 50 sales associates to participate in the study, for a total of 200. Each company received 50 copies of the questionnaire. Among 200 questionnaires distributed to the participants, 133 were returned, for a response rate of 67%. After deducting 10 invalid responses, the total valid responses number was 123, for a valid response rate of 62%.
IV. RESULTS AND DISCUSSIONS

The SPSS (Statistical Package for the Social Science) Software (11.0 version) was adapted as the statistical tool for data analysis in this proposed research. The confidence level (level of statistical significance) used in this study was identified as $p \leq 0.05$. Numerous statistical techniques were used for data analysis in this research. A $t$-test and one-way ANOVA were applied to research question one and two. The approach of the Pearson Correlation was applied to test the research hypothesis, and a multiple regression analysis was applied to research question three.

Research Question One

The findings indicated there was no significant difference between the demographic factor and sales associates’ perceptions of sales managers’ transformational leadership. The findings also indicated that there was a significant difference between the sales associates’ educational background and perceptions of sales managers’ intellectual stimulation and inspirational motivation.

Research Question Two

The results indicated that there was no significant difference between the demographic factor of sales associates’ gender, education level, and marital status on their perceptions of extrinsic job satisfaction. The results also indicated that there was a significant difference between the demographic factor of sales associates’ age and years of service on their perceptions of extrinsic job satisfaction.

Research Question Three

The result of regression analysis revealed a $R^2$ value (40.9%). This result indicated that 40.9% of the variance in sales associates’ job satisfaction may be explained and predicted by sales managers’ transformational leadership in five respects: vision, charisma, inspirational motivation, intellectual stimulation, and individualized consideration. The Beta value revealed that intellectual stimulation (.622) had the strongest effect on the dependent variable (job satisfaction).
Table 1  Regression Model

<table>
<thead>
<tr>
<th>Model</th>
<th>B</th>
<th>SE</th>
<th>Beta</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>27.342</td>
<td>3.090</td>
<td></td>
<td>8.848</td>
<td>0.000</td>
</tr>
<tr>
<td>Charisma</td>
<td>0.181</td>
<td>0.426</td>
<td>0.051</td>
<td>0.425</td>
<td>0.671</td>
</tr>
<tr>
<td>Vision</td>
<td>0.164</td>
<td>0.462</td>
<td>0.046</td>
<td>0.355</td>
<td>0.723</td>
</tr>
<tr>
<td>Inspire</td>
<td>-1.330</td>
<td>0.559</td>
<td>-0.360</td>
<td>-2.379</td>
<td>0.019</td>
</tr>
<tr>
<td>Intell</td>
<td>2.338</td>
<td>0.513</td>
<td>0.622</td>
<td>4.557</td>
<td>0.000</td>
</tr>
<tr>
<td>Individual</td>
<td>1.013</td>
<td>0.377</td>
<td>0.292</td>
<td>2.686</td>
<td>0.008</td>
</tr>
</tbody>
</table>

Note. Dependent variable: job satisfaction. SE = standard error

V. Research Hypothesis

The result supported the hypothesis in this research. The result revealed each facet of sales managers’ transformational leadership has a statistically significant relationship (p ≤ 0.05) with each facet of sales associates’ job satisfaction. This finding clearly explained that the sales managers’ transformational leadership had a positive and significant relationship with sales associates’ job satisfaction.

Table 2  Correlation Matrix

<table>
<thead>
<tr>
<th>Variable</th>
<th>Intrinsic JSF</th>
<th>Extrinsic JSF</th>
<th>Overall JSF</th>
<th>Overall TFL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charisma</td>
<td>r: 0.415</td>
<td>r: 0.381</td>
<td>r: 0.441</td>
<td>r: 0.513</td>
</tr>
<tr>
<td>Vision</td>
<td>0.413</td>
<td>0.391</td>
<td>0.444</td>
<td></td>
</tr>
<tr>
<td>Insp</td>
<td>0.420</td>
<td>0.371</td>
<td>0.440</td>
<td></td>
</tr>
<tr>
<td>Int</td>
<td>0.555</td>
<td>0.517</td>
<td>0.593</td>
<td></td>
</tr>
<tr>
<td>Ind</td>
<td>0.472</td>
<td>0.508</td>
<td>0.534</td>
<td></td>
</tr>
<tr>
<td>Overall TFL</td>
<td>0.513</td>
<td>0.490</td>
<td>0.554</td>
<td></td>
</tr>
<tr>
<td>p</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
</tr>
</tbody>
</table>

Note. $r$ = coefficient of determination. Correlation is significant at the 0.01 level (2-tailed).
TFL = transformational leadership. JSF = job satisfaction. Inspire = inspirational motivation.
Int = intellectual stimulation. Ind = individualized consideration

VI. DISCUSSION

First, the results indicate that there may be a significant difference between the demographic factors of sales associates’ ages and years of service on their perceptions of extrinsic job satisfaction. The administration may need to provide effective policies based on age
and years of service to improve sales associates’ extrinsic job satisfaction. Second, the result of this research reveals that there may be a positive and significant relationship between sales managers’ transformational leadership and sales associates’ job satisfaction. Third, the results also reveal that sales managers’ inspirational motivation, intellectual stimulation, and individualized consideration may significantly predict sales associates’ job satisfaction. Therefore, organizations may consider this issue when promoting or recruiting new sales managers, or they may arrange for leadership training programs to enhance the sales managers’ leadership skills in the three facets. Furthermore, as sales motivation is linked to the finance and non-finance performance which tied closely to the elements of BSC, we suggest applying Kaplan and Norton’s (2001 and 2004) BSC, which includes the perspectives of financial, customer, internal business, and innovation and learning measures to consider the effects of leadership behaviors on employee job satisfaction.

REFERENCES


SERVICE SATISFACTION, INFORMATION TRUST AND e-CRM PERFORMANCE IN BSC MODEL IN EMPIRICS OF FINANCIAL INSTITUTIONS

Yi-Feng Yang, Shu-Te University
yifeng@mail.stu.edu.tw

Majidul Islam, George Mason University
mislam@jmsb.concordia.ca

ABSTRACT

Our study used e-Customer Relationship Management (e-CRM) to measure Kaplan & Norton’s (2001) balanced scorecard (BSC) performance based on marketing relationship value such as customer loyalty, internal process efficiency, channel management, and innovation, which closely ties into the core of this study of e-CRM performance. The objective of this study is to measure the impact of e-CRM phenomenon on performance in the BSC model, namely the mediation effect of marketing interaction relationship on its e-CRM process to performance. Based on the empirics of four banks which have applied the e-CRM system to their customer service operations, hierarchical regressions were applied to analyze the data. It showed that when institutions used e-CRM services with web-based applications to create and raise levels of quality service satisfaction and information trust, this resulted in improvements in customer interaction, potentially helping the institution achieve the “profit-maximizing portfolio” level.

I. INTRODUCTION

Most empirical banking systems experience some degree of inefficiency in their business operations and performance, especially with regard to managing the quality of buyer-seller relationships and service marketing. Many studies have concluded that these arise for the following major reasons: the service is very complex and customized in the transaction process; the external environment is dynamic rather than static; and the marketing is uncertain when sellers are not sure what the service buyers want.

To respond to these challenges, many studies have suggested the concept of customer relationship management (CRM). The concept of CRM is often defined as the marketing interaction relationship between buyers and sellers (Christopher, Payne, & Ballantyne, 2002; Ryals & Knox, 2001). Two-way marketing information exchange and communication enhances opportunities for suppliers to understand their customers and thus improve their customer relationships. In addition, CRM service improves marketing target level when this service attracts new and existing customers. Zablah, Bellenger, and Johnston (2004) suggested that CRM service should consider the customer-supplier relationship with its three ordinal procedures as “input, process, and output.” The input component of the CRM process involves tangible and intangible resources. The output component of the CRM process refers to the “profit-maximizing portfolio” of customer relationships.

Taking advantage of the revolutionary impact of the Internet, CRM, combined with web-based applications, is able to provide integrated marketing, sales, e-commerce, and customer support services to institution through a single, customized Web interface. E-CRM enhances the integration of data/information/knowledge from e-commerce to support services in marketing and sales over a
single, customized Web interface. E-CRM expands the traditional CRM approach of technology tools, such as Internet, website, and wireless, into the e-commerce applications of the overall institution. Some advantages exist when the institution considers using an e-CRM approach to its service interaction marketing, such as quick service/response time, two-way interactive service relationships, and the ability to provide service for customers from anywhere at any time (Pan & Lee, 2003). Consistent with prior BSC studies, which include broad perspectives of financial, customer, innovation and learning, and internal business, it is a combination of people, technology, and marketing elements seeks to achieve a better understanding of the buyer-seller relationship.

Previous studies of CRM and e-CRM (Chen & Popovich, 2003; Pan & Lee, 2003; and Zablah, et al., 2004) have contributed greatly to the development of the framework, conceptualizations, and theoretical relationships used in this paper. The literature has been able to answer questions related to these theoretical correlation relationships.

a) There is a positive relationship between and among the variables of people and e-service quality and the intervening roles as satisfaction and trust in e-CRM;

b) There is a positive relationship between and among the intervening roles as satisfaction and trust in e-CRM and the dependent variable as e-CRM performance; and

c) There is a positive relationship between and among the independent variables of people- and e-service quality and dependent variable as e-CRM performance.

E-CRM techniques are important for enabling institutions to respond to complex marketing changes, at least in service interaction marketing. Zablah et al. (2004) have suggested the development of conceptual models and the extension of their measurement to enable a better understanding of the natural e-CRM process. Their suggestion leads us to define e-CRM success as an institution’s capability to build a “profit-maximizing portfolio” of customer relationships. In other words, this paper assumes that efficient e-CRM management is likely to enhance e-CRM success.

II. LITERATURE REVIEW AND HYPOTHESES

Kaplan & Norton (2001) present their balanced scorecard model (BSC) to measure organizational performance from the four perspectives of finance, customers, innovation and learning, and internal business. Kaplan & Norton’s (2001) suggestion, with its marketing relationship value, closely ties into the core of this study of e-CRM performance of organizations. Thus considerable research suggests that the e-CRM performance in the context of measuring BSC performance could broadly include customer loyalty, internal process efficiency, channel management, and innovation.

E-CRM service is a combination of people, processes and technology and seeks to achieve a better understanding of the buyer-seller relationship. e-CRM has evolved from advances in information technology and organizational changes in customer-focused processes. E-CRM is an integrated approach to managing customer relationships, especially focusing on customer retention and relationship development. It is true that no employee can remember every customer’s preferences and needs, so a large amount of information collection relies heavily on e-technology (Chen & Popovich, 2003). This means that a large percentage of customer interactions will take place over the Internet, rather than directly with employees. When an
institution performs a large amount of customer service, the most e-CRM employees use electronic media to enhance the interaction with their customers. This study concludes that both people and e-service quality are major keys to predicting e-CRM performance. Technology plays an important role in enhancing e-CRM success while at the same time individual employees are necessary in order to build up e-CRM services to their customers.

One successful marketing approach has been described as customers’ psychological contract toward a higher level of satisfaction and trust which enable institutions to become more profitable because they retain customers, rather building new relationships (Chen & Popovich, 2003). When an institution tries to build a new market segment, it has to face challenge and uncertainty, about things such as customer needs, preferences, purchase behaviors, and even price sensitivity. This study concludes that the two roles, satisfaction and trust, are both mediators for predicting e-CRM performance or in other words BSC performance. These conclusions lead to the following hypotheses:

Hypotheses 1a: Customer quality service satisfaction will mediate the relationship between the institution people-service quality and e-CRM performance, measuring BSC performance.

Hypotheses 1b: Customer quality service satisfaction will mediate the relationship between the institution e-service quality and e-CRM performance, measuring BSC performance.

Hypotheses 2a: Customer information trust will mediate the relationship between the institution people-service quality and e-CRM performance, measuring BSC performance.

Hypotheses 2b: Customer information trust will mediate the relationship between the institution e-service quality and e-CRM performance, measuring BSC performance.

III. METHODOLOGY AND RESEARCH DESIGN

Sampling

There are four banks, which have applied e-CRM systems to their customer service in Taiwan recently: Citibank, Chinatrust, Taipei Fubon Bank, and Taiwan HSBC. Questionnaires were distributed to 300 e-CRM experienced customers of these banks in the summer of 2006. These four banks have acted internationally by issuing financial products such as global exquisite articles, international stock funds, and European market funds, etc. This research data-collection was designed to use these sample banks and then analyzed these to build the theoretical relationship.

Statistical Analysis and Tool

Statistical tests using SPSS as a tool for data analysis included:
1) Correlation analysis, 2) Multiple hierarchical regressions, 3) Moderated multiple regression (MMR), 4) A mediation and moderating model approach, 5) Other methods of data analysis included descriptive statistics (e.g. mean and S.D.), factor analysis, reliability analysis, and relevant charts, graphs, and tables.
Measurements, Reliability, and Validity

This section analyzed these research scales: people and e-service quality, service quality satisfaction and information trust, and e-CRM performance for measuring BSC performance. Responses were made using a 5-point Likert-type scale ranging from 1 (strongly disagree) to 5 (strongly agree). A principal-component factor analysis (Rotated Varimax Solution) was used to ensure adequate measures of validity and reliability (Appendix 1) based on the following: 1) each scale’s KMO (Kaiser-Meyer-Olkin Measuring of Sampling Adequacy) exceeded Rice’s (1974) recommendation level of 0.5; 2) each scale’s Bartlett $\chi^2$ was statistically significant; 3) each scale’s reliability (Cronbach’s $\alpha$) exceeded Nunnally’s (1978) recommendation level of 0.7; 4) each scale’s “cumulative explained (%)” exceeded the level of 50.00 %; 5) each factor’s Eigenvalue exceeded Kasier’s (1974) recommended level of 1.000, and each item’s factor component exceeded the level of .500.

Mean Score, Standard Deviation, Reliability, and Correlations

Table 1 shows the correlation coefficients for all variables. It also shows that the highest mean scores were on the “Information Trust” (3.3763) scale. The lowest mean score was on the “e-Service Quality” scale (3.3053). The two highest standard deviation scores are on the “People-Service Quality” scale (.3761) and “Information Trust” scale (.4082). The lowest standard deviation score was on the “e-CRM Performance” scale (.3178).

Table 1 shows the two highest reliabilities were on the “e-CRM Performance” (.8415) and “e-Service Quality” (.8422) scales. The two lowest reliabilities were on the “Quality Service Satisfaction” (.8275) and “People-Service Quality” (.8308) scales. The overall reliability alpha for this study was .8585. All reliabilities on this table exceed Nunnally’s (1978) recommended level of .70.

### TABLE 1: OVERALL CORRELATION

<table>
<thead>
<tr>
<th>Mean</th>
<th>S.D.</th>
<th>$\alpha$</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>3.3258</td>
<td>.3761</td>
<td>.8308</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>3.3053</td>
<td>.3602</td>
<td>.8422</td>
<td>.477**</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>3.3483</td>
<td>.3182</td>
<td>.8275</td>
<td>.575**</td>
<td>.450**</td>
<td>1.000</td>
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<tr>
<td>4</td>
<td>3.3763</td>
<td>.4082</td>
<td>.8386</td>
<td>.532**</td>
<td>.451**</td>
<td>.594**</td>
<td>1.000</td>
</tr>
<tr>
<td>5</td>
<td>3.3205</td>
<td>.3178</td>
<td>.8415</td>
<td>.458**</td>
<td>.524**</td>
<td>.478**</td>
<td>.432**</td>
</tr>
</tbody>
</table>

**.Correlation is significant at the 0.01 level (2-tailed)
1. People-Service Quality; 2. e-Service Quality; 3. Service Quality Satisfaction; 4. Information Trust; 5. e-CRM Performance

Results of Mediating Test

A hierarchical multiple regression analysis of the data and Baron & Kenny’s (1986) suggestion were used for testing for mediation effects. Baron & Kenny (1986) suggested that a variable functions as mediation when the otherwise significant effect of an independent variable is rendered non-significant after controlling for the potential mediating variable. In these hypotheses, trust and satisfaction have mediating roles.
TABLE 2: RESULTS OF MEDIATOR MULTIPLE REGRESSION TO HYPOTHESES 1a to 2b

<table>
<thead>
<tr>
<th>Step</th>
<th>Independent Variables:</th>
<th>e-CRM Performance</th>
<th>β</th>
<th>R²</th>
<th>Δ R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>X1.1: people-Service Quality</td>
<td></td>
<td>.458**</td>
<td>.209**</td>
<td></td>
</tr>
<tr>
<td></td>
<td>X1.2: e-Service Quality</td>
<td></td>
<td>.524**</td>
<td>.275**</td>
<td></td>
</tr>
<tr>
<td>Step2</td>
<td>Mediating Role:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>X2.1: Satisfaction with e-CRM</td>
<td></td>
<td>.478**</td>
<td>.228**</td>
<td></td>
</tr>
<tr>
<td></td>
<td>X2.2: Trust in e-CRM</td>
<td></td>
<td>.432**</td>
<td>.187**</td>
<td></td>
</tr>
<tr>
<td>Step3a</td>
<td></td>
<td>X2.1 (Satisfaction with e-CRM) &amp; X1.1 (people-Service Quality)</td>
<td></td>
<td>.527**</td>
<td>.278**</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X2.1 (Satisfaction with e-CRM) &amp; X1.2 (e-Service Quality)</td>
<td></td>
<td>.590**</td>
<td>.348**</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X2.2 (Trust in e-CRM) &amp; X1.1 (people-Service Quality)</td>
<td></td>
<td>.509**</td>
<td>.259**</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X2.2 (Trust in e-CRM) &amp; X1.2 (e-Service Quality)</td>
<td></td>
<td>.568**</td>
<td>.323**</td>
</tr>
</tbody>
</table>

** sig. ΔF< .01 level (2-tailed); * sig. ΔF< .05 level (2-tailed); a. Independent Variables Entered after Mediating Role

Hypothesis 1a

From Table 2, it can be seen that the first regression analysis showed the independent variable affected the dependent variable. In other words, there was a positive and statistically significant relationship between the predictor of people-service quality and the dependent variable of e-CRM performance (R²= .209**). Based on these regression analyses, therefore, this hypothesis was supported.

Hypothesis 1b

From Table 2 we can see that the first regression analysis showed the independent variable affected the dependent variable. There was a positive and statistically significant relationship between the predictor of e-service quality and the dependent variable of e-CRM performance (R²= .275**). Based on these regression analyses, therefore, this hypothesis was supported.

Hypothesis 2a

From Table 2 we can see that the first regression analysis showed the independent variable affected the dependent variable. There was a positive and statistically significant relationship between the predictor of people-service quality and the dependent variable of e-CRM performance (R²= .209**). Based on these regression analyses, therefore, this hypothesis was supported.
Hypothesis 2b

From Table 2 it can be seen that the first regression analysis showed the independent variable affected the dependent variable. There was a positive and statistically significant relationship between the predictor of e-service quality and the dependent variable of e-CRM performance ($R^2 = .275**$). Based on these regression analyses, therefore, this hypothesis was supported.

IV. DISCUSSION AND CONCLUSION

The major theoretical grounds for this study include: (a) using conceptual CRM to develop and then build the input, process, and output of e-CRM theory; (b) applying the theory of buyer-seller relationship quality to study customer quality service satisfaction and information trust; (c) using customer knowledge management as a tool to help institutions adapt to marketing needs. Among these theoretical studies, we find that when an institution uses e-CRM services with web-based applications to establish and raise levels of satisfaction and trust, this effect results in a favorable interaction relationship and thus can help the institution achieve the so-called “profit-maximizing portfolio” level.

REFERENCES

CHAPTER 21

MANAGEMENT OF DIVERSITY
TEACHING THE TRUTH ABOUT AFFIRMATIVE ACTION
Joel P. Rudin, Rowan University
rudin@rowan.edu

ABSTRACT

Affirmative action is the most controversial and misunderstood subject in the business curricula. Most professors provide misinformation about affirmative action to their students, because most published academic research on affirmative action contains factual errors. The published research also ignores the new reality of affirmative action, which is that the process has become automated and outsourced. The challenge of teaching the truth about affirmative action is magnified because students bring preconceived opinions of affirmative action to the classroom, and they resist information that contradicts their beliefs. By demonstrating the scant economic progress made by women and minorities over the past forty years, it is possible to teach students that affirmative action does not involve hiring quotas or any other meaningful changes to the hiring and promotion practices of the typical employer.

I. INTRODUCTION

Affirmative action must be both the most controversial and the most misunderstood subject in all of the business curricula. One of the reasons that students don’t understand affirmative action is that few of their professors correctly comprehend it. One of the reasons underlying their professors’ ignorance is that most published papers and books about affirmative action contain factual errors.

One of the very few accurate descriptions of affirmative action comes from Crosby (1994), who makes the following points: a) it only applies to the government and to government contractors; b) it requires these organizations to tell the government about differences between their workforce demographics and their labor market demographics (i.e., a factory in a Hispanic neighborhood with no Hispanic employees); c) in addition to revealing these differences to the government, these organizations must show the government that they are trying to reduce these differences through a program that includes goals and timetables (i.e., 10% of employees should be Hispanic by two years from now). “Failure to meet its own goals on its timetables is not taken as proof of an organization’s ill will; all that government requires of its contractors and of itself is the articulation of reasonable goals and a documentable good-faith effort to achieve them” (Crosby, 1994, pp. 16-17).

So affirmative action is correctly understood as a program where government and its contractors are required to try to reduce disparities between their workforce demographics and their labor market demographics. The astute reader will note that the word “quotas” appears nowhere in this correct description of affirmative action. What is perhaps most puzzling about the popular belief that affirmative action requires quotas is that American lawmakers incorporated their distaste for quotas into Title VII of the Civil Rights Act (Stryker, 2001). The 1991 modifications to the Civil Rights Act make it even clearer that the U.S. government does not want employers to tip the scales of the hiring process in order to achieve workforce demographic goals, stating in Section 106 that “it shall be an unlawful employment practice for a
respondent, in connection with the selection or referral of applicants or candidates for employment or promotion, to adjust the scores of, use different cutoff scores for, or otherwise alter the results of, employment related tests on the basis of race, color, religion, sex, or national origin.” Why do so many people believe that quotas are required under affirmative action, whereas the use of hiring quotas is impermissible under the Civil Rights Act if it causes anybody to get hired or promoted who would not have been hired or promoted but for the quotas?

One reason is that students are receiving inaccurate information from their professors about affirmative action, and one reason underlying the professors’ ignorance is the inaccuracy of information about affirmative action as presented in college textbooks. Beeman, Chowdhry, and Todd (2000) survey twenty introductory sociology textbooks that discuss affirmative action, and they find that every textbook contains errors of fact. For example, the textbooks commonly allege that affirmative action is designed to only combat race discrimination in employment, whereas employers must also try to reduce gender imbalances. The textbooks also characterize affirmative action as requiring quotas and preferential treatment, in one case defining affirmative action as follows: “In this policy, quotas based on race (and gender) are used in hiring” (Henslin, 1997, p. 340).

The academic literature is also rife with misinformation about affirmative action. Fryer and Loury (2005) claim to puncture seven myths about affirmative action, the first of which is that affirmative action is possible without quotas. They argue that “the distinction between goals and quotas is dubious, because to implement either a goal or a quota requires that a regulator credibly commit to some (possibly unspoken) schedule of rewards/penalties for an employer or an education institution, as a function of observable and verifiable outcomes” (p. 149). This is erroneous in two respects. First, the distinction between a goal and a quota is crystal-clear: a goal is a desired state of affairs and a quota is one way of achieving certain goals. Second, affirmative action requires governments and government contractors to try rather than to succeed, and effort is both observable and verifiable in this context. For example, an employer with no female scientists might demonstrate that it started recruiting at women’s colleges in order to attract more female applicants. Failure to hire any of the applicants from the women’s colleges does not constitute failure to act affirmatively.

Harper and Reskin (2005, p. 366), claim that “judicial enforcement of Title VII has created the most controversial form of AA – court-ordered hiring or promotion quotas to remedy blatant and long-standing discrimination.” This is erroneous in three respects. First, Title VII does not require any organizations to act affirmatively. Second, affirmative action law does not require organizations to set hiring or promotion quotas. Third, some organizations under court-ordered quotas are not required to act affirmatively because they are neither governments nor government contractors.

Harper and Reskin (2005) describe two types of affirmative action: “hard AA” and “soft AA.” They offer no precise definitions of these terms, but it appears that “hard AA” involves granting preferential treatment to members of historically disadvantaged social groups, whereas “soft AA” pertains to efforts to diversify the applicant pool other than preferential treatment. This description paints a distorted picture of affirmative action regulation. In fact, all affirmative action is “soft AA.” “Hard AA” is not required under affirmative action law and may violate EEO law.
II. THE AUTOMATION AND OUTSOURCING OF AFFIRMATIVE ACTION

Crosby and Clayton (2001, p. 74) claim that “affirmative action policy has two direct positive outcomes. First, affirmative action increases the ethnic and gender diversity in schools and at work. Second, it increases true justice in American society.” Anything that increases true justice is laudable, but the assumption underlying these claims is that affirmative action legislation causes employers to take actions that would not have occurred but for the obligation to act affirmatively. It is true that employers are taking special action in order to meet their legal requirements – they are buying software that automates this task, and they are outsourcing this task to other companies.

An Internet search for “affirmative action software” reveals dozens of companies offering solutions. AAP Comply (www.aapcomply.com) offers this stirring customer testimonial: “Smith Co. approached us with a mandate they received to show affirmative action compliance by the end of the week. They needed an Affirmative Action Plan within 7 days. They utilized the AAP Comply service and received their AAP and certification with time to spare. Their ability to certify that they maintain an active Affirmative Action Program and update it annually enabled them to meet the eligibility requirements to provide services and products to numerous other government agencies AND ALSO to contract with any company who is a prime contractor to the Government. It's been a win-win-win for everyone involved.”

Peopleclick (www.peopleclick.com) promises that it “simplifies affirmative action planning and analysis. The outcome is guaranteed technical compliance with a lower total cost.” Yocom & McKee (www.yocom-mckee.com) sells affirmative action software to “quickly create a professional looking affirmative action plan that complies with all the latest federal government requirements. It eliminates the countless hours it takes to prepare a plan manually, freeing you up for other vital responsibilities.” Berkshire Associates (www.berkshireassociates.com) promises “a complete and compliant plan delivered with minimal work for you and your staff. Recognized as a leader in affirmative action compliance, Berkshire has helped hundreds of companies prepare a comprehensive and OFCCP compliant plan.”

A company called “EEO Made Simple” (www.eeo-madesimple.com) asserts that “every federal contractor can now afford to put a fully compliant affirmative action plan in place. We make it possible! We exist to help our customers stay in compliance at an affordable price. Our fees are hard to beat. Our affirmative action plans have been audited many times by the Office of Federal Contract Compliance Programs and have been found to be in full compliance.” Hudson Mann (www.hudsonmann.com) “offers a turnkey approach to Affirmative Action Outsourcing. We provide a complete AAP for each establishment with all reports and documentation exceeding government requirements.” Employment Practices Solutions (www.epspros.com) sells “all of the tools necessary to implement an appropriate AAP” including “customized boilerplate text delivered electronically in Microsoft Word format to facilitate the organization’s yearly update.”

The astute reader will note that none of these vendors promises to increase diversity at work or true justice. These entrepreneurs have identified a niche in the subfield of human resource management known as “transactional HR” (Cascio, 2005). Such activities, even if conducted excellently, cannot cause an organization to outperform its competitors. By outsourcing them, the busy HR manager can focus on strategic HR activities that create or
sustain competitive advantage. Affirmative action epitomizes transactional HR in contrast to management of diversity, because the goal of affirmative action is legal compliance and the goal of diversity management is business success (Thomas, 1990).

So affirmative action planning has become routinized, automated, and outsourced. This process has been facilitated by technological advances as well as by the strategic HR movement which devalues transactional HR activities such as legal compliance. Companies do not live in fear of sanctions for violating affirmative action legislation, as they recognize that the government does not vigorously enforce these laws (Kelly and Dobbin, 2001). Accordingly, many organizations might not even know what’s in their affirmative action plans. Every vendor promises full legal compliance and touts an unblemished court record, which is not surprising because this sector is so competitive that there is no reason to do business with a vendor that has ever lost a legal challenge to a client’s affirmative action plan. So there are few compelling reasons for customers to read their vendor-created affirmative action plans as long as they trust the vendors.

In summary, the reality of affirmative action is that it is nothing more than another piece of red tape for governments and their contractors, something to worry about once or twice per year and to forget about once it has been assured that the proper reports were submitted on time. The biggest challenge for the typical employer when it comes to affirmative action is choosing a plan vendor. This should be one of the most likely HR activities to be outsourced because it calls on technical expertise that the company may not possess, it is not strategic, and there are many vendors who can effectively perform this task, in fact any qualified employment lawyer could do it if the company provided the necessary workforce demographic information.

The perception of affirmative action is that it represents a massive effort to rectify historical wrongs by offering preferential treatment to people whose ancestors may have suffered employment discrimination prior to the passage of EEO and AA legislation. Thus, teaching the truth about affirmative action is a challenge because perception and reality are polar opposites. The difficulty is magnified by the fact that students are reluctant to change their preconceived notions about diversity-related issues because this creates a state of cognitive dissonance (McFalls and Cobb-Roberts, 2001). In the following section, I present a classroom technique which may convince students that affirmative action legislation has not altered employer behavior.

III. HISTORICAL INCOME DATA AND THE TRUTH ABOUT AFFIRMATIVE ACTION

Data on mean income by race and sex are updated annually and may be found at U.S. Census Bureau (2008). The relative income of disadvantaged groups can easily be determined by dividing their mean income by the mean income of white males. I contrast data from 1965, the first year after the passage of the Civil Rights Act, to data from a more recent year. For example, the 2006 results are as follows:
TABLE 1: MEAN INCOME AS A PERCENTAGE OF WHITE MEN

<table>
<thead>
<tr>
<th>Group</th>
<th>1965</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>White women</td>
<td>40</td>
<td>59</td>
</tr>
<tr>
<td>Black men</td>
<td>56</td>
<td>67</td>
</tr>
<tr>
<td>Black women</td>
<td>29</td>
<td>54</td>
</tr>
</tbody>
</table>

It looks impressive except for the black men, but it isn't. To demonstrate the lack of change, I calculate “year of equality” by linear extrapolation to determine when mean incomes will equalize. First, I calculate the annual rate of change, which for white women is \((59-40)/(2006-1965) = 0.463\). Then I calculate the number of years remaining until equality, which for white women is \((100-59)/0.463 = 88.5\). Finally, I determine the year of equality by adding the number of years remaining to the most recent year and rounding up to the next whole number, which for white women is 2006+88.5 or 2095. The years of equality for black men and black women are 2129 and 2081, respectively.

To overcome cognitive dissonance, I point out to the students that this data comes from the U.S. government, and that the U.S. government has no incentive to underestimate the economic progress of societally disadvantaged groups. Furthermore, the more recent numbers overstate the relative income of women and blacks. This because there are two categories of whites in the data: non-Hispanic whites and all whites. I use the “all whites” data because it predates the passage of the Civil Rights Act whereas non-Hispanic whites have only been classified as a separate category since 1972.

The pedagogical goal of this table is to demonstrate that preferential treatment against white males is rare. It is mathematically impossible for large numbers of white men to be missing out on job opportunities due to hiring quotas and for the “year of equality” numbers to be so large. Companies are not hiring on the basis of quotas, they never have, never do, and never will unless ordered to do so by a judge.

We conduct follow-up assessments in upper-level courses to determine our students’ retention of key facts. One multiple-choice question asks students to complete a sentence that begins with “Since the passage of the Civil Rights Act over forty years ago.” The correct answer is “the average pay of women and minorities continues to lag far behind the average pay of white males in the U.S.” 71% of our students answered this correctly in the most recent assessment. It is possible to teach most students the truth about affirmative action, but only if we as professors stop misinforming them.

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INCORPORATING DIVERSITY THROUGH SERVICE LEARNING

Chynette Nealy, University of Houston-Downtown
nealyc@uhd.edu

Carolyn Ashe, University of Houston-Downtown
ashec@uhd.edu

ABSTRACT

Recognizing the importance of students developing an awareness of social responsibility as it relates to private sector and public goodwill promote analysis of business challenges from a diverse perspective. This article discusses how a real-life situation was used to enhance students’ understanding of service and learning outside the classroom.

I. INTRODUCTION

Hurricane Katrina arrived on the Louisiana Gulf Coast August 2005 with Category 5 winds of 140 miles per hour. In early September, governmental officials in Houston, Texas agreed to receive an estimated 23,000 Katrina victims. A city known for an Astrodome, named the “eighth wonder of the world,” now housed thousands of hurricane evacuees needing shelter, medical and other survival necessities. This short sequence of events is a real-life scenario not a simulated case study. Thus, this tragic event provided an opportunity for a real-world business assignment focusing "habits of the heart."

The term service learning was originally known as “habits of the heart” (Bellah, Madsen, Sullivan, Swidler & Tipton, 1986). This article uses the following definition for the teaching pedagogy:

Service-learning as a form of experiential education . . . where learning occurs through a cycle of action and reflection . . . as students work with others through a process of acting and reflecting to achieve real objectives for the community and deeper understanding and skills for themselves (Eyler & Giles, 1999).

In the following sections we discuss how a disaster was used in a service learning project to help students understand a variety of issues related to individual and professional development. This experience is posited to enhance understanding of social responsibility essential for future business and community leaders.

II. DISCUSSION

Learning occurs when human beings focus their attentions, energies and abilities on solving genuine dilemmas and perplexities (Harkavy & Benson, 1998). Most definitions of service learning suggest that students learn and develop through active participation with opportunities for reflection (Sawyer, 1991; Godfrey, 1999; Drake, 2000; Petkus, 2000). The Katrina disaster can certainly be characterized as a genuine dilemma and perplexity. Subsequent,
activities involved offering students opportunities to use acquired theoretical concepts, develop technical skills and improve interpersonal communication (Brown, 2000).

A variety of business service learning projects designed to promote social responsibility and a deeper understanding of the business discipline during this disaster could have been applied. The project opted to focus on social responsibility as it related to development of such skills as; understanding cultural diversity, communication, ethical reasoning and teamwork. Research supports that service learning experiences related to course objectives have greater learner outcome success than less associated objectives (Austin & Sax, 1998; Eyler & Giles, 1999; Godfrey, 1999; Gray, Ondaatje, Fricker & Geschwind, 2000).

III. METHODOLOGY

The project was designed for consultant teams of five to practice business skills by interacting with and applying business communication to assist displaced Katrina evacuees. Students were assigned to various non-profit agencies with service learning projects ranging from assisting with technological applications to language translations and documentation needed for assistance with social services.

During the project, course material mirrored identified challenges involving:

- cultural diversity (i.e. focus on the individual and listen rather than stereotyping),
- communication (i.e. planning and preparing spoken and written messages),
- ethical reasoning (i.e. determining whether the proposed request is legal and/or pass the light of day test), and
- teamwork (i.e. increasing efficiency by eliminating information barriers).

This approach allowed students to develop and/or enhance alignment of course material to practical applications needed in a real world case study. It also allowed students to build social awareness as it related to their clients, the Katrina population. With this in mind, learning as defined by Dewey, may take place meaning service to the community thereby resulting in an understanding of social responsibility (Harkavy & Benson, 1998).

Practical Application

Students provided service to local non-profit organizations. Each team was required to meet with the organization to determine needs and formulate goals. The majority of the assignments involved collecting oral histories (listening to and documenting for communication (telephone calls to family members, sending electronic mail, directions to social services, etc.) for the evacuees. Team members were instructed to maintain individual logs for self-reflection. The objective was to help students reflect on issues raised at the non-profit agencies for rich dialog during team discussions. These discussions, debriefing sessions, were required in order for students to reflect and identify concepts from the course materials that could be used for effective application and/or development of skills: understanding cultural diversity, communication, ethical reasoning and teamwork. Students were instructed that discussions from their meetings should be used to write an analytical paper and oral presentation for the class. This would be used to assess learner outcomes for evaluation of the service-learning project.
A calendar was provided to students with a timeline for completion. To make sure each team members understood their eventual goals, preliminary and subsequent meetings during the assignment occurred. It was required at the first meeting for team members to identify individual roles and responsibilities in order to reach their team goals. All members had to maintain a log during meetings to ensure different tasks that needed to be addressed and in what order to maintain the timeline. Although a calendar was provided, status reports with timeline updates were required. These reports were needed because some teams required more supervision than others. They also became useful in that teams were able to schedule project exit strategies before the written and oral presentations. Teams used a reflection sheet provided by the instructor to jump start their discussion. The questions were designed to:

- Have teams reflect on their interactions and how effectively they worked together.
- Allow students to write down what they observed as the team worked together.
- Discuss whether everyone participated and/or contributed during the service learning assignment (site visits and other requirements).

Reflection

This application supports the primary aspect of service learning which involve evaluation and/or determine the extent to which objectives were achieved. Learner outcomes are especially important when teaching business applications in an Association for the Advancement of Collegiate Schools of Business (AACSB) accredited programs. In order to comply with accreditation, standards business faculty must ensure that students are exposed to a range of business specific knowledge and skills. Such specifics included but are not limited to: improvement in areas of social awareness and accountability, integration of technology into the classroom that can be used to develop technical skills for industry applications, and awareness of cultural and demographic factors in conducting business (Giles & Eyler 1994; Shannon & Berl, 1997; http://www.aacsb.edu).

Evaluation for this project included three phases before, during and after with four levels of performance measurements:

- reaction which measured participants’ satisfaction;
- learning which measured business skills,
- behavioral modification which measured ethical reasoning and awareness of cultural diversity; and
- results due to participation which measured social responsibility and accountability while servicing stakeholders (Kirkpatrick,1996).

According to Petkus (2000), the activities should engage the learner in concrete experiences allowing for reflection of these experiences. During the cycle, theoretical concepts from course material are conceptualized, applied to learning objectives linked to the service learning project, and transferable skills are developed and/or enhanced for future applications.
IV. CONCLUSION

Specific learner outcomes that accrued to social responsibility Katrina evacuee and non profit organizations were:

- Applied business skills that demonstrated an understanding of cultural diversity;
- Applied business communication skills (verbal, nonverbal, listening, feedback and interpersonal) that demonstrated written and oral competency;
- Applied ethical reasoning while servicing various stakeholders; and
- Applied specific strategies for teamwork during a real world case study (disaster relief).

Evolving brain and learning research studies support individuals retain facts in more detail for a longer period of time if there are emotions involved in the initial learning experience (Tucker, 2004). While the Katrina storm caused a substantial amount of loss it provided a wealth of knowledge to help students understand and enhance their social and business skills with challenges affecting business and non-profit organizations. The overall learner outcomes of this service learning project provided students with a “real issue” that challenged their practical application of business knowledge and skills required to meet the needs of the population being served.

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CHAPTER 22

MANUFACTURING AND SERVICE
ABSTRACT

The growing number of intercultural encounters that has followed globalisation and major immigration flows has led to rising interest in intercultural studies. Actually, many such meetings happen with the mediation of an interpreter, who acts as both a linguistic and cultural mediator. Against this background, the paper analyses encounters in business contexts involving Germans and U.S. Americans. Due to the introductory nature of this presentation, resorting to certain over-generalisations will be rather frequent, especially when dealing with the cultural characteristics of large groups of people. The reason for this is simply to help better identify the three main fields that the research project aims to combine, that is interpreting studies, intercultural studies and German/English business communication.

I. INTRODUCTION

Over time and across disciplines, culture has been defined in innumerable different ways, depending on the field of study and the historical, geographical, social and political context in which the definitions were produced. This paper does not claim that any of these definitions is better than others, but simply emphasises the role that cultural elements play in communication from the interpreter’s perspective.

Successful intercultural communication is very difficult to achieve, as it involves a great number of factors, e.g. language (verbal communication), body gesture (non-verbal communication), the use of time, space and silence, etc., which differ from culture to culture. For all of these reasons, bridging the gap between two people or groups of people who employ an interpreter ‘simply’ because they do not speak the same language is a very delicate task. Admittedly, impartiality is one of the major ethical requirements for interpreters, which means that, as a rule, an interpreter is not allowed to give his/her opinion, or to alter in any way what a speaker expresses through his/her language: “The formulation of the message is the responsibility of the other parties; the interpreter’s responsibility is to interpret” (Gentile, Ozolinis and Vasilakakos 1996, p. 48). However, Taft (1981, p. 59) states that “[...] mediation between cultures requires the communication of ideas and information from one cultural context to the other. This is analogous to the process involved in linguistic translation, even though there is more to mediation than mere translation”. Given that literal translation is generally not considered advisable (Schäffner, 1996; Katan, 1999), it is essential to find out the extent to which an interpreter can ‘mediate’ rather than merely ‘translate’ in order to improve the communication flow.
Of all the aforementioned factors affecting communicative events, this paper will focus only on the style of communication and the use of silence, since these are the elements that require greatest attention on the part of interpreters.

II. HIGH- AND LOW-CONTEXT CULTURES

In order to analyse the complex relationship between culture and communication, I am going to base my observations on the concepts of high- and low-context cultures as defined by anthropologist E.T. Hall. According to this theory, when people communicate, they assume the listener already knows something about the subject under discussion. In low-context communication, the listener knows very little and must be told practically everything. In high-context communication, instead, the listener is already ‘contexted’ and so does not need to be given much background information (Hall, 1989). Of course, no culture can be said as existing exclusively at one end of the scale; it is more correct to say that in each culture more elements of one end or the other will be prevailing. In this respect, we may agree with Vincent Marrelli (1989) who states that a distinction is necessary, for example, also between the high-context cultures of Far Eastern and South East Asia on the one hand and those of the Mediterranean, Eastern Europe, the Middle East and Latin America on the other.

Broadly speaking, most of the Germanic and English-speaking cultures are low-context. Here, communication relies on explicit statements and very little is left to the listener’s interpretation and imagination. In low-context cultures, what is said is more important than how it is said: speakers follow a linear, cause-effect logic, and – especially in business communication – often provide plenty of data and statistics as supporting evidence of what they are stating.

The English language appears as a very effective communication tool for low-context cultures, since it reflects a belief in objective reality and is structured in such a way as to clearly identify agent and action. In addition, English is noted for the vast size of its vocabulary, and words with slightly different meanings enable the language to be used in a very flexible way to express fine variations or shades of thought with great precision and without the need to paraphrase too often. English speakers like messages that are direct, explicit, rational, concise and informationally dense. Therefore, they might find it difficult to interact with a speaker using long, complex sentences and, in some cases, even regard such a communication style as reflecting a lack of commitment and interest on the part of their interlocutor.

High-context cultures attach great importance to implied meaning and non-verbal communication. In these cultures, the communication style is indirect and relies heavily on the listener’s intuition and co-operation:

“People raised in high-context systems expect more of others than do the participants in low-context systems. When talking about something that they have on their minds, a high-context individual will expect his interlocutor to know what’s bothering him, so that he doesn’t have to be specific. The result is that he will think around and around the point, in effect putting all the pieces in place except the crucial one. Placing it properly – this keystone – is the role of his interlocutor. To do this for him is an insult and a violation of his individuality” (Hall, 1989 p. 113).
Platt (2002) states that the interactions happening in high-context cultures are mostly implicit, i.e. coded, circular, indirect. Rather than by the actual utterances, the meaning is carried by the body language, the setting, the relationship between the people involved. For its mixture of low and high context characteristics, Germany is generally placed midway between the high and low ends of the context spectrum, with Southerners closer to the high context end than Northerners.

Mediating an encounter involving speakers who are far from each other on the high/low context scale is quite a complex task for the interpreter. As Angelelli (2000, p. 581) points out, by means of his/her knowledge of the two cultures involved, s/he has to “decode and encode the message in such a way that the meaning and form may transfer into the language of the second party to produce the same effect that they would have produced in an audience who shared the first party’s language”. The ultimate theoretical ideal is that the communication flow must be the same as if there were no translation at all. If we consider translation and interpreting as a “communication of ideas and information” rather than simply the mediation between different linguistic codes, it seems clear that any such process implies a shift from a high context mode to a lower one and vice versa. In this shift, the interpreter alone has the responsibility of providing each interlocutor with the amount of context that is most appropriate in his/her culture to reach complete understanding.

From a more strictly linguistic standpoint, it can be observed that the use of honorifics and of different language registers, closely connected to the culture-specific idea of politeness, also differs greatly from culture to culture and therefore faces the interpreter with difficult choices. “Across cultures […] one recognizes what people are doing in verbal exchanges (e.g. requesting, offering, criticizing, complaining, suggesting) not so much by what they overtly claim to be doing as in the fine linguistic details of their utterances” (Brown and Levinson, 1987 p. 57). Different degrees of politeness may need to be adjusted by the interpreter to the most suitable form in the target language/culture. When translating from English into German, for example, the interpreter may need to transform the generic title Mr or Mrs into one of the more specific professional titles Doktor or Professor, depending on the exact status of the person. Geert Hofstede (2001, p. 21) states that “In some cultures and subcultures, being polite to the other person is more important than supplying correct information”. The consequence of this on the interpreter’s work is that sometimes the ‘filters’ imposed by politeness may make the message quite ambiguous to an outsider and therefore require a higher degree of mediation. In the German/English language combination, it is worth noting that German – like several other languages – has two different ways of addressing a person: Sie is used to show respect or keep one’s distance, and in formal contexts; conversely, du is more informal and shows familiarity or a higher position e.g. an adult to a child. In contrast, English has only one form of address, you, which is used in all situations regardless of the degree of formality. This difference can be conveyed in English only by keeping the language register quite formal when a German uses the Sie form, and a more relaxed one to translate the du form. Wierzbicka (1986) also notes that, when translating a request from German into English, the interpreter should make use of more indirect expressions instead of imperatives.
III. TURN-TAKING AND THE USE OF SILENCE

Discussion styles and the rules of turn-taking play a very important role in communication. This is even more so in events mediated by an interpreter, since each interlocutor will follow his/her own rules, which are dictated by the culture s/he belongs to. For the Anglo-Saxons, when A stops B starts: it is not polite to interrupt. The more verbal Latins, instead, do so quite often: B will frequently interrupt A and vice versa to show how interested s/he is in what the other is saying. Finally, in the oriental style of communication, when A stops, a pause follows, and only after that will B start. Westerners often interpret this moment of silence as a failure in communication, whereas in oriental cultures it is a sign of respect to take some time to process the information without talking oneself (Trompenaars 1997).

Misinterpretation of a different style of discussion in a business encounter may lead to a negative outcome of the meeting. As mentioned above, silence received as an answer to an offer may be perceived by a Westerner as confusion, as a negative response or even as anger at the speaker or the proposal. Conversely, rush to fill the silence or insistence on getting a prompt answer may prove irritating and offensive to an individual belonging to a more ‘listening’ culture.

Since any interpreting event is an intercultural encounter in itself, interpreters translate for people who – besides speaking different languages – have a whole set of values, norms and habits that are specific to their culture and influence their way of communicating. It appears essential, therefore, that the communication strategies of the interlocutors – based on their respective cultures – are mastered by the interpreter both passively (so that s/he can recognise them) and actively (so that s/he can use them appropriately). In this sense, in addition to being bilingual, that is being proficient in the two languages involved in the interaction, the interpreter needs to be bi-cultural, that is have a deep knowledge of and strong ‘feel’ for both cultures, and use this skill to avoid misunderstandings and communication failure.

IV. CONCLUSIONS

The starting stages of this research project have shown a great potential for further research to be carried out in the field of interpreting as a form of intercultural communication. Hopefully, through the combination of empirical data and theoretical analysis the multidisciplinary approach of this study will contribute interesting insights into several disciplines, ranging from intercultural communication to interpreter training and business communication.

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ABSTRACT

Market readiness and market responsiveness have always been quintessential to the success of a competitive strategy. Due to the ever-shorter life cycles of technology-based products, these consumer goods are necessitating a higher level of market readiness and market responsiveness than any other industrial product or service making its debuts in competitive markets. The literature on the effects of technology on supplier selection reveals a lack of empirical studies dealing with the market readiness and responsiveness of suppliers being considered for strategic partners in a competitive strategy. The present study is going to capitalize on the construct of suppliers’ technology demand receptivity to test empirically the impact of technological capability on the supplier selection process.

I. INTRODUCTION

Bettis and Hitt developed a conceptual model of technology demand receptivity (TDR) in 1995. Schatzel, Iles and Kiyak (2005) called on researchers to empirically test their model in order to “further throw light on technology demand signal receptivity and factors that influence it”. This paper is in part a response to the challenge to researchers thrown by Schatzel, Iles and Kiyak in 2005. This study, however, has a slight twist to the original model and attempts to empirically examine how suppliers’ technological demand receptivity impacts manufacturers’ choice of suppliers rather than examining the influence of technology demand receptivity on suppliers’ new product development cycle-time proposed in the original conceptual model of 2005.

II. TECHNOLOGY DEMAND RECEPTIVITY

The term ‘technology demand receptivity’ was coined by Schatzel, Iles and Kiyak (2005) to describe suppliers’ capability to pick technology demand signals from manufacturing customers. Consequently, this receptivity enables suppliers to evoke their R&D machinery, to develop and to supply technological need-satisfying materials in a timely manner, parts as well as components in order to enhance the speed-to-market competitive advantage of their industrial customers (Schatzel, Iles and Kiyak, 2005). Technological demand receptivity is similar to the concept of robust design capability espoused by Bettis and Hitt in 1995 and Swan, Kotabe & Allred in 2005. Kotha (1995); Garud and Kumaraswamy (1993); Sanchez and Mahoney (1996); Teece, Pisano and Shuen (1997); Bsat and Swaidan (2005); and Sanchez (1999) all agree that firms create sustainable competitive advantage by being able to anticipate changing customer needs and responding proactively in a fast changing business environment.
Technology demand receptivity focuses on the boundary spanning the communication effectiveness of suppliers in picking signals for new technology requirements of their industrial customers without necessarily being informed explicitly about the needs of their industrial customers; then, translating these signals into new product development. Technology demand receptivity captures the agility of suppliers in putting in motion a new product design from the inception of the technology-driven signal-sensing to the speed-to-market with which the new product is rolled out to the industrial market. This speed-to-market advantage tends to cascade downstream in the supply chain, giving industrial buyers a similar advantage downstream in the consumer market. Thus, it is expected that industrial buyers in the manufacturing sector will prefer suppliers with better technology demand receptivity over suppliers with lesser technology demand receptivity.

Response time is also critical in achieving a competitive edge gained from being a first-mover in the market (Bsat and Beckers (2006); Kerin, Varadarajan and Peterson 1992; Lieberman and Montgomery 1988). Firms that sense technology demand signals quicker in their environment and have the shortest lead time between signal-sensing and product-to-market will lead the pack in competitive advantage. However, in situations where competing suppliers have similar capabilities in product development, the shortness of the lag between the time technological demand signals is received and the time product development commences becomes the key factor in reaching the market first (Schatzel, Iles and Kiyak 2005; Stalk 1988). The lag between reception of technological demand signal and commencement of new product development is influenced by the degree of structural inertia embedded in the organization of the supplier firm, the supplier firm’s environmental uncertainty, and the supplier firm’s product-market concentration.

III. CONCEPTUAL MODEL

It is hypothesized that a supplier firm’s technology demand receptivity positively impacts manufacturers’ selection of that firm as a supplier. A supplier’s technology demand receptivity is determined by the supplier’s environmental uncertainty and structural inertia (Schatzel, Iles & Kiyak 2005). Structural inertia and environmental uncertainty are two antecedents that directly impact a supplier firm’s technology demand receptivity. While environmental uncertainty influences technology demand receptivity positively, structural inertia tends to have a negative impact on technology demand receptivity. The supplier firm’s product-market concentration does also affect positively its structural inertia. Structural inertia tends to have a negative influence on both the supplier firm’s perception of environmental uncertainty and technology demand receptivity.

IV. ENVIRONMENTAL UNCERTAINTY

Environmental uncertainty describes the extent to which managers are unable to predict the business environment that surrounds them because of inadequate information, including not knowing exactly what the customer wants (Milikin 1987; Hargadon and Yellowless 2001). After reviewing the works of Hambrick (1982); Millikin (1987); Buchko (1994); Brown and Utterback (1985); Eisenhardt (1989); Achorol & Stern (1988); and Bourgeois and Eisenhardt (1988), Schatzel, Iles and Kiyak propositioned in 2005 that technology demand receptivity is positively related to environmental uncertainty. This assumption was supported by Swan, Kotabe and
Allred who cited in their 2005 study that environmental uncertainty moderates the relationship between robust product design (a construct similar to technology demand receptivity) and speed-to-market performance of industrial firms. Suppliers tend to intensify their boundary spanning information search as a result of perceived environmental uncertainty. This activity leads them to receive technology demand signals from the industrial market. Based on the proposition of Schatzel, Iles and Kiyak (2005), it is hypothesized that:

H1: There is a positive association between Environmental Uncertainty and Technology Demand Receptivity of supplier firms.

V. STRUCTURAL INERTIA

Structural inertia refers to the slow agility of organizations to respond to environmental dynamics as a result of built-in rigidity stemming from standardized procedures and processes that were put in place to reduce uncertainty levels, make organizations more efficient in order to enhance and to ensure consistency in their performance. As organizations become more formally structured as well as efficient, and as their operating procedures become more streamlined, their ability to respond quickly to environmental dynamics becomes more developed but tends to erode (Betton and Dess 1987; Hannan and Freeman 1984 and 1977; Dean and Snell 1991). Based on this observation and on the proposition of Schatzel, Iles and Kiyak (2005), it is hypothesized that:

H2: There is a negative association between Technology Demand Receptivity and Structural Inertia of supplier firms.

H3: Structural Inertia of supplier firms negatively moderates the relationship between Environmental Uncertainty and their Technology Demand Receptivity.

VI. PRODUCT-MARKET CONCENTRATION

Product market concentration describes the extent that a firm’s line of products is consistent, rather than long. Thus, a firm that produces closely-related products is said to have a higher product-market concentration than a firm that has diversified and less related products in its product line. A high level of product-market concentration will contribute to structural inertia because the various products can share production facilities, leading to standardization of manufacturing processes and administrative procedures. This standardization of manufacturing processes and administrative procedures tends to reinforce structural inertia (Miller and Friesen 1980; Zahra and Covin 1993). Therefore, it is hypothesized that:

H4: Product-Market concentration has a positive relationship with supplier firms’ Structural Inertia and moderates the relationship between Structural Inertia and Technology Demand Receptivity.

Manufacturing firms that reach the consumer market first with new product innovations will have acquire an edge over their competitors (holding other factors constant). Assumably, manufacturing firms prefer suppliers with relatively better technology demand receptivity over
suppliers that are less responsive to the technology needs of manufacturers. It is therefore hypothesized that:

\[ \text{H5: Suppliers’ Technology Demand Receptivity is positively associated with manufacturers’ Selection of Suppliers.} \]

VII. METHOD OF DATA COLLECTION

A web-based survey of members in the Institute of Supply Chain Management (ISM) will be used to collect data through the SurveyMonkey.com web service. An email containing a link to the web page where the questionnaire is housed will be sent to the chairpersons of targeted industrial groups within ISM whose members have been identified as potential respondents in this survey, because these members are mostly supply chain practitioners in manufacturing industries.

The SurveyMonkey.com web-based survey service is flexible and enables a researcher to create a professional online survey quickly and easily. The financial cost of using the web-based service is going to be relatively low and will fit a relatively tight budget. It enables the researcher to reach many potential respondents without being constrained by their geographical location. Data captured also will not be subject to researcher error as the data will be directly downloaded into the SPSS and the LISREL software for analysis.

VIII. ENVIRONMENTAL UNCERTAINTY

Six subscales capturing environmental uncertainty were identified from Miller’s (1993) perceived environmental uncertainty (PEU) scale that have been retested by Lewis & Harvey in 2001, demonstrating their reliability and validity. Four of the adopted Uncertainty subscales: namely; Product Changes (with factor loading of 0.60), Changes in Product Quality (with factor loading of 0.56), New Product Introductions (with factor loading of 0.60) and Changes in Production Process (with factor loading of 0.51) were grouped under the factor of Technology in Industry by Lewis & Harvey (2001). The remaining two subscales included in this study are availability of substitute products and customer preference. They both loaded 0.77 and 0.44 respectively on the factor labeled ‘Products, Markets, and Demand’ by Lewis and Harvey in 2001. Even though the Customer Preference subscale’s loading was below 0.50, it has been included in the present study because uncertainty in customer preference (Thompson 1967; Miller 1993) is important to suppliers’ responsiveness to industrial customer’s technology demands. Thus, the six subscales (with the exception of Customer Preference) have been proven reliable in the study of Lewis and Harvey (2001) and are relevant to Technology, Products, Markets, and Demand, warranting their inclusion in this study.

IX. STRUCTURAL INERTIA

The structural inertia construct will be captured by a seven item subscale derived from grounded theory. These subscales are: Centralization, Integration, Bureaucracy, Formalization, Standardization, Automation, and Specialization (Inkson, Pugh, and Hickson 1970; Khandwalla 1977; Miller 1987; Van de Ven 1979; Blackburn 1982; Frederickson 1986).
X. PRODUCT-MARKET CONCENTRATION

The product-market concentration scale is derived from four subscales; namely, Closeness of Products in the Supplier’s Product Line, Extent of Diversification in Supplier’s Market, Extent of Diversification in Industries Being Served by the Supplier, and the Breadth of the Supplier’s Product Category. These subscales were based on grounded literature, as there are no existing scales in the literature.

XI. TECHNOLOGY DEMAND RECEPIIVITY

Four subscales are used to capture the constructs of Technology Demand Receptivity of Suppliers: namely, General Environmental Scanning Activity for Technological Information, Frequency of General Product Innovation, Communication with Industrial Customers’ Specifically to Identify their Technology Needs, and Modification of Products to Suit Specific Customers’ Needs.

XII. TECHNOLOGY BASED CRITERIA FOR SUPPLIER SELECTION

The supplier selection scale was represented by four subscales: namely, Environmental Scanning Capability, Capacity to Rapidly Change Technology, Research and Development Capability, and Extent of Industrial Customer’s Belief that Leading Edge Technology gives their firm a competitive advantage.

XIII. RESPONSE FORMAT

The questionnaire employs a five-point Likert scale for questions relating to the latent variables of the study. Multi-chotomous, dichotomous, and band answer options are used to ease and speed up completion of the questionnaire as well as to reduce sensitivity of the respondents to personal issues that promote a higher response rate. The electronic web-based survey is designed in such a way that a question has to be answered before the respondent can proceed to answering the next question. This is done in order to ensure that there is no missing data in the completed questionnaires.

XIV. CONCLUSION

It is expected that the model will be statistically supported. That is, Product-Market Concentration is expected to have a positive relationship with Structural Inertial, and Structural Inertia is anticipated to have a negative impact on both Environmental Uncertainty and Technology Demand Receptivity. Environmental Uncertainty is expected to have a positive effect on Technology Demand Receptivity, while Structural Inertia is expected to have a negative effect on Technology Demand Receptivity. Finally, we expect Technology Demand Receptivity to have a positive association with Supplier Selection.

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REFLECTIONS ON THE ROLE OF GOVERNMENT ORGANIZATIONS IN DEVELOPING SKILLED MANPOWER IN THE EMERGING ECONOMIES

Iraj Mahdavi, National University
imahdavi@nu.edu

ABSTRACT

One of the most significant problems encountered by global companies planning to outsource their production to developing countries; and indeed the greatest challenge facing such countries is lack of sufficiently large pool of skilled labor. There are many alternative courses of action available to the parties involved in this circumstance. This paper attempts to outline the key roles that government owned industrial companies may assume, beyond their narrower business objectives, to address the fundamental problem of developing skilled manpower in the emerging economies.

I. INTRODUCTION

Globalization of business is a well established fact of business life in this first decade of the twenty first century. To put it simply, it points to the expanding arena of business towards a global market for capital, labor, technology and market. It underlines the new bases of business strategic and tactical decisions. And it points out to the necessity of considering global factors of production and marketing by business managers.

Thus, decision makers do not have only to consider what is available to them, and to their competitors, in terms of, say, capital or labor in their own country, they have to consider a global perspective of these factors in their deliberations. Hence, this expanded arena of business operation further complicates adoption of a strategic approach to management by executives.

An additional factor exasperating the complexity of the situation is the fact that the world business connections have not expanded evenly throughout the globe to allow truly unrestricted movement of factors of production from one country to another; nor has the distribution of factors of production has uniformly covered the global business sites. All indications point to the fact that the present limitations on mobility of these factors will remain more or less at the present level for at least the next two or three decades. Political, national interest and national security considerations, to name only a few, are the dominant forces that do not allow effective and discernible change in the foreseeable future. So, at least for the near to mid-range future global businessmen need to address their resource needs within the context of the present political, legal and national boundaries.

Among the many factors of production and their availability on the global scale skilled labor seems not to have received the attention that it requires. In this paper, in an effort to shed some light on the subject, problems related to this issue will be considered in general briefly and the role that government owned corporations can perform to address this problem will be discussed in particular.
II. LITERATURE REVIEW

Issues and concerns about skilled workers in developing economies are not new. These concerns have been reflected occasionally in academic literature. Walter Galenson’s article (1956) on training industrial skilled workers in the Soviet Union is a good example indicating the necessity of planned programs to address this issue. There are many more recent articles on the topic of skilled workers in the developing countries, mostly related to the information technologies, issues related to the use of well trained labor in this area, and problems of migration of these workers from the less developed to the more developed countries. Scott Hazelhurst, (2001) emphatically refers to this phenomenon; while trends in off-shoring of IT services constitute the theme of quite a number of news articles and other internet entries. See for instance, several articles in the 2007 and 2008 issues of Outsourcing News and Top Outsourcing Deals, (August 21, 2007; Dec. 21, 2007; January 9, 2008; April 17, 2008; and April 19, 2008).

On the subject of developing non-IT skilled labor in the developing countries mentioning several articles should suffice to indicate the topics of the most immediate concerns for scholars in this field. See, for instance: Imbert (1990) on human issues in the construction industry in developing countries; Jaywardane and Gunawardena (1998), on nature and composition of skilled and semi-skilled workers in developing countries; Beerepoot (2004) on the role of skilled workers in small clusters related to diffusion of knowledge and skill; and Sydhagen and Cunningham, (2007) on issues related to developing skilled workers in the sub-Saharan Africa, and finally Lobo and Wilkinson (2008) on new approaches to address issues of skill shortage in New Zealand.

There are also those writers who approach the subject from the economics perspective whose work will be cited in the following paragraphs and pages.

III. LABOR NEEDS OF GLOBAL BUSINESS

Although one of the most generally perceived reason for globalization of business seems to be tapping the cheap labor presumably available in the less developed countries, in fact labor in these countries is neither cheap nor readily available. In most developing countries there is a profound shortage of skilled and semi-skilled labor. In these economies there are very few institutions similar to those in the developed societies that help create a corps of workers who possess basic knowledge and skills required to run and to work in modern industrial plants. In the short run, the more elaborate and skill-intensive operations take place in the more developed countries and the simplest forms of manufacturing is adopted in the least developed countries. Even in these situations there are certain aspects of running such plants, such as maintenance, repair, etc., that require skilled labor. These tasks are usually given to the better skilled expatriate or third country workers usually from the more developed countries.

When a multi-national corporation moves into a developing country the cost associated with developing the needed corps of skilled and semi skilled laborers are mostly borne not by the incoming foreign company but by the governments of these countries. In this context, skilled labor, in many emerging countries is regarded as part of the basic economic infrastructure that needs to be developed in order to attract and retain foreign investment in their countries.

Even with this view point international and global companies face many labor related issues and problems in developing countries most of which relate to the very newness of skills
required by Western technology; manufacturing standards and methods. Although many foreign companies employ host country companies as vendors, thus shielding themselves from the many complicated labor concerns, they are, nevertheless involved and affected by these issues. To start, one needs only review the recent years’ news about third world countries’ conditions of work; child labor; safety and health in the work place, as reported almost every day. These are complex matters against which foreign companies cannot seek sanctuary in their independent supplier arrangements. Witness the Nike labor problems in Viet Nam, and Wal-Mart in China.

Regardless of all these issues, one major concern remains unsolved for the global companies planning to establish manufacturing and or after-sale service centers in developing countries: namely securing the skilled manpower needed to work in such plants. This predicament is exasperated in economies that are especially growing fast, and countries where modernization/industrialization has assumed an especially fast pace. Several scholars have written extensively on this very phenomenon and its periphery problems. The most important issues relevant to the present paper are those of the growing disparity between the skilled and unskilled workers as economic development proceeds. As this gap enlarges motivation to learn skilled trade among the unskilled increases, and on the other hand frustration among them escalates due to lack of easily accessible opportunity to acquire desired skills. At the same time, demand for skilled labor becomes so high that a competitive environment for attraction and retention of these workers develops among the industrial and service companies. See Wood (1995); Berman et.al (1998); Gopinath and Chen, (2003); Abizadeh and Tosun (2007); and Ngo Van Long, et.al (2007). Thus, global companies must not only face the problem of shortage of skilled workers, they also need to consider competition, and sometimes fierce competition, with other companies for the very same limited pool of skilled and semi-skilled labor. In such circumstances it is not unusual to see workers leaving employment of one company after a relatively short time to go to work for the competition down the street. It was a common practice in the California Silicon Valley in the late 1980’s and most of the 1990’s. It is an increasingly common phenomenon in the developing countries.

IV. GOVERNMENT ORGANIZATIONS AND STATE-OWNED CORPORATIONS’ LABOR NEEDS

One factor that can have a degree of stabilizing effect on this volatile situation is the potential role that government owned companies can play in developing the skilled labor pool in the economy. These companies which are generally fully, or partially owned by the state, usually train their own workers, due to several factors, most important of which is the remoteness of their plant locations from the economic centers of the country. Since the normal principles of revenue and profit do not normally apply to these companies’ operation, they are able to tolerate large training expenses.

On the other hand, being owned by the government these corporations are under extra restrictions as to the level and amount of salaries and wages they pay to their workers. Inflation in many developing countries is a constantly present and feared danger. A significant policy decisions in these countries is to control and limit wages and salaries paid to the working and other wage earning classes. Government organizations and government owned corporations are therefore under particularly close scrutiny and pressure to control and limit their payrolls. As a result, such organizations and companies are almost always constrained in their ability to compete for highly qualified workers, even professionals, in their country.
A strategy that is being adopted increasingly by government organizations and corporations to tackle this problem of chronic shortage of skilled personnel is to train for required labor in their own facilities in numbers far above their own predicted needs. This strategy allows the company to have a more or less stable work force, even with unusually high rate of turn-over. At the same time, managers of such organizations recognize and fulfill a mandate which only organizations in similar circumstance appreciate: the special responsibility of supplying needed skilled manpower to the particular segment of the economy and the national economy at large.

In the long run managements’ understanding of this special role and mandate of the government organizations and state-owned companies does not only help them fulfill their narrower business objectives, but also help their countries in the larger socio-economic development and growth.

REFERENCES


A (0-1) GOAL PROGRAMMING MODEL FOR FLOW-SHOP SCHEDULING PROBLEM

Seyed Mohamad Seyedhoseini, Iran University of Science & Technology
seyedhosseini@iust.ac.ir

Shahrooz Bamdad, Iran University of Science & Technology
Sh_bamdad@yahoo.com

ABSTRACT

In this paper the flow-shop scheduling problem is modeled using a (0-1) goal programming model. First we develop a model which is a combination of Binary Integer Programming (BIP) and Goal Programming (GP) for the flow-shop scheduling problem with 1 machine and n jobs. Then we compare it with SPT (Shortest Period Time) and EDD (Earliest Due Date) Sequences and discuss about advantages and disadvantages of proposed model analytically. In this model we show that how can we consider total due date and weighted jobs in the scheduling flow-shop problem. Also it is shown that how tardiness and earliness can be considered. A numerical example is introduced to show the results which is shown that this model is powerful and suitable. The main contribution of this paper is in problem identification and development of an appropriate mathematical model for flow-shop scheduling problem.

I. INTRODUCTION

The flow-shop scheduling problem has captured attentions in many papers, but the objective function of most of them is to minimize the makespan. Though our work considers Due Date by introducing an BIP GP model for flow-shop scheduling problem of 1 machine with n jobs. Developing an BIP GP model for this problem will increase the number of variables and constraints significantly, but simply can consider Due Date, tardiness, earliness and weighted jobs. By using this model, the variables and constraints of the problem will grow increasingly, but it will be shown that other objective functions in addition to makespan can be optimized. The main contribution of our work is that the weighted jobs can be considered in this model.

In this paper the flow-shop scheduling problem is modeled by goal programming. Several authors have used GP as an optimization technique Like: Sang Lee et al., (1978) have considered the problem of scheduling n jobs and m machines in the case of multi-objective. They have modeled this problem using goal programming. There were three separate production lines which integrate into a single inspection station. Selen et al., (1986) have presented a mixed integer goal programming model of the flow-shop scheduling problem with n jobs and m machines with no in-process waiting, i.e. no intermediate queues. The best sequence has derived by user selection of the preemptive goals i.e. makespan, flow time and machine idle time. Sherif Lashine, et al., (1991) have introduced a non-linear mixed integer goal programming model of a two machine closed flow-shop scheduling problem in the case of deterministic and static. They have integrated cost goals which consist of: setup costs, finished goods holding costs, machine idle costs, and work-in-process inventory costs; and production goals that including makespan, mean tardiness, mean flow time, and capacity between runs and end shop capacity. Kun-si Lin, (1981) has developed a model to solve the parallel machine tardiness problem which different
machines are allowed to have different processing speed on a job. Firstly, the solution has developed for one machine and then has extended into general m machine. Chand et al., (1988) developed a model for the single machine flow-shop scheduling problem to minimize the total weighted earliness subject to no tardy jobs. Anglani et al., (2005) have proposed a fuzzy mathematical programming model with uncertainty in processing time with considering a trade-off between total setup cost and robustness in demand satisfaction. Also Tamiz et al. (1998); and Aouni et al. (2001) have shown that the goal programming is a proper decision analysis technique when decision maker confronting complex multi objectives with intricate environment constraints.

II. PROBLEM DESCRIPTION

There are a flow-shop manufacturing system, with 1 machine and n jobs ready to be processed at time 0. Set up times are added to process time and no interruption of processing jobs is acceptable. No overlap is acceptable, it means that a job can’t be processed until the prior job be finished. All jobs have Due Date and our objective function is to minimize the deviation between Due Date and the completeness time of each job. First, we introduce an BIP GP model to minimize total completeness time and afterwards we mention Due Date.

III. DEVELOPING THE MODEL

Goal programming - Initially, Charnes et al. (1955) introduced GP in a paper about executive compensation method. In GP model, multiple objectives can be considered. The GP model attempts to minimize the difference between goals and calculated results. The general model of goal programming is as follows which was introduced by Kwak et al. (1991):

$$\text{Min} \sum_{i} P_i (w_i^+d_i^+ + w_i^-d_i^-)$$

s.t. $$C_1^+X + d_i^+ + d_i^- = t_i$$

$$\vdots$$

$$C_k^+X + d_k^+ + d_k^- = t_k$$

$$X \in S$$

$$d_i^+, d_i^- \geq 0$$

in which $P_i$ is preemptive function assigned to each goal where $P_1 > P_2 > \ldots > P_k$. $t_i$ are the target value of each goal. $d_i^+$ and $d_i^-$ define the difference between each objective and its target. Also $w_i^+$ and $w_i^-$ are weights which show the importance of each $d_i^+$ or $d_i^-$. There are two types of constraints in GP: Hard constraints which can not be violated, and Soft constraints which can be violated and still it is feasible. The objective function will be the deviation of each soft constraint from its goal.

BIP- GP model for the flow-shop scheduling problem - In developing BIP-GP, one machine and n jobs has been considered as:  

Symbols used:

- $j$ stands for jobs, $j=1,2,\ldots,n$
- $i$ stands for sequence, $i=1,2,\ldots,n$
n = number of jobs  
$t_j$ = duration of $j$th job  
$d_j$ = Due Date of $j$th job

Decision variable:  $x_{ij} = \begin{cases} 
1; & \text{if ith job has the jth sequence} \\
0; & \text{otherwise} 
\end{cases}$

**Soft constraints** - Consider each sequence of $j$ jobs ($j!$). For example: $[1,2,...,n]$. This sequence lead to constraint (1), which shows that if job 1, has the first sequence, its deviation of completion ($t_1$) from its Due Date ($d_1$) should be considered. Similarly Constraint (2) specify that if job 1 has the first sequence and job 2 be the second one, deviation of sum of the duration of jobs 1 and 2 ($t_1+t_2$), from Due Date of job 2 ($d_2$) should be determined, and so on. Constraint (3) can be written likely.

$t_1 x_{11} = d_1 \quad (1)$
$t_1 x_{11} + t_2 x_{22} = d_2 \quad (2)$
$\vdots$
$t_1 x_{11} + t_2 x_{22} + t_3 x_{33} + \ldots + t_n x_{nn} = d_n \quad (3)$

Constraints (1), (2) and (3), should be written for all possible sequences of $j$ jobs ($j!$). If we consider the last sequence as $[n,n-1,n-2,...,2,1]$, constraints (1), (2) and (3) are as follows: ((4), (5), (6))

$t_n x_{nn} = d_n \quad (4)$
$t_n x_{nn} + t_{n-1} x_{n-n-1,2} = d_{n-1} \quad (5)$
$\vdots$
$t_n x_{nn} + t_{n-1} x_{n-n-1,2} + t_{n-2} x_{n-n-2,3} + \ldots + t_1 x_{1n} = d_1 \quad (6)$

Constraint (4) shows that if job $n$ has the first sequence, the deviation of its completion ($t_n$) from its Due Date ($d_n$) should be noticed. Job $n-1$ is in second sequence after job $n$. The completion of this job is equal to sum of the duration of jobs $n$ and $n-1$ ($t_n+t_{n-1}$); Which the deviation of this time from Due Date of job $n-1$, ($d_{n-1}$), is considered in constraint (5). Also constraint (6) shows deviation of completion of all jobs ($t_n+t_{n-1}+\ldots+t_2+t_1$) with sequence of $[n,n-1,n-2,...,2,1]$ from Due Date of the last job, $d_1$.

The number of soft constraints is: $n(n!)$

**Hard constraints** - According to our assumption, that there is no set-up time, constraint (7) below are used to ensure that if jobs be in any sequence, their total time must be equal to sum of the duration of all jobs.

$(t_1 x_{11} + t_2 x_{21} + \ldots + t_n x_{nn}) + (t_1 x_{12} + t_2 x_{22} + \ldots + t_n x_{nn}) + \ldots + (t_1 x_{1n} + t_2 x_{2m} + \ldots + t_n x_{nn}) = \sum_{j=1}^{n} t_j \quad (7)$

In each period of time, one and only one job must be done and the overlap of jobs is not acceptable. (Constraints (8), (9), and (10)).
Formulating goals

For each sequence we need \( n \) goals. For example expressions (11), (12) and (13) minimize the sum of deviational variables corresponding to the soft constraint (1), (2) and (3) respectively.

\[
\begin{align*}
x_{11} + x_{21} + \ldots + x_{n1} &= 1 \quad (8) \\
x_{12} + x_{22} + \ldots + x_{n2} &= 1 \quad (9) \\
\vdots \\
x_{1n} + x_{2n} + \ldots + x_{mn} &= 1 \quad (10)
\end{align*}
\]

Similarly, following expressions minimize the sum of deviational variables corresponding to the soft constraint (4), (5) and (6) respectively.

\[
\begin{align*}
t_1 x_{11} + p_{i1}^x - q_{i1}^x &= d_1 \quad (11) \\
t_1 x_{11} + t_1 x_{12} + p_{12}^x - q_{12}^x &= d_2 \quad (12) \\
\vdots \\
t_1 x_{11} + t_1 x_{12} + \ldots + t_n x_{mn} + p_{1n}^x - q_{1n}^x &= d_n \quad (13)
\end{align*}
\]

Assigning importance weights

In our proposed model, identifying importance levels is relatively straightforward as we consider that the weights of goals are equal. Anyway, the model has the capability of assigning different weights to goals to determine weighted jobs.

GP objective function

We want to propose a model that minimize the total deviation of due date from completing time of any jobs. Indeed, we want to minimize \( d_j - t_j x_{ij} \). So the objective function is as follow:

\[
\text{Min} \quad |d_j - t_j x_{ij}| \quad ; \quad j = 1, \ldots, n \quad , \quad i = 1, \ldots, n \quad (17)
\]

Equation (17) is non-linear, hence, with the following conversion we transform it into a linear function.

\[
\begin{align*}
|d_j - t_j x_{ij}| &= p_j^+ + q_j^- \\
d_j - t_j x_{ij} &= p_j^+ - q_j^- \quad (18)
\end{align*}
\]
Expression (18) settle in objective function and expression (19) settle in constraints which stated earlier on formulating goals. Considering that we want to minimize the deviations of $t_j x_{ij}$ from $d_j$, so the objective function is as follow:

$$\text{Min } q_j \quad ; \quad j = 1, \ldots, n \quad (20)$$

The full goal programming model: The full goal programming model incorporates the objective functions, soft constraints and hard constraints specified earlier. Thus the GP model has objective function same as equation (20) and $(n + 2) + (n \times n!)$ constraints (7)–(16).

A numerical example

In this section, the BIP GP model proposed in the previous section is applied to an example. The following data, shown in table 1, are used in the model.

<table>
<thead>
<tr>
<th>$j$</th>
<th>$t_j$</th>
<th>$d_j$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>3</td>
<td>6</td>
<td>8</td>
</tr>
</tbody>
</table>
Decision variable: \( x_{ij} = \begin{cases} 1; & \text{if } i \text{th job has the } j \text{th sequence} \\ 0; & \text{otherwise} \end{cases} \); \( i = 1, 2, 3; j = 1, 2, 3 \)

All sequences of 3 jobs are: \([1,2,3],[1,3,2],[2,1,3],[2,3,1],[3,1,2],[3,2,1]\)

So the model is as follows:

\[
\begin{align*}
\text{Min} & \quad q_1^r + q_1^l + q_2^r + q_2^l + q_3^r + q_3^l + q_4^r + q_4^l + q_5^r + q_5^l + \ldots \\
\text{S.T.:} & \quad \{ \text{Sequence} \ 1,2,3 \} \\
& \quad 3x_{11} + p_1^r - q_1^l = 10; \quad 3x_{11} + 2x_{22} + p_1^r - q_1^l = 6; \quad 3x_{11} + 2x_{22} + 6x_{33} + p_1^r - q_1^l = 8 \\
& \quad \{ \text{Sequence} \ 1,3,2 \} \\
& \quad 3x_{11} + p_2^r - q_2^l = 10; \quad 3x_{11} + 6x_{33} + p_2^r - q_2^l = 8; \quad 3x_{11} + 6x_{33} + 2x_{23} + p_2^r - q_2^l = 6 \\
& \quad \{ \text{Sequence} \ 2,1,3 \} \\
& \quad 2x_{21} + p_3^r - q_3^l = 6; \quad 2x_{21} + 3x_{12} + p_3^r - q_3^l = 10; \quad 2x_{21} + 3x_{12} + 6x_{33} + p_3^r - q_3^l = 8 \\
& \quad \{ \text{Sequence} \ 2,3,1 \} \\
& \quad 2x_{21} + p_4^r - q_4^l = 6; \quad 2x_{21} + 6x_{33} + p_4^r - q_4^l = 8; \quad 2x_{21} + 6x_{33} + 3x_{13} + p_4^r - q_4^l = 10 \\
& \quad \{ \text{Sequence} \ 3,1,2 \} \\
& \quad 6x_{31} + p_5^r - q_5^l = 8; \quad 6x_{31} + 3x_{12} + p_5^r - q_5^l = 10; \quad 6x_{31} + 3x_{12} + 2x_{23} + p_5^r - q_5^l = 6 \\
& \quad \{ \text{Sequence} \ 3,2,1 \} \\
& \quad 6x_{31} + p_6^r - q_6^l = 8; \quad 6x_{31} + 2x_{22} + p_6^r - q_6^l = 6; \quad 6x_{31} + 2x_{22} + 3x_{13} + p_6^r - q_6^l = 10 \\
& \quad 3x_{11} + 2x_{21} + 6x_{31} + 3x_{12} + 2x_{22} + 6x_{32} + 3x_{13} + 2x_{23} + 6x_{33} = 11 \\
& \quad x_{11} + x_{21} + x_{31} = 1 \\
& \quad x_{12} + x_{22} + x_{32} = 1 \\
& \quad x_{13} + x_{23} + x_{33} = 1 \\
& \quad x_{ij} = 0 \quad \text{or} \quad 1; \quad i = 1, 2, 3; \quad j = 1, 2, 3 \\
& \quad p_k^r, q_k^l \geq 0; \quad L = 1, \ldots, 3!; \quad k = 1, 2, 3 \\
\end{align*}
\]

This model can be solved using any mathematical programming software like LINGO.

The result is:

\[ x_{13} = 1, x_{21} = 1, x_{32} = 1, \quad Z^* = 1 \]
Consequently, the optimum sequence to satisfy Due Date is [2,3,1], thus total deviation is equal to 1.

IV. ANALYTICAL COMPARISON

In this section we compare our model with SPT and EDD Sequences. Again we consider the numerical example which was solved by our proposed model, and now we solve it by SPT and EDD sequences.

SPT sequence

c_j: the end time of the j^{th} job
d_j: due date of the j^{th} job
L_j: the difference between the completed time and due date of the j^{th} job. (L_j=c_j-d_j)

<table>
<thead>
<tr>
<th>Sequence of jobs:</th>
<th>2</th>
<th>1</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>t_j</td>
<td>2</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>c_j</td>
<td>2</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td>d_j</td>
<td>6</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>L_j</td>
<td>-4</td>
<td>-5</td>
<td>3</td>
</tr>
</tbody>
</table>

\[ \bar{L} = \frac{\sum_{j=1}^{n} L_j}{n} = \frac{-4 - 5 + 3}{3} = -2 \]

As it is shown, the SPT \( t_1 \leq t_2 \leq \cdots \leq t_n \) sequence minimizes the mean deviation of due date and completeness time(\( \bar{L} \)) of the jobs. But SPT can not minimize the total tardy jobs and also can not consider weighted jobs.

EDD sequence

T_j: tardiness of the j^{th} job

<table>
<thead>
<tr>
<th>Sequence of jobs:</th>
<th>2</th>
<th>3</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>t_j</td>
<td>2</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>c_j</td>
<td>2</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td>d_j</td>
<td>6</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>L_j</td>
<td>-4</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>T_j</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

\[ \min L_{max} = 1 \Rightarrow \min T_{max} = 1 \]

The EDD sequence \( d_1 \leq d_2 \leq \cdots \leq d_n \) minimizes \( L_{max} \) and \( T_{max} \). But can not minimize the total tardy jobs and also can not consider weighted jobs.
Discussion

Although the increasing number of variables and constraints in proposed model is a disadvantage, but just as shown in sections 4.1 and 4.2, the SPT and EDD sequences don’t have the capability of considering weighted jobs. But our model easily can minimize weighty jobs by assigning desired weights to each job in the objective function which is shown the model is powerful. Also none of the SPT and EDD sequences have the ability to minimize the total tardiness, but our model can minimize the total tardiness. And the last advantage of the model is that we can easily minimize the total earliness by changing the objective function to consider $p_j^+$, which the other sequences can’t do. Figure (1) shows the comparison.

V. CONCLUSION

Initially we showed that how can optimize the flow-shop scheduling problem using GP. Then we developed our BIP GP model and a numerical example stated the results. By considering SPT and EDD, we discussed about the advantages and disadvantages of the model. In spite of the increasing number of variables and constraints, the model can minimize weighty jobs, total tardiness and total earliness as well.

The main contribution of our paper is in problem definition and development of the mathematical model for flow-shop scheduling problem. A future work is to consider 2 machines and n jobs. Table (2) shows the graphical comparison.

<table>
<thead>
<tr>
<th>Table (2). Analytical comparison of SPT, EDD and proposed model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capabilities</td>
</tr>
<tr>
<td>SPT</td>
</tr>
<tr>
<td>EDD</td>
</tr>
<tr>
<td>Proposed Model</td>
</tr>
</tbody>
</table>

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A NOVEL COST EFFECTIVE MAINTENANCE DECISION MODEL

Kamyar Rashidi, Ryerson University
Kamyar.rashidi@ryerson.ca

Kouroush Jenab, Ryerson University
jenab@ryerson.ca

ABSTRACT

Condition-Based Maintenance (CBM) is one of the best maintenance methods which can reduce equipment downtime, production loss, and maintenance cost based on current status of a machine. This paper presents the newly developed CBM model based on Bayesian Decision Theory which takes vibration signals from rotary machinery, and classifies whether the equipment is in either normal or abnormal condition by selecting the one with minimal conditional risk. This risk is calculated based on a loss table and the posterior probability of each class. The proposed method can effectively determine the maintenance/service time. In addition, it leads to a low maintenance cost in comparison to other types of maintenance. A program is developed by Visual Basic to apply the method and an illustrative example is discussed.

I. INTRODUCTION

Maintenance is one of the fields that has been changed a lot during the last decades. This is mainly due to the rapid development of industries as well as increasing the complexity of the machines in industrial plants. The failure of equipment especially rotary machinery in industries may lead to serious consequences such as machinery damage, production losses, and personnel injury (Orhan et al., 2006; Renwick, 1984). Comparing Corrective Maintenance (CM), Preventive Maintenance (PM), and CBM, CBM is widely used in industries. CBM uses condition monitoring techniques, which help evaluate the condition of the critical machine, diagnose its failures and estimate the remaining lifetime of the machine (Mobley, 1998). A lot of articles have discussed the advantages of using a condition monitoring program (Colaiacovo et al. 2000; Lewin, 1995). There are many condition monitoring techniques such as vibration analysis, lubricant analysis, thermography, ultrasound, etc (Pedregal and Carnero, 2006); however, vibration analysis has been considered more for the machinery in the literature (Orhan et al., 2006; Pedregal and Carnero, 2006; Renwick, 1984; Renwick and Babson, 1985). It is a technique used to monitor equipment conditions and trend deteriorations for the purpose of not only reducing maintenance costs, but also decreasing downtime (Renwick and Babson, 1985). In (Kohda and Cui, 2006), a general framework for the risk based configuration of a safety monitoring system is proposed using Dynamic Bayesian Network (DBN). In (Orhan et al., 2006), vibration monitoring and spectral analysis are used for diagnosis of the ball and cylindrical roller element bearing defects. In (Pedregal and Carnero, 2006), a condition monitoring model is set up for vibration data coming from a turbine driving a centrifugal compressor located at a petrochemical plant based on State Space framework. In (Renwick, 1984), different steps of developing a condition monitoring program for rotary machinery based on vibration signals are discussed, however, no specific processing method is proposed. Our objective in this paper is to model a CBM for rotary machinery based on vibration signals using Bayesian Decision Method, which is a well-known method in classification problems and has

534
advantages in comparison to other classification tools such as ANNs and mathematical modeling.

II. NORMAL AND ABNORMAL VIBRATIONS CLASSIFICATION

The objective of this study is to design a condition monitoring system that uses vibration of the rotary machinery as input to determine whether the machine is working properly or not. After measuring feature $x$ (vibration), it should be classified to either normal or abnormal class. Therefore, two states of nature (classes) can be defined: $\Omega_1$=normal and $\Omega_2$=abnormal. In order to classify the observed features, a pattern recognition system is used, which is composed from different sections that are shown in figure 1. The input of the pattern recognition system is an observed feature and the output of it is either of the pre-defined classes.

![Figure 1. DIFFERENT STAGES OF A PATTERN RECOGNITION SYSTEM](image1)

Sensing and pre-processing is the base of a pattern recognition system in which the data from the rotary machine are measured. We define $X$ as a random variable with $n$ components which each component is a feature. For the problem of rotary machine, it can be defined as $X=${Vibration, shaft/bearing speed, temperature, ...} where $x_i$ is a statistical value of each feature. The process of selecting parts of the signal which are unique for the classes is called feature extraction (Grimmelius et al., 1999); it leads to a better control of the classification problem. As discussed before, our interest is in vibration signals. So, $X$= {vibration}. By installing sensors on the rotary machinery, we can transfer feature values from the equipment to the condition monitoring program. The information is not useful without process and interpretation. The objective of this stage is to define a model to interpret feature values so that the information can be used for making decision regarding maintenance of the rotating machine. Using vibration values provided by vibration sensors the adapted Bayesian Decision model will classify the value into either “normal” or “abnormal” classes (figure 2).

![Figure 2. INPUT AND OUTPUTS OF THE CLASSIFIER](image2)

**Bayesian Decision Theory**

In (Duha et al., 2001), Bayesian Decision Theory has been considered as a fundamental statistical approach to the problem of pattern recognition. The basic assumption in this theory is that the decision problem is defined in probabilistic expressions and all of the relevant probabilities are known. The first step is to define the state of natures ($\Omega_k$) which are different classes to be classified. Then, prior probabilities of each class should be calculated which are expressed by $P(\Omega_k)$; these prior probabilities are our prior knowledge from the past to see each of the classes. The next step is to calculate class-conditional density probabilities; in order to do so, we define $x$ to be a continuous random variable whose distribution follows from the state of
nature, and is denoted by conditional probability $\rho(\omega_i | x)$ which is probability density of $x$ given that the current state of nature is $\omega_i$. After calculation of all relevant probabilities, Bayes’ Formula can be used for the problem of classification which is:

\[
\rho(\omega_i | x) = \frac{\rho(\omega_i) \rho(x | \omega_i)}{\rho(x)}
\]

**Calculation of Class-Conditional Probability Densities and Prior Probabilities**

In Bayesian Formula, the distributions and the parameters of class-conditional probability densities should be estimated. This can be done by using a set of training data collected from previous working hours of the machine for both normal and abnormal conditions. In order to estimate the distribution of the data, several methods such as goodness of fit test can be used; the parameters of the distributions can be estimated as well. Therefore, $\rho(\omega_i)$ for $i=1$ to 2 can be calculated. The next step is to determine the values of prior probabilities. They reflect our prior knowledge of how likely we are to see each class based on the history of the problem. In this work, we have divided prior Probabilities into two categories: 1) Static Prior Probabilities: In this type, it is assumed that prior probabilities do not change over the time and are constant. They can be calculated based on the previous records of the machine. For instance, Prior Probabilities for a machine which 90% of the time had been working properly and 10% of the time not properly would be: $P(\text{Normal})=0.9$ and $P(\text{Abnormal})=0.1$, and 2) Dynamic Prior Probabilities: Opposite to the first category, dynamic prior probabilities change over the time based on the machine’s condition, and they lead to more precise classification. When feature $x$ is measured, using Bayes’ Formula, prior probability can be converted to posterior probability which is probability of the state of nature being $\omega_i$ given that feature $x$ is observed (Duha et al., 2001). So, classification can be performed and the true state of nature will be one with the highest posterior probability. Because there are two classes and one feature in this problem, Bayesian Formula will be:

- $P(\text{Normal} | x) = \frac{\rho(\text{Normal}) \rho(x | \text{Normal})}{\rho(x)}$
- $P(\text{Abnormal} | x) = \frac{\rho(\text{Abnormal}) \rho(x | \text{Abnormal})}{\rho(x)}$

Where
- $x$ is the vibration value of the rotating machine
- $\rho(\text{x}) = \rho(\text{Normal}) \rho(x | \text{Normal}) + \rho(\text{Abnormal}) \rho(x | \text{Abnormal})$
- $P(\text{Normal})$ is prior probability of class $\omega_1(\text{Normal})$
- $P(\text{Abnormal})$ is prior probability of class $\omega_2(\text{Abnormal})$
- $\rho(\text{Normal})$ is class-conditional probability density of class $\omega_1(\text{Normal})$
- $\rho(\text{Abnormal})$ is class-conditional probability density of class $\omega_2(\text{Abnormal})$
- $P(\text{Normal} | x)$ is posterior probability of class $\omega_1(\text{Normal})$
- $P(\text{Abnormal} | x)$ is posterior probability of class $\omega_2(\text{Abnormal})$

After calculating relevant probabilities, the simplest rule to classify two classes is to decide $\omega_1$ if $P(\omega_1 | x) > P(\omega_2 | x)$, otherwise decide $\omega_2$ (Duha et al., 2001). However, this is not always the best decision because not all errors are equally costly. To reach to a precise result, a loss function should be defined in order to combine the posterior probability of each class with the loss incurred from each class. By using the loss function, it can be defined how costly each action is so that we can convert the probability determination into a decision. This is used when some classification errors are more costly than others. We define action $\omega_1$ as letting the system continue working and action $\omega_2$ as stopping the system from working. It is not costly if we let
the machine work when it is in a normal condition and stop it when it is in an abnormal condition. Therefore, \( \lambda(\omega_1 | x_1) = \lambda(\omega_2 | x_2) = 0 \). However, two faults may be taken place: failed-dangerous (FD) and failed-safe (FS) which are costly (Inoue et al., 1982). In failed-dangerous fault, the condition monitoring system doesn’t warn that the system is working in an abnormal condition, while in failed-safe fault, it notifies the system to be monitored is in an abnormal condition while it is working properly. Thus, FD faults are much more costly than FS faults because they lead to serious accidents while FS faults cause unnecessary maintenance and protection costs. Therefore, the expected loss while choosing action \( \alpha_t \) is:

\[
R(\alpha_t | x) = \sum_{i=1}^{2} \lambda(\alpha_t | x_i) P(x_i)
\]

As discussed before, \( \lambda(\alpha_1 | x) = \lambda(\alpha_2 | x) = 0 \). Consequently:

\[
R(\text{Continue} | x) = R(\text{Stay} | \text{Normal} | x) + R(\text{Stop} | \text{Abnormal} | x)
\]

III. DECISION MAKING

The decision rule in this case would be to select the class which minimizes the conditional risk: Decide \( \alpha_1 \) if \( R(\alpha_1 | x) < R(\alpha_2 | x) \) and decide \( \alpha_2 \) if \( R(\alpha_2 | x) < R(\alpha_1 | x) \).

Based on the output of the classifier, we can classify each frequency to either normal or abnormal class. So, some criteria should be defined to determine whether the whole system is working properly or not. Two criteria which are considered in this work are: 1) The number of abnormal frequencies in the last 100. This value can be interpreted as the percentage of abnormal frequencies in a period of time, and 2) The number of consecutive abnormal frequencies. For example, five or more consecutive abnormal vibration frequencies can be considered dangerous.

IV. ILLUSTRATIVE EXAMPLE

In this example, our objective is to determine whether a rotating machine is in normal or abnormal condition based on its vibration signals. In order to apply the discussed method, a program is developed using Visual Basic. Also, 250 normal frequencies and 250 abnormal frequencies are collected. The first step is to determine the distribution of each class (normal/abnormal), which is performed using goodness of fit test by BESTFIT software. The result is that the data sets of both normal and abnormal classes follow normal distribution; however, the estimated parameters of each class are different. There are two text files which restore normal and abnormal frequencies. The program first reads these data and calculates the parameters of both distributions. The output of this section is shown in figure 3.

<table>
<thead>
<tr>
<th>Normal class</th>
<th>Abnormal class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean: 197.95268</td>
<td>Mean: 649.37444</td>
</tr>
<tr>
<td>Standard Deviation: 40.7008242</td>
<td>Standard Deviation: 150.405992</td>
</tr>
</tbody>
</table>

Figure 3. SUMMARY OF THE TRAINING DATA
So far, class-conditional probabilities have been determined:

\[
P(C|\text{Normal}) = \frac{1}{\sqrt{2\pi}\sigma_1} \exp\left[-\frac{1}{2\sigma_1^2}(x - \mu_1)^2\right] \quad \text{where: } \mu_1 = 197.55268, \ \sigma_1 = 48.7808242
\]

\[
P(C|\text{Abnormal}) = \frac{1}{\sqrt{2\pi}\sigma_2} \exp\left[-\frac{1}{2\sigma_2^2}(x - \mu_2)^2\right] \quad \text{where: } \mu_2 = 649.37444, \ \sigma_2 = 150.405082
\]

Now, it is time to determine prior probabilities. In this example, it is assumed that prior probabilities are constant (static) with values of: \(P(\text{Normal}) = 0.9\) and \(P(\text{Abnormal}) = 0.1\). In addition, it is assumed that the loss of letting the machine continue working when it is in an abnormal condition is 10 times more than the loss of stopping the machine while working properly. In other words, \(A(\text{Continue|Abnormal}) = 10 \cdot A(\text{Stop|Normal})\). The loss table which is used here is shown in figure 4.

<table>
<thead>
<tr>
<th></th>
<th>Normal</th>
<th>Abnormal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continue</td>
<td>$0</td>
<td>$15000</td>
</tr>
<tr>
<td>Stop</td>
<td>$1500</td>
<td>$0</td>
</tr>
</tbody>
</table>

**Figure 4. LOSS TABLE**

Thus:

\[
R(\text{Continue}) = 15000 \ast \frac{\frac{1}{\sqrt{2\pi}\sigma_2} \exp\left[-\frac{1}{2\sigma_2^2}(x - \mu_2)^2\right] \ast 0.1 \ast 0.9}{\frac{1}{\sqrt{2\pi}\sigma_1} \exp\left[-\frac{1}{2\sigma_1^2}(x - \mu_1)^2\right] \ast 0.1}
\]

\[
R(\text{Stop}) = 1500 \ast \frac{\frac{1}{\sqrt{2\pi}\sigma_2} \exp\left[-\frac{1}{2\sigma_2^2}(x - \mu_2)^2\right] \ast 0.9}{\frac{1}{\sqrt{2\pi}\sigma_1} \exp\left[-\frac{1}{2\sigma_1^2}(x - \mu_1)^2\right] \ast 0.1}
\]

Where: \(\mu_1 = 197.55268, \sigma_1 = 48.7808242\) and \(\mu_2 = 649.37444, \sigma_2 = 150.405082\)

After reading each vibration frequency \(x\) from the sensor installed on the machine, it will be classified to the class with minimum risk as follows: If \(R(\text{Continue}) < R(\text{Stop})\), \(x\) is classified as “Normal” and if \(R(\text{Stop}) < R(\text{Continue})\), \(x\) is classified as “Abnormal”. After classifying each frequency, decisions regarding maintenance can be made based on two criteria in the model as follows: 1) As depicted in figure 5.a, it is assumed that if the number of abnormal frequencies exceeds 20, the machine is in an abnormal condition, 2) If number of consecutive abnormal frequencies is equal to or more than five, the condition of the machine is considered unsafe. Therefore, it has to be stopped for maintenance/service. Figure 5.b shows the output of the program for this criterion.
Figure 5: a. % OF ABNORMAL FREQUENCIES IN THE LAST 100,
b. CONSECUTIVE ABNORMAL FREQUENCIES

V. RESULTS AND DISCUSSION

Figure 5.a shows that the number of abnormal frequencies in the last 100 is less than 20 until t=70 hours. After this time, the percentage of abnormal vibrations increases and the curve has become red. This is a warning that the rotary machinery is in an abnormal condition. Therefore, it should be stopped from working for maintenance and service. Figure 5.b shows that in a specific time, five consecutive abnormal frequencies are observed. So, it can be concluded from the second criteria that the machine is not working properly.

VI. CONCLUSION

Traditional maintenance methods such as CM and PM have some disadvantages. CM leads to cost while the failed machine is down. PM results in unnecessary and costly periodic maintenance; it also adds extra wear to the equipment. In order to maintain the equipment effectively, CBM can be used. In this work, a CBM model has been developed which uses vibration signals of rotary machinery to find out whether the equipment is in normal or abnormal condition. Criteria are defined to determine the maintenance time based on the output of the model, which is illustrated using Visual Basic. The resulting model for CBM introduces a new tool for preventing the failure of equipment in industrial plants, and thereby preventing serious negative consequences such as machinery damage, production loss, and tragic personnel injury.
REFERENCES

CHAPTER 23

MARKETING RESEARCH
EDUTAINMENT APPLICATIONS IN MARKETING COURSES: FINDINGS FROM FOCUS GROUP STUDIES IN TURKEY

Metin Argan, Anadolu University
margan@anadolu.edu.tr

N. Serdar Sever, Anadolu University
nssever@anadolu.edu.tr

Mehpare Tokay Argan, Bilecik University
mtargan@anadolu.edu.tr

ABSTRACT

This study aims to explain how marketing students who are enrolled to various courses at tertiary level perceive the edutainment concept. Although entertainment is part of our lives, its applications in education sector, especially in tertiary teaching is not a common practice. Younger generations are more prone to use of entertainment because they found themselves fully immerse in technology and its applications such as offline and online games at various natures. The findings of this study indicate that a hybrid blend of education and entertainment, coupled with technology-driven learning atmosphere would increase learning through more and active student participation to marketing courses.

I. INTRODUCTION

Nowadays, entertainment and experience phenomena and their roles in education are widely discussed just as in many other areas of the tertiary education. Marketing education just as in other areas of education, efforts towards to improve the teaching quality has been sought after. In search of improving teaching quality in marketing education has brought a hybrid concept; edutainment. This new phenomenon is a mix of education and the entertainment. The dynamic nature of the marketing discipline, and the structure as well as the nature of the courses urges instructors to come up with new teaching methods. Existing teaching methods in marketing education such as case studies, and practicum provides an invaluable opportunity in order for to tap the edutainment into the traditional teachings in the field. The core of edutainment practices and at which degree such events should be extended will be determined based on the needs of the consumers in tertiary sector; the students. In this student centered study, students’ views and opinions on edutainment concept, its physical and psychological atmosphere, tools and methods were assessed by the focus groups. It would be a misperception if edutainment is simply overlooked as a teaching technique that is equipped with various types of plays inside the classrooms. This would also be a quite a narrow look to the roles of instructors, students and atmosphere plays in tertiary teaching and learning. In this regard, this study aims to explain perceptions and attitudes of tertiary level marketing students toward edutainment and its applications in a class setting.
II. LITERATURE REVIEW

Since 1970’s edutainment applications built upon learning theories has been in use for educational games developments (Egenfeldt-Nielsen, 2007). A worldwide current of bridging technical developments and traditional sources of entertainment with educational tools has been taking place (Bird, 2005). “Edu-tainment”, is a hybrid type that skews heavily on visual material, on narrative or game-like formats, and on rather informal, less didactic styles of presentation (Buckingham and Scanlon, 2002; Egenfeldt-Nielsen, 2007). Green and McNeese, (2007) defines edutainment as “the main purpose of edutainment is to promote student learning through exploration, interactivity, trial and error, and repetition in such a way that students get so lost in the fun, that they don’t realize they are learning at same time.” In other words, one of the main aims of edutainment is to draw learners’ attention and keep it consistently focused on events and teaching materials during the learning process (Okan, 2003).

Developments in computer and multimedia technologies certainly helped and speed up the emergence edutainment. New technologies have double effect on edutainment: on one hand, their multimedia applications can recreate and underline the education content of the message in a totally new virtual environment, and on the other hand, they enrich it with new details, while increasing the entertainment content (Addis, 2005). Learners who are exposed heavily to the Internet, video games, and ready-made images presented by multimedia develop a new attitude towards learning. Equating learning with fun suggests that if students are not enjoying themselves, they are not learning. (Okan, 2003). In terms of relationship between edutainment and learning theories, three learning approaches have become more visible. These are behaviorism, cognitivism, and socio-cultural approaches. In the behavioral approach, an observable behavior occurs as a result of response to an outside stimulus. Behaviorist theory exerts that learning can be supported with practices. In the cognitivist approach, the learner becomes the centre of attention. This approach makes the instructors’ and students’ involvement to in-class activities epicenter of the learning event. The cognitivist criticizes the automatic relation presented in behaviorism between stimuli and response. Socio-cultural approach stresses that momentary learning is more important and this is how the individual learning materialize (Egenfeldt-Nielsen, 2007).

Studies on effects of edutainment on learning success are often focused on specific tools that were used in the teaching process. Betz (1995) investigated the effect of edutainment on the first year engineering technology course students. According to this study, experiment group was seen doing better in using the game. Survey developed based on the results of this experiment also revealed encouraging results as many students responded that they would prefer computer simulator over the traditional teaching aids (Egenfeldt-Nielsen, 2007). Bird (2005) studied the role of edutainment in learning foreign language, and concluded that educational movies can help learning different languages. Yesilyurt and Kara (2007) found that computer assisted biology courses are far more effective in shaping positive student attitudes towards teaching and learning. Similar findings were assessed in 20 other studies (Egenfeldt-Nielsen, 2007).

III. METHOD

Focus groups are used as an initial appraisal technique prior to larger research studies. A focus group inquiry characteristically is best suited for the assessment of attitudes and cognition
topics, and it will produce reliable information when used in a triangulation method of data collection (Threlfall, 1999). Clark and Holmes (2007) indicated that focus groups involved a purposive sample as sample methodology. Researchers attempted to choose the best sample group which believed to best represent the universe of the study, and thus purposive sampling method was applied in selection process. Despite the various views in the focus group literature on how many focus groups would be sufficient, the common view is total of three or four groups are good enough in order to reveal reliable data (Aaker et al., 2004; Aaker et al., 1994; Daymon, 2002; Krueger, 1994). In this research, three focus groups were administered. All of the participants in the study are chosen among the students at Anadolu University, Vocational School of Physical Education and Sports. Focus groups were administered at Vocational School of Physical Education and Sports’ classrooms. Participants were selected among sports management and recreations departments, because student in these departments take sports marketing, marketing management and service marketing courses were believed that they would generate an extensive data. First focus group consisted of ten students from sports management department, second focus group consisted of twelve students from the same department, and the third focus group consisted of twelve students from recreation department. Male students consisted 55.9% of focus group participants, whereas female students’ ratio is 44.1%. As for the ages, the ratio of participants who fall in 21 and 22 age brackets is 29.4 %. The 23 years old participants’ ratio is 17.6%, and 24 and older age bracket covers 23.6% of participants. The questions were developed based on an earlier literature review and various applications of edutainment concept. In each focus group, researchers fulfilled the moderator and assistant moderator roles. The moderator role fulfilled by the same researcher in three of the focus groups, and assistant moderators were recorded the findings. Following the focus groups, written records were thoroughly investigated words by words and themes were determined based on the findings. The research themes were agreed upon by the three of the researchers is as follows: physical and psychological atmosphere, edutainment methods, student involvement, entertainment and seriousness of learning, and entertainment and success relationship experience.

### Table 1. Focus Group Key Questions

<table>
<thead>
<tr>
<th>Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>How do you think the physical and psychological atmosphere should be organized in order to make the lecture entertaining?</td>
</tr>
<tr>
<td>Which methods should a lecturer apply in order to make an entertaining lecture session?</td>
</tr>
<tr>
<td>What are your views on students’ self involvement or participation to in-class entertainment?</td>
</tr>
<tr>
<td>Do you think using entertainment in teaching would jeopardize the seriousness of learning?</td>
</tr>
<tr>
<td>Can you recall a learning experience of a subject based on entertainment? Does entertainment affect your success in a course?</td>
</tr>
</tbody>
</table>

IV. RESULTS

The researchers enlisted the focus group responses in five categories, such as physical and psychological atmosphere, edutainment methods, student involvement, entertainment and seriousness of learning, and entertainment and success relationship experience.

Physical and Psychological Atmosphere

Participants pointed out that for an entertaining lecture, a classroom should be organized
in a friendly and relaxing fashion. It is further indicated that the venue should not have disturbing objects, should have comfortable seats, and should be organized in a way that it allows students to participate in-class discussions. As for the atmosphere, participants suggested that the lecturer should have a sense of humor and should ease up the tension so that students would not be reluctant to participate in discussions. Furthermore, it was indicated that lecturers should refrain to adopt authoritative behaviors, rather they help to create a relaxing psychological atmosphere was considered as the most important factor in learning. A male student whose name is Alphan defined the atmosphere as “where lecturers’ authority figure is crumbled”. A friendly atmosphere has emerged as an important aspect of learning as oppose to traditional lecturer-student relationship. Another male student, Murat stressed the use of entertainment in education should take place in accordance with the teaching subject, and he further said that “subject and the atmosphere should go hand to hand. Lectures should be delivered in friendly settings”.

**Student Involvement**

Creating an entertaining educational atmosphere and effectiveness of methods deployed for this purpose is first and foremost depends to student involvement in such activities. The feedbacks gathered from the participants exacerbate a homogenous agreement that student involvement plays a key role in edutainment. The students’ level of interest and preparedness level before coming to lectures significantly increase the possibility of their involvement to in-class atmosphere. Both parties should show a reasonable level of tolerance as to lecturers may bend to digest feedbacks, and students should not cross the red line and draw a fine line between participation and assailant behavior. The role playing techniques is considered as encouragement for students in order for taking more participative actions and for being more interactive as well. For this purpose Serhan made this suggestion, “There can be 20 to 30 index cards each having a question and an answer to another question. So students may read questions and who has the answer should come forward. This way more involvement and interaction can be achieved”.

**Edutainment Methods**

In focus groups, participants were asked about possible methods that marketing lecturers might utilize in edutainment applications. Methods were emerged as one of the most prominent issue in focus group sessions. Use of materials that aligns with the lecture subjects, use of humorous material, images and other audio and visual tools are all welcomed by the participants. Another priority subject was the gathering the students attention and keeping it alive during the lectures. For this purpose, participants suggested that using humor and examples, funny and memorable stories that lecturers have regarding to the subjects would sustainably increase the participation and would help students to retrieve the knowledge they learned during the lectures whenever they need. If lecturers attain the students’ role via empathy or when students involve in a role playing drama was indicated as one of the preferred method in terms of making learning a joyful experience as well as a memorable one. Depending the on the level of the hardness of the lecture topic, lecturers should scatter funny stories over a lecture.

**Entertainment and the Seriousness of Learning**

Entertainment and seriousness of learning often perceived as rival concepts. When
participants were asked how they perceive the two subjects in learning environment, they were responded that this may depend how well education and entertainment is balanced in a lecture. If the dose of entertainment is well measured and if it not exceeds a reasonable portion of class time, then they may see it as a helping way for increase their learning. All but one agreed on this finding. Respondents further indicated that as responsible adults, both lecturers and students can decide on the dose and use of entertaining content in lectures. This conclusion alone underlines value of the use of entertainment in lectures.

Entertainment and Success Relationship Experience

Participants were asked to elaborate about their experiences on entertainment and success relationship. Participants were indicated anonymously that entertainment, if tapped in to the lecture wisely would certainly positively affect the course success. A student named Fatih told that “For me entertainment values fifth per cent of education. I easily learn interesting and entertaining subjects.” Pinar indicated that liking of the course and she furthers that “If a student likes a course, this would increase his or her efforts and will eventually reflect upon his or her success”. This would increase memorability of subjects, indicated by participants. Ali said that he taught the Abraham Maslow’s Hierarchy of Needs in a similar way “Before coming to the lecture, we were asked to watch Tom Hank’s ‘Cast Away’ movie to discuss Maslow’s Hierarchy of Needs. After seeing this movie I imagined the five steps of needs by associating them with scenes from that movie and I never forget them”. Participants were also stressed that alternative means of recording and watching or seeing them afterwards makes the learning process more fun. For instance, digitally recording the lectures and observing it later may increase the teaching effectiveness. Serhan explained the method he uses for recording lectures. “When preparing for exams, I make rhymes of the subjects, and then I record them to a voice recorder. Later I listen to them on earphones and they become more retrievable for me”. Participants agreed that using entertainment in education helps learning and retrieval of knowledge afterwards. For the subjects that require memorizing, using acronyms affiliated with fun increase exam grades. A participant raised another way to utilize games in learning process. She explained that she makes small paper balls out of lecture notes and throws them into a rubbish basket, just like a basketball. This way she remembers her notes and this methods relieves her exam stress.

V. DISCUSSION AND CONCLUSION

In this study, marketing students’ views and perceptions on edutainment concept were examined. Focus groups were revealed five themes; these are physical and psychological atmosphere, methods, student involvement, entertainment and seriousness of learning, and entertainment and success relationship experience. Physical and psychological atmosphere of the classrooms and increasing student involvement may seem the two most important items out of other three themes. Because no matter what edutainment methods is used, if atmosphere remains as an obstacle to comprehension, and if all of the barriers that may stop students to get involved into class discussions are not removed, then the positive effects of other themes will be miniscule. As far as the methods are concerned, physical materials, using a humorous language in lectures, slice of life examples, and case studies were listed among the most preferred methods by the participants. In order to get the most out of the physical materials, success rests on the lecturers’ shoulders. Teaching and learning is deemed as a formal and serious process. This
predisposition may force the limits in some cultures. For instance, school uniforms are not only used for bringing a standard and uniformity in appearance, but also believed that use of uniforms may positively affect the learning process. In recent studies, predispositions of perceiving learning as a formal and serious process have been gradually changing. It is believed that utilizing games in learning may help students retain and recall of learned subjects. In this regard, a hybrid approach that bridges traditional teaching methods with more innovative techniques such as games may even help to raise the bar in a positive sense. This study indicates that tertiary level students often appreciate the appropriate use of edutainment and they do not agree that it will jeopardize the learning environment, if it’s used in a right dose. Lastly, entertainment and success relationship experience were found closely related.

Consecutively, this qualitative study indicated that edutainment would be a reliable alternative in tertiary teaching and learning. The best option would be of mixing existing methods with technology driven alternatives. This would help tertiary institutions to overcome student drop out problem. It is certain that using such methods would contribute to institutional reputations positively.

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PRODUCT AFFIRMATION IN HIGHER EDUCATION:
“COLLEGE MADE ME THE PERSON I AM TODAY!”

Michael K. Coolsen, Shippensburg University
mkcool@ship.edu

Madoka Kumashiro, Goldsmiths University of London
m.kumashiro@gold.ac.uk

Keith A. Quesenberry, West Virginia University
kquesen1@mix.wvu.edu

ABSTRACT

Our conception of product affirmation depicts a product as “sculptor” of the consumer’s ideal self, similar to how a relationship partner can facilitate an individual to achieve one’s aspirations and goals. To generalize our work on product affirmation effects, we performed two studies to look at the role of higher education as a product in affirming the ideal selves of college students and alumni. Results supported our hypotheses that product affirmation among college students and alumni (with the college as the affirming product) leads to increases in the experience of various positive emotions (e.g., happiness), the acquisition of various positive traits (e.g., confidence), and positive evaluations of the product (i.e., university). Additionally, we found that product affirmation effects were more pronounced for one’s personal ideal self compared to one’s professional ideal self in higher education.

I. INTRODUCTION

Product affirmation describes the process in which a product brings out important aspects of a consumer’s ideal self. Our conception of, and subsequent support for, product affirmation was a reaction to the mixed evidence regarding self-image congruence models in the current consumer behavior literature. We make the argument that products which affirm the consumer’s ideal self (i.e., product affirmation) exert significantly powerful effects on a consumer’s emotions, personality, and product evaluations. That is, products that bring out a consumer’s ideal self (product affirmation) have significantly positive influences in that consumer’s life and elicit significantly favorable product evaluations. For example, product affirmation suggests that an elegant and sophisticated suit that brings out my ideal self will have a positive influence in my life and be evaluated favorably by me. Our current work here was designed to apply product affirmation effects in the domain of higher education.

II. BACKGROUND

Affirmation Processes in the Context of Romantic Relationships. Our current research program regarding product affirmation is rooted in the close relationships research domain. Drigotas and his colleagues developed a model of partner affirmation in ongoing close relationships (Drigotas, Rusbult, Wieselquist, and Whitton, 1999). These authors proposed that the process of behavioral confirmation (Darley and Fazio, 1980; Hilton and Darley, 1991;
Snyder, Tanke, and Berscheid, 1977) is likely to be quite powerful in the context of ongoing close relationships, in that close partners exert strong and frequent impact on one another across diverse behavioral domains. Accordingly, over time in close relationships, each person is likely to exert considerable impact on the other’s “self” – on the other’s traits, values, and behavioral tendencies. To the extent that the confirmation process aligns with each person’s ideal self, each is likely to enjoy movement toward his or her ideal self, and the relationship will flourish. Affirmation describes the extent to which the partner’s perception of the self and his/her behavior aligns with the individual’s ideal self. Affirmation has been shown to yield enhanced personal well-being and couple well-being (Campbell, Sedikides, and Bosson, 1994; Drigotas, 2002; Drigotas, Rusbuldt, Wieselquist, and Whitten, 1999; Ruvelo and Brennan, 1997).

Empirical Evidence for Affirmation in Consumer Behavior. The process of affirmation seems more intuitive in the context of a romantic relationship than in the context of consumer behavior. However, substantial research has demonstrated insightful application of close relationship theories to consumer behavior (e.g., Aaker, Fournier, and Brasel, 2004; Aggarwal, 2004; Coolsen, 2005; Coolsen, Herbst, and Brandt, 2006; Coulter, Price, and Feick, 2003; Park and Macinnis, 2006). Coolsen and Pitek (2007) experimentally pitted product affirmation effects on a consumer’s emotions, personality, and product evaluations against product verification effects (products aligned with the consumer’s actual self). Results of this experiment yielded strong support for product affirmation effects on a consumer’s emotions, personality, and product evaluations and decidedly weaker and inconsistent product verification effects.

STUDIES 1 & 2: PRODUCT AFFIRMATION EFFECTS IN HIGHER EDUCATION

The studies presented here in this paper served to generalize our concept of product affirmation to a specific consumer setting—higher education in which a potential student, current student, and alumnus represent the “consumer” and the university, college, etc. provides the service of higher education. That is, we conceptualize a relationship between consumer (e.g., current student) and product (e.g., university) in the context of higher education, and thus, we propose that product affirmation would exist between student and university. To empirically test the existence of product affirmation in higher education, we conducted two studies, one using a sample of undergraduate students and a second using a sample of university alumni. In line with previous product affirmation findings, we hypothesized that a consumers’ perceptions of movement toward their ideal selves facilitated by the service of higher education would be associated with positive changes in the consumer’s emotions, personality, and self-concept and favorable product evaluations of the institution of higher education.

Participants. For Study 1, thirty-four participants (25 men, 9 women) in undergraduate business administration classes at a university in Pennsylvania satisfactorily completed the study. These participants were 21.41 years old on average, had completed an average of 3.32 years as an enrolled student of the university, and most were Caucasian (97% Caucasian, 3% other). For Study 2, forty participants (21 men, 19 women) who were alumni from the same university in Pennsylvania satisfactorily completed the study. These participants were 46.90 years old on average and all were Caucasian.

Questionnaires. All participants in Studies 1 and 2 completed questionnaires describing themselves, their attitudes regarding their ideal selves and respective movement, their respective university in (from) which they were enrolled (graduated), and the association between the two. Because previous research regarding affirmation processes has taken into account the perspective
of different ideal-self movement domains (Coolsen, Kumashiro, and Rusbult, 2008), we included two self-ideal domains specific to consumers of higher education: professional ideal self and personal ideal self. Participants were first asked to complete questions about their professional ideal selves. First, they answered the following essay-format question: “In this part of the questionnaire, you are going to think about your professional aspirations, such as obtaining and being successful in your ideal profession (e.g., a doctor, writer, an executive, a social worker, etc.). Using the space below to describe in your own words, how do you see your ideal self in terms of professional aspirations?” They then answered the following question using a nine-point categorical scale (“-4” = I have moved further from my ideal self, “0” = I have not changed, “+4” = I have moved closer to my ideal self): “Indicate whether you’ve moved closer to, or have moved further away from, your ideal self (or not changed at all) in terms of your professional aspirations as a result of the time you have spent at [their respective university].” After the professional ideal self questions, participants then answered similar questions about their personal ideal selves: “In this part of the questionnaire, you are going to think about your personal traits, such as becoming kinder to people, being more socially active, being very athletic, being more supportive in relationships, adhering to moral/religious values, etc. Using the space below to describe in your own words, what does your ideal self look like in terms of personal traits?” They then answered a nine-point categorical scale (similar to the one described above for the professional ideal self) measuring personal ideal self movement as a result of the time spent at their respective university. After completing basic demographic questions, participants finished the questionnaire by completing a series of Likert-type scales (“0” = do not agree at all, “4” = agree somewhat, “8” = agree completely). Using the measures in our previous product affirmation work and findings, participants were asked to rate their agreement of the extent to which they would feel more confident, lovable, attractive, excited, anxious, relaxed, disappointed, happy, annoyed, and successful as a result of their time at their respective university (e.g., “Overall, I believe my time at [my university] has made me more confident”). The final set of Likert-type scale items measured agreement to the following questions: “I am proud to be a student/graduate of [my university]”; “In general, I speak well about [my university] to others”; and “I often recommend [my university] to others as a school to attend.”

Operational Hypotheses. In Studies 1 and 2, product affirmation was operationally measured as a student’s/alumnus’ movement closer to his/her ideal self (professional and personal ideal selves) as a result of the time spent at his/her respective university. Therefore, Hypothesis #1 stated that movement closer to one’s ideal self (for both the professional and personal ideal selves) as a result of the time spent at his/her respective university would exhibit significantly positive correlations with agreement ratings that a student/alumnus feels more positive emotions/personality traits/self-concept traits as a result of the time spent at his/her respective university (i.e., more confident, lovable, attractive, excited, relaxed, and happy). Hypothesis #2 stated that movement closer to one’s ideal self (for both the professional and personal ideal selves) as a result of the time spent at his/her respective university would exhibit significantly negative correlations with agreement ratings that a student/alumnus feels more negative emotions/personality traits/self-concept traits as a result of the time spent at his/her respective university (i.e., less anxious, disappointed, and annoyed). Finally, Hypothesis #3 stated that movement closer to one’s ideal self (for both the professional and personal ideal selves) as a result of the time spent at his/her respective university would exhibit significantly positive correlations with agreement ratings for the following three product evaluation items:
being proud of the university, speaking well about it to others, and often recommending it to others as a school to attend.

Results: Simple Correlational Analyses. Table I summarizes the zero-order correlations of professional/personal ideal-self movement with (a) agreement ratings that a student/alumnus feels more emotions/personality traits/self-concept traits as a result of the time spent at his/her respective university and (b) agreement ratings for being proud of the university, speaking well about it to others, and often recommending it to others as a school to attend. (Note: the correlations of professional self-ideal movement with personal self-ideal movement in both studies were significantly positive; for Study 1: \( r = .53, p < .01 \); for Study 2: \( r = .58, p < .01 \).)

**TABLE I: ZERO-ORDER CORRELATIONS (STUDIES 1 AND 2)**

<table>
<thead>
<tr>
<th></th>
<th>Undergraduate Sample</th>
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<th>Alumni Sample</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Professional</td>
<td>Personal</td>
<td>Professional</td>
<td>Personal</td>
</tr>
<tr>
<td></td>
<td>Ideal-Self Movement</td>
<td>Ideal-Self Movement</td>
<td>Movement</td>
<td>Movement</td>
</tr>
<tr>
<td>[My university] has made me more:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Confident</td>
<td>.51**</td>
<td>.60**</td>
<td>.30</td>
<td>.49**</td>
</tr>
<tr>
<td>Lovable</td>
<td>.19</td>
<td>.18</td>
<td>.22</td>
<td>.48**</td>
</tr>
<tr>
<td>Attractive</td>
<td>.45**</td>
<td>.34</td>
<td>.19</td>
<td>.51**</td>
</tr>
<tr>
<td>Excited</td>
<td>.50**</td>
<td>.46**</td>
<td>.26</td>
<td>.61**</td>
</tr>
<tr>
<td>Anxious</td>
<td>.37*</td>
<td>.26</td>
<td>-.13</td>
<td>.25</td>
</tr>
<tr>
<td>Relaxed</td>
<td>.53**</td>
<td>.63**</td>
<td>.26</td>
<td>.56**</td>
</tr>
<tr>
<td>Disappointed</td>
<td>-.22</td>
<td>-.26</td>
<td>-.28</td>
<td>.03</td>
</tr>
<tr>
<td>Happy</td>
<td>.41*</td>
<td>.52**</td>
<td>.16</td>
<td>.53**</td>
</tr>
<tr>
<td>Annoyed</td>
<td>-.34</td>
<td>-.46**</td>
<td>-.40*</td>
<td>-.05</td>
</tr>
<tr>
<td>Successful</td>
<td>.58**</td>
<td>.68**</td>
<td>.30</td>
<td>.59**</td>
</tr>
</tbody>
</table>

I am proud to be a student/graduate of [my university].  
In general, I speak well about [my university] to others.  
I often recommend [my university] to others as a school to attend.

**p < .01. *p < .05.

Results: Support for Hypothesis #1. Assessing support for Hypothesis #1, Study 1 yielded significantly positive correlations of both professional ideal-self movement and personal ideal-
self movement with most (five of the seven total) of the positive emotions/personality traits/self-concept traits as a result of the time spent at the respective university. Study 2 yielded significantly positive correlations of personal ideal-self movement with all of the seven positive emotions/personality traits/self-concept traits; however, Study 2 did not yield significantly positive correlations of professional ideal-self movement with any of the seven positive emotions/personality traits/self-concept traits.

Results: Support for Hypothesis #2. Assessing support for Hypothesis #2, Studies 1 and 2 yielded significantly negative correlations of professional ideal-self movement (in Study 2 only) and personal ideal-self movement (in Study 1 only) with only one (“more annoyed”) of the three total negative emotions/personality traits/self-concept traits. (It should be noted that Study 1 (only) yielded a significantly positive correlation of professional ideal-self movement with feeling more anxious).

Results: Support for Hypothesis #3. Assessing support for Hypothesis #3, Study 1 yielded significantly positive correlations of personal ideal-self movement with all three of the product evaluation items, and Study 2 yielded significantly positive correlations of personal ideal-self movement with two of the three of the product evaluation items. Alternatively, only one of the six possible correlations assessed across Studies 1 and 2 for professional ideal-self movement was significantly positive (with the “often recommend” item in Study 2 only).

Results: Exploratory Simultaneous Regression Analyses. During the design of these studies, we did not create any specific hypotheses regarding substantial differences in product affirmation effects between one’s professional-self movement and one’s personal-self movement – we simply attempted to take into account the perspective of different ideal-self movement domains in previous work regarding affirmation processes (Coolsen, Kumashiro, and Rusbult, 2008). However, upon discovering our findings mentioned above, it seemed appropriate to probe in an exploratory fashion the apparent pattern of product affirmation effects in the context of these studies (i.e., higher education as a product category). That is, the simple correlational analyses across both studies suggested stronger product affirmation effects for personal ideal-self movement compared to professional ideal-self movement. Such potential implications would seem profound for marketing strategies in higher education, so we performed a series of exploratory simultaneous regression analyses to ascertain the unique contribution of each domain of movement in predicting both the positive changes in the consumer’s emotions, personality, and self-concept and favorable product evaluations.

Table II presents a summary of simultaneous regression analyses for both studies using the two domains of ideal-self movement (professional and personal) to predict the various emotions/personality traits/self-concept trait items and the product evaluation items. (Because of the exploratory nature of these regression analyses, no interaction effects were examined.) Scanning the two tables, it becomes readily evident that the number of significant associations of ideal-self movement with the various emotions/personality traits/self-concept trait items and the product evaluation items is significantly greater in the domain of one’s personal ideal self (with fifteen significant associations) compared to the professional ideal-self domain (with only two significant associations). Thus, it would seem that product affirmation effects may be more pronounced and robust in the domain of one’s personal ideal self compared to the domain of one’s professional ideal self among consumers of higher education.
III. DISCUSSION AND CONCLUSIONS

Given our simple correlational analysis and exploratory regression analysis findings, the practical implications for product affirmation seem significant and far-reaching in the product category of higher education. In particular, such product affirmation findings may have profound implications for marketing and brand positioning strategies. Both professional and personal ideal-self domains indicated beneficial associations of consumer ideal-self movement with favorable product experiences and evaluations, supporting our original hypotheses for product affirmation effect in a higher education setting. These findings indicate that messages and images promoting the school should focus on the ideal-self traits of their students, alumni, and potential applicants. Traditionally, one might associate such messages and images with consumers being studious, receiving academic recognition, and ultimately gaining successful professional careers. But when our exploratory regression analysis findings are taken into account, an interesting implication is revealed that seems to contradict traditional assumptions about higher education communications.
## TABLE II: SIMULTANEOUS REGRESSION ANALYSES (STUDIES 1 AND 2)

<table>
<thead>
<tr>
<th>Outcome Variables</th>
<th>Undergraduate Sample</th>
<th>Alumni Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Professional</td>
<td>Personal</td>
</tr>
<tr>
<td></td>
<td>Ideal-Self Movement</td>
<td>Ideal-Self Movement</td>
</tr>
<tr>
<td></td>
<td>( \beta )</td>
<td>( \beta )</td>
</tr>
<tr>
<td>[My university] has made me more:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Confident</td>
<td>.26</td>
<td>.46**</td>
</tr>
<tr>
<td>Lovable</td>
<td>.13</td>
<td>.12</td>
</tr>
<tr>
<td>Attractive</td>
<td>.37</td>
<td>.15</td>
</tr>
<tr>
<td>Excited</td>
<td>.35</td>
<td>.27</td>
</tr>
<tr>
<td>Anxious</td>
<td>.32</td>
<td>.09</td>
</tr>
<tr>
<td>Relaxed</td>
<td>.27</td>
<td>.49**</td>
</tr>
<tr>
<td>Disappointed</td>
<td>-.12</td>
<td>-.19</td>
</tr>
<tr>
<td>Happy</td>
<td>.18</td>
<td>.43*</td>
</tr>
<tr>
<td>Annoyed</td>
<td>.14</td>
<td>-.39*</td>
</tr>
<tr>
<td>Successful</td>
<td>.30*</td>
<td>.52**</td>
</tr>
<tr>
<td>I am proud to be a student/graduate of [my university].</td>
<td>.06</td>
<td>.39</td>
</tr>
<tr>
<td>In general, I speak well about [my university] to others.</td>
<td>-.02</td>
<td>.59**</td>
</tr>
<tr>
<td>I often recommend [my university] to others as a school to attend.</td>
<td>.01</td>
<td>.47*</td>
</tr>
</tbody>
</table>

**p < .01, *p < .05. The following outcome variables yielded significant \( R^2 \) in Study 1: Confident, Attractive, Excited, Relaxed, Happy, Annoyed, Successful, Speak Well, and Often Recommend. The following outcome variables yielded significant \( R^2 \) in Study 2: Confident, Lovable, Attractive, Excited, Relaxed, Happy, Annoyed, Successful, Am Proud, and Often Recommend.

An important practical insight comes from the stronger effect indicated in the personal ideal-self domain compared to the professional ideal-self domain. This is somewhat counter-intuitive to popular opinion that schools are chosen on the strength of their academic programs and their ability prepare students for the professional ranks. If our exploratory findings are valid and reliable (which future research efforts could attempt to support), they seem to indicate that students may be more interested in how they can grow and develop personally at a school.
Everyone may have anecdotal evidence of this when your own child or a friend’s child is accepted to different schools. One school may clearly be stronger in academics, yet the student chooses the other school because it fits better with their personal aspirations.

Such an insight would seem to have many direct marketing strategy implications for all consumers of higher education: potential applicants, current students, and school alumni. Schools of higher education should consider a more balanced approach in marketing communications, emphasizing both the professional and the personal growth opportunities for consumers. For example, in addition to professional messages, images of groups of friends enjoying themselves in student centers, showing school pride and spirit at a sporting event, attending a concert or show at the school performing arts center, etc. could pay significant dividends among various higher education consumer groups. Beyond marketing communications, this balance between personal and professional ideal-self movement could also apply to university publications, announcements, press releases, Web sites, etc. For example, a concerted effort should be taken to balance announcements and press releases between professional/academic achievement and personal offerings and improvements. Personal ideal-self messages may actually hold more impactful, emotional appeal in higher education—instead of typical vignette-style advertisements emphasizing academic accreditation and credentials, perhaps institutions of higher education need to bring to life the friendships and mentor relationships people develop in college that last a lifetime.

In conclusion, product affirmation seems to be “alive and well” within the higher education setting. The challenge for marketers of such schools is to promote and bring out their consumers’ personal and professional ideal selves. Our findings indicate that such efforts can substantially benefit and enhance the relationship between school and consumer.

REFERENCES


THE BREADTH-BASED ADJECTIVE RATING TASK (BART),
EXPLICIT ATTITUDE, AND CONSUMER CHOICE

Ross B. Steinman, Widener University
rbsteinman@widener.edu

Andrew Karpinski, Temple University
andykarp@temple.edu

ABSTRACT

Two studies examined the Breadth-based Adjective Rating Task (BART) as an indirect measure of consumer attitudes. In Study 1, 78 students completed an America Online (AOL) BART, explicit attitude measures, and behavioral measures. Analyses revealed that there was a significant interactive effect of the BART and explicit attitudes in predicting self-reported past and future behavior. Study 2 provided a replication of these results using attitudes toward Ben & Jerry’s ($n = 83$). The Ben & Jerry’s BART and explicit attitudes interaction was a significant predictor of future behavior. The utility of this measure in the consumer domain is discussed.

I. INTRODUCTION

In the past decade, psychologists have been drawn to automatic or non-conscious processes in their attempt to understand judgment and behavior (Fazio & Olson, 2003). Following the trend in psychology, increasingly more consumer researchers have focused on automatic processes (Alba & Hutchinson, 2000; Bargh, 2002; Brunel, Tietje, Collins, & Greenwald, 2004; Maison, Greenwald, & Bruin, 2001). As such, developing research methodologies that can provide insight into these underlying non-conscious processes has become essential to the advancement of the field. One such approach is to use indirect attitude measures to explore the unique ways in which consumers’ decisions are influenced outside of awareness. Indirect measures assess attitudes without directly asking individuals to report on the attitudinal object of interest, thus circumventing many of the issues associated with traditional, self-report instruments (Greenwald & Banaji, 1995).

One such measure is the Breadth-based Adjective Rating Task (BART) (Karpinski, Steinberg, Versek & Alloy, 2007), a paper-and-pencil measure of consumer attitudes. The BART (Karpinski et al., 2007) is based upon the premise that people tend to describe expectancy consistent information with broad, abstract traits, and expectancy inconsistent information with narrow, concrete traits. The BART quantifies this abstraction bias by having participants rate how well trait adjectives, known to vary by breadth and valence, describe an attitude object. Thus, if people have positive attitudes and expectancies of an attitude object, then they tend to describe that object with broad positive and narrow negative traits. Conversely, if people have negative attitudes and expectancies of an attitude object, then they tend to describe that object with narrow positive and broad negative traits. For example, if a person has a positive attitude towards a brand, he/she might provide high ratings for “optimistic” and “confident” (broad positive traits) and low ratings for “bashful” and “nagging” (narrow negative traits). By examining the breadth and valence of the traits people use to describe an attitudinal object, the BART provides an indirect measure of peoples’ attitudes and expectancies of that attitudinal
object (Karpinski et al., 2007).

In one research study, Steinman and Karpinksi (2008) examined the relationship between the BART and past and future consumer behaviors using a regional newspaper as the attitudinal object of interest. Steinman and Karpinksi (2008) found that the BART was a significant predictor of newspaper choice. The BART was also related to verbal reports of past readership behavior. However, most of the research on the BART has been in traditional social psychology areas. For example, preliminary findings suggest that the BART is a reliable and valid measure of self-esteem (Karpinski et al., 2007). Over a four-week interval, the test-retest reliability for the self-BART was \( r = .64 \); this is within the range typically found for implicit and indirect measures of self-esteem. Also, the self-BART, the indirect measure of self-esteem, correlated significantly and positively with explicit measures of self-esteem and had a negative relationship with Beck Depression Inventory scores. The latter finding supports previous research that has found a negative relationship between current levels of explicit self-esteem and depression. Overall, this preliminary research provides support for the BART as a promising indirect paper-and-pencil attitude measure.

The purpose of this research is to further determine whether the BART can be adapted for use in consumer research. By continually developing and refining indirect measures of consumer attitude, researchers can improve their understanding of consumer phenomena. The primary goal was to investigate whether the BART could be used as an indirect measure of consumer attitudes. In this research, attitudes towards America Online (AOL), a popular Internet brand, and Ben and Jerry’s, a well-known ice cream purveyor, were assessed. For both consumer objects, first we predicted that both explicit attitudes and the BART would be related to participants’ verbal reports of past usage. Second, we hypothesized that both explicit attitudes and the BART would predict self-reported prospective choice. Third, we predicted that the interactive effect of the BART and explicit attitude would predict self-reported past and future behavior. The emphasis of this research was to determine the relative effect of the BART in predicting consumer behavior.

II. STUDY 1

Methodology - Seventy eight students enrolled in an introductory psychology course at a large northeastern university participated in this experiment. All participants received course credit for their participation.

Participants were tested in groups of up to four at a time. Each participant was seated at a desk and given a packet of questionnaires to complete. All tasks were presented in the same order: an America Online (AOL) Breadth-based Adjective Rating Task (BART), AOL explicit attitude measures, and behavioral measures. At the conclusion of the session, the participants were thanked and completely debriefed.

Breadth-based Adjective Rating Task (BART) - Participants were presented 144 trait adjectives known to vary by breadth and (Karpinski et al., 2007). For each adjective, participants indicated the extent to which the adjective described the AOL on a 9-point scale from “Does not describe AOL” to “AOL very much. The values ranged from 1 to 9 (See Appendix).

A BART score was computed following the standard procedure outlined by Karpinski et al. (2007). It was calculated by first dichotomizing trait breadth and valence at the mid-point of each scale. Each trait was categorized into one of the four breadth by valence categories (i.e., Positive Broad Traits, Negative Broad Traits, Positive Narrow Traits, Negative Narrow Traits),
with equal numbers of traits (36) in each category. An overall BART score was obtained by first averaging the trait ratings within each of the categories. Next, the ratings of the broad positive and narrow negative traits were summed, and the ratings of the narrow positive and broad negative traits were subtracted from this sum: BART = (Broad Positive + Narrow Negative) – (Narrow Positive + Broad Negative). Therefore, positive BART scores indicate positive attitudes toward the Philadelphia Inquirer.

**Explicit Attitude Measures** - Participants completed a semantic differential, feeling thermometer, and rating scale measures regarding their attitudes towards AOL and other internet brands. For the semantic differential measure, participants rated AOL and other internet brands on five bipolar dimensions: ugly-beautiful, bad-good, unpleasant-pleasant, foolish-wise, and awful-nice. Each dimension was rated on a 7-point scale ranging from -3 (the negative pole) to +3 (the positive pole) and participants were instructed to circle zero if the anchoring adjectives were irrelevant to the concept. A Cronbach’s alpha computed on these five scores revealed the following level of internal consistency; $\alpha = .88$. For the feeling thermometer measure, respondents rated AOL and other internet brands on a scale from 0 (Extremely negative) to 100 (Extremely positive). The semantic differential and feeling thermometer explicit attitude measures were intercorrelated, $r = .84$, and thus were standardized to create a single explicit AOL composite.

Participants were also asked to answer behavioral questions. They were instructed to estimate how often they have used AOL in the past 30 days. Respondents were also asked to report how often they expected to use AOL in the next 30 days.

### III. RESULTS

**Descriptive Findings** - On the BART, participants indicated positive attitudes toward AOL, $M = .76$, $SD = .63$. On the explicit measures, participants indicated positive attitudes toward AOL on the semantic differential measure, $M = .84$, $SD = 1.31$, and the feeling thermometer measure, $M = 64.31$, $SD = 25.83$.

**Prediction of Verbal Reports of Past Behavior and Behavioral Intentions** - The behavioral outcome data were dichotomized and logistic regression, a statistical technique used with dichotomous, dependent variables, was used to examine participants’ verbal reports of past behaviors and predict future intentions. The dependent variable was coded to indicate whether participants reported they have or have not used AOL during the past thirty days. Then, logistic regression was used to predict verbal reports of participants’ past AOL usage behavior. A second logistic regression for behavioral intentions, following a similar recoding format, was performed as well. In both of the logistic regressions, the BART was entered simultaneously with the explicit attitude measure. Also, the interaction was entered (BART X Explicit Attitude) to examine self-reported past behavior and future behavior.

In the logistic regression examining verbal reports of past behavior, explicit attitude was a significant predictor, $\chi^2_{WALD} (1) = 10.82, p < .01$; the BART was not a significant predictor, $\chi^2_{WALD} (1) = 2.52, p = .11$. The results suggest that explicit attitudes were the best predictor of whether participants reported using AOL in the past thirty days. In the logistic regression examining self-reported future behavior, explicit attitude was a significant predictor, $\chi^2_{WALD} (1) = 9.80, p < .05$; the BART was not a significant predictor, $\chi^2_{WALD} (1) = 2.60, p = .11$. However, a significant interaction (BART X Explicit Attitude) was found for the prediction of self-reported
past behavior and future behavior: $\chi^2_{WALD} (1) = 5.23, p < .05$ and $\chi^2_{WALD} (1) = 6.00, p < .05$, respectively.

IV. STUDY 2

Methodology - Study 2 was a replication of Study 1 using a different consumer attitudinal domain. Seventy eight students enrolled in an introductory psychology course at a large northeastern university participated in this experiment. All participants received course credit for their participation.

Participants were tested in groups of up to four at a time. Each participant was seated at a desk and given a packet of questionnaires to complete. All tasks were presented same order: a Ben & Jerry’s Breadth-based Adjective Rating Task (BART), Ben & Jerry’s explicit attitude measures, and behavioral measures. At the conclusion of the session, the participants were thanked and completely debriefed.

A Cronbach’s alpha computed on the five semantic differential scores revealed the following level of internal consistency; $\alpha = .79$. The semantic differential and feeling thermometer explicit attitude measures were related, $r = .59$, and thus were standardized to create a single explicit Ben & Jerry’s composite.

Participants were also asked to answer behavioral questions. They were instructed to estimate how often they have consumed Ben & Jerry’s products in the past 30 days. Respondents were also asked to report how often they expected to consume Ben & Jerry’s products in the next 30 days.

Descriptive Findings - On the BART, participants indicated positive attitudes toward Ben & Jerry’s, $M = .48, SD = .74$. On the explicit measures, participants indicated positive attitudes toward Ben & Jerry’s on the semantic differential measure, $M = 1.52, SD = 1.03$, and the feeling thermometer measure, $M = 79.70, SD = 18.13$.

Prediction of Verbal Reports of Past Behavior and Behavioral Intentions - Logistic regression was again used to examine participants’ verbal reports of past behaviors and predict future intentions. The dependent variable was coded to indicate whether participants reported they have or have not consumed Ben & Jerry’s products during the past thirty days. Then, logistic regression was used to predict verbal reports of participants’ past Ben & Jerry’s behavior. A second logistic regression for behavioral intentions was performed as well. In both of the logistic regressions, the BART was entered simultaneously with the explicit attitude measure. Also, the interaction was entered (BART X Explicit Attitude) to examine self-reported past behavior and future behavior.

In the logistic regression examining verbal reports of past behavior, explicit attitude was a significant predictor, $\chi^2_{WALD} (1) = 16.02, p < .05$; the BART was approaching marginal significance as a predictor, $\chi^2_{WALD} (1) = 2.55, p = .10$. In the logistic regression examining verbal reports of future behavior, explicit attitude was a significant predictor, $\chi^2_{WALD} (1) = 8.57, p < .05$; the BART was not a significant predictor, $\chi^2_{WALD} (1) = 2.17, p = .14$. A significant interaction was not found between the BART and the explicit attitude measure when predicting verbal reports of past behavior $\chi^2_{WALD} (1) = .60, p = .44$; however, a significant interaction was found between the BART and the explicit attitude measure when predicting verbal reports of future behavior $\chi^2_{WALD} (1) = 3.03, p < .05$. 
V. DISCUSSION

Overall, the results from these two studies suggest that the BART could have utility as an indirect measure of attitudes in the consumer domain. Knowing one’s BART score may increase the precision of predicting consumer behavior.

Preliminary research on the BART has shown it to be a reliable and valid indirect measure of self-esteem. However, there has been limited research on the BART as a measure of non-social attitude objects. This was an attempt to continue to extend the BART into the consumer domain. In this research, the BART added to the specificity of prediction above and beyond explicit attitude. The BART is a flexible measure that can be used to measure numerous consumer objects. It is straightforward to administer, score, and interpret. It is the author’s belief that it has the potential to be an addition to the current indirect measurement techniques in the literature. Previous research in social domains indicates that spontaneous behavior may be guided by implicit attitude and deliberative behavior by explicit attitude (McConnell & Leibold, 2001). One can presume that there are consumer situations where knowing indirect attitudes in conjunction with explicit ones will increase the specificity of prediction. The fast moving consumer goods domains is one such arena. In the fast moving consumer goods domain purchase is often made without exerting significant cognitive effort. As such, non-conscious processes should be taken into account. An entirely rational model would not fully capture the these aspects of consumer behavior that influence choice.

The primary limitation of the current study is that it did not include an actual behavioral outcome variable. Paper-and-pencil measures were used to collect data. The mere fact that participants were not using their own money and there were no real purchase situations may have influenced the results. Future research efforts should address this issue and include behavioral measures based on observation and/or simulation. A secondary limitation appears to be the sample size. There was a statistical trend suggesting that the BART to some extent predicts verbal reports of past and future behavior; however; as a predictor, the BART was not statistically significant. Perhaps there was insufficient power to detect the subtle yet important effect of the BART, and an increased sample size would have led to significant results.

Additional research is needed to better understand the advantages and disadvantages of the BART in the consumer domain. Future studies should replicate this research as well as examine the effect of time and motivation on consumer choice. Researchers should also examine the relationships between the BART and other implicit attitude measures. This will enable consumer researchers to have a better understanding of the role of conscious and non-conscious processes in consumer behaviors.

REFERENCES


### Appendix

Trait Adjectives Used in the BART

<table>
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<tr>
<th>Positive</th>
<th>Negative</th>
<th>Positive</th>
<th>Negative</th>
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<tr>
<td>Absent Minded</td>
<td>Economical</td>
<td>Lazy</td>
<td>Secrative</td>
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<tr>
<td>Active</td>
<td>Enterprising</td>
<td>Lenient</td>
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<td>Extroverted</td>
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<td>Fair</td>
<td>Lively</td>
<td>Self-Doubting</td>
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<td>Aimless</td>
<td>Fidgety</td>
<td>Logical</td>
<td>Selfish</td>
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<td>Alert</td>
<td>Fidgety</td>
<td>Mannerly</td>
<td>Sensitive</td>
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<td>Flexible</td>
<td>Meddlesome</td>
<td>Sentimental</td>
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<td>Flirtatious</td>
<td>Meditative</td>
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<td>Forgetful</td>
<td>Meticulous</td>
<td>Sloppy</td>
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<td>Rude</td>
<td>Witty</td>
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<tr>
<td>Down-To-Earth</td>
<td>Inconsistent</td>
<td>Sad</td>
<td>Wordy</td>
</tr>
<tr>
<td>Dull</td>
<td>Inconsistent</td>
<td>Sarcastic</td>
<td>Wordy</td>
</tr>
</tbody>
</table>

*Note: a broad positive; b broad negative; c narrow positive; d narrow negative*
UNDERSTANDING STUDENT SELF PERCEPTIONS OF THEIR ONLINE EXPERIENCES WITH THE DEMANDS OF ONLINE COURSES

Chris Myers, Texas A & M University – Commerce, Texas
Chris_Myers@tamu-commerce.edu

Scott Sewell, Texas A & M University – Commerce, Texas
Scott_Sewell@tamu-commerce.edu

Sonia Taneja, Texas A & M University – Commerce, Texas
Sonia_Taneja@tamu-commerce.edu

ABSTRACT

This article discusses perceived levels of learning in an online learning environment. The research which is the basis for this article studied the relationship of five variables (i.e. preference for online versus face-to-face courses, course types, demand for online courses, effectiveness of learning and grades across all students) and identified critical factors related to the variables. For this research, a survey was conducted to understand students’ perceptions regarding their online experiences versus face-to-face learning in class. The results indicate that students find their experiences in online classes to be equivalent to, and as fulfilling as, face-to-face learning experiences. However, the study also revealed that students’ perceptions on each variable may be a reflection of varying personal preferences and underlying motivations which affect learner’s perceived satisfaction. Finally, this article explains how the integration of blended learning (mix of face-to-face with e-learning) may moderate student perception regarding online preferences.

I. INTRODUCTION

The shift to online education has occurred with such veracity. As of fall 2005, there were over 3 million students enrolled in at least one online class, which was up 39% from the previous year. If current growth trends in distance education continue (conservatively at 20%), it is predicted that by 2011, there will be more students participating in online education than in the traditional classroom, making distance learning “the fastest growing and most dynamic sector in the education market (Distance Learning Today, Media Kit, 2007). Along with this increase in demand for online services by students, another even more important trend is the increasing acceptance of online degrees by business executives. A recent 2007 national study of over 1500 business leaders, reported that that “83 percent strongly believe that a degree earned online is as credible as a degree earned through a traditional, campus-based program” (Distance Learning Today, 2008).

People are accepting online courses and online programs because of the changing paradigms in educational technology for teaching and learning which integrate well with the online technologies used to access the educational services (Dykman, 2008). There is a shift from *sage-stage* to *guide–side* approach with teaching online i.e. from traditional in class learning to more collaborative learning, a blend of traditional and online learning where
instructor acts as a facilitator (Perreault, Waldman and Alexander, 2002). With the globalization of institutions around the world, competition in education is increasing especially in the online programs. Large numbers of online programs like business, music, medicine, arts are introduced because of the versatility of the online programs in terms of economics, convenience and portability in comparison to conventional teaching. There are no boundaries for the internet, so increasingly, educational institutions are involved in “integrating international students and faculty into an academic life without borders” (Barth, 2004; Medlin, Vanoy, and Dave, 2004).

II. ISSUES STILL ABOUND IN E-LEARNING.

One of the major problems is the lack of matching student capabilities and e-learning. Every student is not meant for online or there perceptions about e-learning may be a factor/barrier for success. Students driven by convenience but self perceptions indicate students may not always be aware of the demands of online learning. According to Soles and Moller (2001), there is a need to design online courses to match student learning characteristics regarding type preferences, but in order to do so; we must be assessing these preferences first. To meet the needs of all online students, researchers will need to have a better understanding of the relationships between student personalities and how they think and the resulting effect on their perceptions and outcomes of their online learning experience (Irani, Telg, Scherler, Harrington, 2003).

In 1999, a report by the National Education Association reviewed distance learning since 1990 and found that one of the weaknesses in distance education research was that it “does not consider different learning styles and how they relate to specific technology”. The results of the study were that although technology is rapidly changing education and its institutions, both nationally and internationally, “the higher education community still has much to learn regarding how and in what ways technology can enhance the teaching/learning process” (Distance Learning in Higher Education, 1999). The purpose of this study, therefore, was to understand students’ perceptions of online environment demands versus face-to-face. Specifically, the present study aimed to achieve this purpose by examining the close relationships among student’s self perceptions of their learning ability.

III. LITERATURE REVIEW

This transition from conventional face-to-face learning to virtual learning (i.e. online learning) has encouraged colleges and universities to create more online courses and online programs (Dutton, 2002; Perry, 2002). This trend has caused universities and higher education institutes to be able to reach students globally as well as in remote areas. There is an increasing demand for distance and online education from part-time, non residential and non-traditional students (Borstoff, 2007). There is a demand of e-learning because it provides many advantages to the students in terms of accessibility, flexibility, convenience and portable. The content and format of the online course can be modified and changed according to the needs of the students and course curriculum. When compared to a traditional face-to-face class where there is an interaction between the student and instructor as well as fellow students, E-learning has a variety of disadvantages, e.g., connectivity issues, bandwidth, lack of personal touch, lack of socialization and unwillingness of some students and faculty to accept online courses. E-learning requires a mind-set change because it is so different from traditional in-class learning which is
considered to be passive learning. It requires students to change their perception towards online courses in terms of their habits, learning styles and modes of communication with instructor and their peers.

“E-learning is emerging as the new paradigm of modern education (Sun, 2008, pg. 1183).” According to Sun et. al (2008) “The e-learning market has a growth rate of 35.6% worldwide (pg. 1184).” The context of e-learning is rooted in technological trends which have altered the educational landscapes around the world. Since there has been such an increase in online programs and online courses, it has become important to provide the best educational delivery to students (Peltier et al., 2003). The higher education institutes, businesses and universities are offering e-learning programs to teach their employees and students because e-learning can be cost effective compared to traditional classroom learning (So & Brush, 2008). E-learning programs can be used to reduce expenditures on infrastructure, and make additional funds available for paying salaries to employees. According to Sitzmann (2005), the e-learning and classroom learning were found to be equally effective when the content and learners were similar (pg. 18). Several other recent studies regarding learning styles and their effect on learning have found no difference in effectiveness between traditional and technology-based delivery methods. They also reported “no significant differences in learning outcomes” (Kartha, C. P., 2006).

Students can achieve success in online programs by using learning styles based on the combination of maintenance of motivation, levels of task engagement and information processing habits or cognitive controls (Aragon, Johnson and Shaik, 2008). Students maintain the motivational levels by exercising the self-efficacy and self-control (Curry, 1991) and student know their capabilities to achieve their goals (Bandura, 1994). Students achieve high levels of task engagement by involvement in the course through participation with each other and the instructor. The cognitive controls “represent patterns of thinking that control the ways that individual’s process and reason about information” (Jonassen and Gabowski, 1993, 83). It is easier to be delivered to the learners because of the mode of interaction between the students and instructors (Kruse, 2006). Students often prefer online courses because they more control over the learning environment as they access the courses at their own time and their own pace.

IV. LEARNER CENTERED ENVIRONMENTS

Learner-centered design is imperative, in particularly online programs or e-learning because of the heterogeneous students. It is important to understand students’ perceptions towards the web-based instructions because it affects their performance and satisfaction (Chen, 2004). It is important for instructors to analyze the cognitive styles of their students and to design the course and instructions to facilitate effective learning (Lee, 1992). Cognitive style refers to an individual’s preferred and habitual approach to organize and assimilate information (Chen 2004, pg. 378). It is important for the instructors to know how students learn and how they perceive the learner-centered environment, i.e. how well a student is able to understand the program. Additionally, there are several other learning centered issues that are important. Several recent studies by Bird, 2007, Lee, 2007, Mancuso-Murphy, 2007 and Martens, 2007, found that students feel that online courses improve their learning experience (Butler, 2008). The issue with grades has been researched as well. A review of studies involving the effectiveness of online instruction vs. face to face instruction found varying results. While the majority of the studies found no difference between student performance and satisfaction (McFarland and Hamilton,
2006), there were also contradicting results from other studies. In 2005, a study by Zhang found online students performed better and were more satisfied, while a 2001 study by Rivera and McAlister found online students to be less satisfied and perform worse than traditional students (Lim, Kim, Chen, and Ryder, 2008). And lastly, a hybrid or blended learning avenue has been studied. Online learning within the context of traditional classes is being used increasingly to enhance both teaching and learning. Some of the most significant improvements included: “improved communication, increased access to Internet resources and provided a high level of student satisfaction” (Lim et al., 2008). All of these learning centered issues need to be investigated to gain greater insight into how we can best improve the e-learning environment.

V. METHODOLOGY

Data was collected using an online survey from three sections of an online graduate management class in the spring 2007 semester. Survey completion was a required component of the class (participation only, not for a grade) at a major AACSB-accredited university. A total of 93 students were surveyed. The completion of the survey was assigned in the final unit of the Management Skills Development course. To complete the survey, the students went to an online link for a data collection service and responded to a variety of questions in both open ended and closed formats. The questions covered many different aspects of their online learning experience. Of the many questions answered, the results of several of the questions are the subject of this paper. Here we focus on the Online Preferences and Online Class Demands sections of our survey.

The demographics and psychographics for the survey participants were the following: 54% female, average age was 33, 62% White, Non-Hispanic, 14% Black, 7% Hispanic, average 15 credit hours completed, and average graduate GPA of 3.4. The primary survey variables used in this paper are shown in Table 1.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Description</th>
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<tr>
<td>PrefOn</td>
<td>Prefer online classes to traditional face to face classes</td>
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<tr>
<td>AmtOn</td>
<td>Amount of online component preferred in a class</td>
</tr>
<tr>
<td>DeOn</td>
<td>Compare the demands of an online course to face-to-face</td>
</tr>
<tr>
<td>LearnExp</td>
<td>Compare your learning experience online course to face-to-face</td>
</tr>
<tr>
<td>GradeOn</td>
<td>Compare to online grades to face-to-face</td>
</tr>
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</table>

VI. RESULTS

The overwhelming justification for taking online classes for our respondents is the ability to customize the schedule (over 75%) and to continue working while attending school (over 70%). This is consistent with previous research (Perreault, Waldman and Alexander, 2002) as some of major reasons for attending online classes. From the table, you can see that affordability was the third major reason followed by de-confliction with other courses and schedules and other outside activities.
The major thrust of this analysis is the e-learning self perceptions. It has been suggested that satisfaction and performance are linked to positive self perceptions, especially in learning. In the table below, we see that there was an overwhelming selection for preference online (65%). Over 25% of the respondents were “Unsure” while 10% preferred Face-to-Face (F2F) classes. This is consistent with the current preferences in our non-urban area and also reflects the growth online.

When asked the type of online classes, 53% preferred entirely online classes while 33% preferred a mix of online and F2F. These perceptions and preferences probably reflect the need to interact more with instructors and students. The current trends toward access to additional material have increased.

Although the demands of online are considered to be greater, our respondents were much divided on this issue. Although 53% thought online was more demanding, 46% of the students felt that online and F2F were equally demanding. This may reflect the changing nature in both the student and the delivery of online classes. As the online environment has evolved, it is clear that the methods and tools for online delivery are much better than in previous years. In addition, with the growth of the number of students taking online classes, students may have been able to identify the type of classes that better reflect their learning styles and learning needs. In this way the students are more able to optimize their learning and improve their performance.

The learning variable was designed to better understand the student’s ability to compare learning experiences in the online vs. F2F environments. This perception is important and reflects the possible major factor in preference determination. Over 68% of the students rated the online and F2F environments about the same in learning experiences (Tables not included). Those rating online experiences better were 19.6% while 10.9% favored F2F learning experiences (Tables not included).

Another element of importance is the perception about grades. The tendency for most students is to think or perceive that grades are asymmetric in nature. That is, grades are “much easier” online than face to face. Over 76% of the students felt that the grades were equally given. Those with online grades were generally higher were 9.8% and those who thought online grades were generally lower than F2F were 13% (Tables not included). This is significant and reflects the important perceptions of students to understand that no mode of delivery is vastly different for performance.

Our final table is developed and shown here is the relationship across these e-learning perception variables. That is, the overall relationship in regard to online preferences, Course types, Demands, Learning, and Grades across all students.

In the next table, the relationships of the variables of interest reflect a vastly tenuous nature for the respondents in this survey. This is reflected in the data based on the fact that there are no very strong correlations among these e-learning variables. Thus, the perceptions on each variable may be a reflection of varying personal preferences and choices with differing underlying motivations.
We see that Course type and preference for online is moderately significant (r=.528, p<.000). The expectation for this variable that it would be a stronger effect given more than 65% of the students preferred the online environment. While only 53% of the students preferred an entirely online mode. However, this relationship may reflect that the preferences for a primary delivery method and the frequency of that modality are actually different. That is, more students may prefer the online delivery mode, but the more optimal frequency or preference would be more of a mixed delivery. Preference for online is also significant with Learning (r=.336, p<.001) and Grades (r=.220, p<.035). Again, these are significant, but weak Pearson Correlation Coefficients. In the case of learning experiences (Learning), the ability for face to face to offer, in some cases, as rich a learning experience, is reflected in this result. The variable grades also reflect this effect. That is, the F2F environment, although it may not be the most preferred, is still perceived as having some strength in relation to online. One additional thought is that the nature of the students taking this study possibly reflects the experience of undergraduate programs or other F2F grad courses. Thus the experience with F2F may moderate the perceptions of the online preferences.

VII. CONCLUSION AND MANAGERIAL IMPLICATIONS

More learning-centered design is still imperative for e-learning because of the heterogeneous students. We want to focus on to more comprehensive results: Demands in Online Environments and Learning Experiences. Although we only highlight the results based on these items, it is evident that our findings are consistent with other researchers. Butler (2008) found that students value the online learning experience. Our study substantiates that finding, but also suggests that the demands of online learning are neither lower, nor higher than traditional learning environments. Our study suggests that demands seem to be appropriate. This is extremely important because student should feel that they are getting and equivalent education regardless of the environment. This is and is validated by employers who now accept that online education is as credible. Additionally, online learning experiences are seen as fulfilling as face-to-face learning experiences. This value is exhibited through the moderate correlations which suggest that students who don’t have a high preference for online also rated learning experiences online as similar to those of face-to-face classes. For managers, these findings suggest that the trend toward blended or hybrid classes should continue. As courses are developed and decisions on how they are administered are discussed, a menu of options should be under consideration. These avenues will offer the best opportunity to be more learning centered to address student learning and outcomes.
Limitations associated with e-learning are increasingly being eliminated with various technological advances. In addition, students and teachers have become familiar with the technological capabilities and are able to improve e-learning courses and curricula. Myths are routinely being dispelled through research that demonstrates that the results of e-learning courses are similar to the results achieved in traditional courses. This initial investigation revealed that there are significant opportunities to improve student perceptions of the online course delivery. But it also shows and supports the increasing credibility that has come to e-learning is justifiable. Future research should delve more into the areas of learning centered environments and how they can be improved to facilitate better outcomes form student learning. This future research should focus on self perceptions and actual behavior to insure a more complete picture.

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DETERMINING CHURN DRIVERS IN MOROCCAN TELECOM SECTOR

Nicolas Hamelin, Al Akhawayn University
N.Hamelinaui.ma

Amani Nassali, Al Akhawayn University
A.Nassali@aui.ma

Talha Harcar, Al Akhawayn University
T.Harcar@aui.ma

ABSTRACT

Moroccan telecommunication sector is considered as one of the most developed telecom sectors in the African region and one of the most developed economic levers in the country. To date there is no data on churning behavior for the north African market and in particular Morocco. This study aims at shading light on the main factors responsible for churning in Moroccan Telecom sector. The focus of the study is to identify the main triggers responsible for Moroccan customers churning from one operator to another. The findings of the research have revealed a significant relationship between specific organizational factors such as tariff, transparency, technical assistance, variety of promotions, privacy concern and churn behavior; more precisely factors such as promotion, and transparency level were found to be predominant in the Moroccan customer churning decision.

I. INTRODUCTION

Moroccan telecommunication sector is considered as one of the most developed telecom sectors in the African region it is highly privatized and concentrated between three major players: the historical carrier “Maroc Telecom”, the Spanish-Portuguese consortium “Meditel” and the local telecom company “WANA”. The Moroccan telecom industry has been dominated by Maroc telecom, but with liberalization and the entry of new players in the market, churning has become an important issue for mobile carriers. As competition intensifies, retaining customer becomes the main challenge facing Moroccan Telecommunication’s firms. A study about churn drivers in Moroccan Telecom is of great importance for Telecom operators, the regulation agency and any agent operating in the sector. The aim of this research is to address the following questions: What are the main causes behind Moroccan customer churning? And ‘Is there any relationship between Moroccan customer’s personal characteristics and churn decision?’

II. BACKGROUND

Concepts and Definitions

Churn behavior is a common problem that faces telecom companies in their life cycle; it reduces the profitability and hurts the brand image of the company. Liberalization of the market has enlarged the number of operators to compete at the national level. It is the customer who
makes the deliberate choice of selecting the service provider among the existing ones. In this context, Lu (2002) advanced that customers exercise their right to choose among the existing providers and thereby switch from one company to another. Geppert (2002) defines churning as “the movement of customers from provider to provider in search of better and cheaper products and services”. Customer churning, customer migration or customer loss as it is called has been treated as main concern because of the different costs associated to it.

Churn Management

Since it is difficult to detect the potential churners, it is necessary for the mobile telecom operators to take the necessary actions to identify those with the intention to churn before they solidify their act and lead to profit decrease. Mutanen (2006) pointed out that customer lifetime value is a valuable asset for business life. Customers have to feel a strong affiliation with the company so they can continue doing business with it. The idea here is that the more involved he or she feels, the less the probability to churn. Brodsky (2006) stated “Winning is not just about closing the sale. You win when you close the sale and also lay the foundation for a good relationship that will allow you to keep the customer for a long, long time”. The mobile phone operator has to focus on customer retention rate rather than its target sales volume; since without customer base, no sales volume would be met. Eechambadi (2006) suggests developing retention strategies as churn management technique. Carriers must ensure that not only customers are satisfied but also customers are deriving value from this relationship: the mobile phone operator should accompany the customer along the buying process and ensure that they are using and enjoying the service.

III. RESEARCH METHODOLOGY

Questionnaire Development

The first section of the questionnaire contained satisfaction level and a set of 10 statements that measured the perception of current telecom operators; the second section of the questionnaire included everyday practice related to the cell phone usage and the intention of switching to another telecom company. The third part of the questionnaire consisted of a number of relevant demographic variables were identified based on earlier studies. In addition to the customary questions regarding gender and family income, respondents were also asked demographic characteristic questions regarding years of cellular phone use and monthly cell phone expenses.

Data Collection Procedures

The data for this study was collected through self-administered questionnaires. The questionnaires were administered in Rabat and Casablanca in the spring of 2008. The areas selected for the study in the Morocco is representative of the general population when considering the socio-economic and demographic variables. In the study locality, there is a cross-section of demographic and socio-economic groups who make the study findings more credible. The sample itself was a quota sample reflecting demographics and socio-economic (gender, age, education, occupation, income) make-up of the area population and cell phone subscribers. Five
hundred surveys were distributed in a variety of sections of Rabat and Casablanca and four hundred and fifty usable questionnaires were collected. Among the 450 respondents answered the survey only 9 of them reported that they did not have a mobile phone. Those respondents were excluded from the analysis. Data collected for this study comprises of arbitrary choices of the city sections of the researchers involved in collecting the data analyzed. Therefore, the following statistic results should be interpreted with caution. Nevertheless, our results may still shed certain insights on determining churn drivers in Moroccan telecom industry, when achieving strict randomness in data sample selection is practically unfeasible.

IV. STUDY FINDINGS

Sample Composition

Among the total respondents, Maroc Telecom subscribers represent the highest proportion among the respondents (42%), followed by Meditel clients (40.1%) and Wana customers (17.9%). The numbers revealed by the study are consistent with the current market structure (telecom overview: market size for both operators, reference ‘Mobile telephony in Morocco, quarterly observation December 2007’ by ANRT). The initial findings of the survey indicated that 21.1% of the total respondents have switched to another telecom carrier. 78.9% have found remained with the same operator.

Demographic profile of total respondents

Among the total respondents; 42.2% are women and 57.8% are men. The official statistics about Moroccan population reveal that there are more women than men (50.7% and 49.3% respectively). Such difference can be explained by the fact that during the administration of the questionnaire, men were more cooperative than women. 40.8% of the total respondents are between 21 and 30 years, 29.9% are between 31 and 40 years, 13.6% are between 41 and 50 years. Those aged below 20 years count for 13.4% and those aged more than 51 years count for 2.3%. It is known that the Morocco has a relatively younger population; according to the official statistics, the higher proportion of the Moroccan population fall into the group of 15-24 and 25-60 (31.2% below the age of 14, 60.7% between 15 and 59 and 8.1% more than 60 years). About 38.3% of the respondents have baccalaureate (high school) degree, 27.9% have license degree or equivalent, 14.5% have their secondary school. Those with master or doctorate counted for 8.4% and 3.2% respectively while subscribers with no education were 5%, and primary school graduated were 2.3%. Since the questionnaire was distributed in Casablanca (urban area), the majority of the participants fall within the educated population. According to the 2004 statistics, 24.5% of the Moroccan population has completed only their secondary school, 15.2% have their baccalaureate, and 8.7% are pursuing their university studies.

V. RESEARCH MODEL AND DISCUSSIONS

We used logistic regression to examine the relationship between organizational factors with “intention to change of operator” coded as a dichotomous variable (yes or no). We evaluated the following characteristics as potential organizational factors that may have significant relationship with the intention to change operator; tariffs, coverage network quality,
frequency of billing errors, transparency level, and quality of customer service, technical assistance, mobile models, and reactivity to complaints, promotions and privacy. In the second model, we will try to detect whether personal characteristics have an effect on churn decision, hence P will be expressed as a function of the following independent variables: age, income, education level, and gender. The third model treats change of operators as dependant variable articulated around products characteristics (type of contract and mobile models). In the case of this study independent variables are measured according to different scales or in different units, therefore the coefficients must be standardized in order to compare the strength of the relationship between the variables. Hence, standardized regression coefficients tell us how increases in the independent variables affect the outcome. All the models are written in log units.

The first model is expressed as follows: $P = \alpha + \beta_1(tar) + \beta_2(cov) + \beta_3(err) + \beta_4(transp) + \beta_5(ser) + \beta_6(tech) + \beta_7(priv) + \beta_8(comp) + \beta_9(pro) + \epsilon$. Where $tar =$ tariffs, $cov =$ coverage network quality, $err =$ the frequency of errors, $transp =$ transparency level, $tech =$ technical assistance, $priv =$ privacy, $pro =$ promotions, $comp =$ response to complaints and $mod =$ model phones, $\epsilon =$ error. Based on the Stata output, 433 observations, the estimation of the first model is:

$$P = -8.178392 + 0.4324049 \times (tar) + 0.1535246 \times (cov) + 0.1314739 \times (err) - 0.1151668 \times (ser) + 0.3848736 \times (transp) + 0.3157465 \times (tech) + 0.2902323 \times (priv) + 0.1666141 \times (comp) + 0.6805569 \times (pro) + \epsilon$$

The five factors that significantly contribute the prediction of customer churning intention are: tariffs, transparency level, promotions, technical assistance, privacy and response to complaints. Coverage, customer service quality, response to complaints and billing errors are not found to be significant with the intention of changing operator. The overall model is found statistically significant with 99% confidence level with p value = 0.00. Most significant independent variables are promotions, tariffs and transparency with respective standardized coefficient of 0.37, 0.22 and 0.18. To a lesser degree technical assistance, privacy and response to complaints with respective standardized coefficients of 0.16, 0.15 and 0.08 contribute to the churn behavior.

The second model treats change of operator as the dependent variable and type of contracts and mobile models as the independent variables: $P = \alpha + \beta_1(mod) + \beta_2(typ) + \epsilon$. Where model= mobile model and type = type of contracts and $\epsilon =$ error. Based on the STATA output, we have the following equation in standardized coefficients: $P = -1.667071 + 0.0854 \times (mod) + 0.1517 \times (typ) + \epsilon$. The model is found statistically significant with $p<0.1$ and $X^2 = 0.0140$. The standardized coefficient shows a relationship between the churn decision and type of contract of the subscribers, while mobile phone model was not a significant factor. Based on the contract type, the standardized coefficient of the variable suggests that as customers move from postpaid to prepaid segments, the standard deviation of churning increase by 0.151.

We also evaluated associations between demographics and the intention to churn operator using logistic regression. Specifically, we examined differences in our exposure metrics for age, income, education and gender. The third model is expended as: $P = \alpha + \beta_1(age) + \beta_2(inc) + \beta_3(edu) + \beta_4(gen) + \epsilon$. Where age= age of the subscriber, inc= income, edu= education level and gen= gender and $\epsilon =$ error. Based on the Stata output we have the following equation in standardized coefficients: $P = 0.738433 - 0.1214 \times (age) - 0.2460 \times (inc) + 0.0333 \times (edu) + 0.0415 \times (gen) + \epsilon$
The third model was found statistically significant, but we do not have enough statistical evidence to claim that gender and education level has a significant impact on churn behavior. However age and income with respective standardized coefficient of -0.12 and -0.24 contribute significantly to churn behavior and that there is a negative relationship between churn behavior and income and age. As the subscribers’ income as well as the age increase, the probability of churning decreases.

VI. CONCLUSION

The primary purpose for this study was to determine the main triggers of churn attitude in the Moroccan telecom sector, also to verify whether the personal characteristics of a specific subscriber influence the churn decision. In this section, the conclusions reached will be summarized. In this study, we have categorized the churn drivers into three main factors: organizational factors, product factors and personal characteristics. The first evidence found, through the logistic regression, is a positive relationship between the churn attitude and some of the organizational factors. Subscribers still want to churn because of tariffs charged by their actual operators; even there is slight difference between prices charged by the three telecom operators through the price control of the national regulatory agency of Telecom sector (ANRT).

Transparency level of operators is considered among the most important churn drivers; clients have lost their confidence into their current telecom operator either because of misleading advertising or opaque information about tariffs and services; therefore, those clients prefer to churn to the competitor that show high level of transparency.

The finding of the research have shown that the quality of coverage network, customer service quality, response to complaints and billing errors frequency were insignificant to the churn behavior. No statistical evidence was enough to pronounce whether there is a relationship between these factors and churning or not. The possible explanation for this is that customer service is not highly used by customers except for information request or posting complaints or either subscriber are being well served. Also, subscribers are not used to complain about the problems they have faced. The insignificance of network coverage could be explained by the fact that clients did not face any technical problems while being subscribers of the operators. Billing errors are not related to churning since the billing system adopted by the operators is similar (under the control of ANRT).

Furthermore, technical assistance, degree of privacy respect and diversity of promotions were identified as main churn drivers. Subscribers are not satisfied with the degree of technical assistance provided by their mobile phone operators, responsible either do not give feedback about the problem faced or do not handle it at all; this is due to the delay that clients have to wait till sales people contact technicians and therefore solve their problems. Privacy of customers is violated since operators could communicate the personal information about their clients to individuals or institutions (for marketing purposes). Also, the frequency and diversity of the promotions offered by the current telecom operator are not so attractive to make clients remain with it.

The results of the survey have revealed that mobile models do not affect the churn decision; even there are some exclusive models that are sold within one operator and not found in others. In the other hand, the results have shown that prepaid customers are more likely to churn than postpaid customers.
Concerning the personal characteristics of subscribers, the results have revealed that only the age and the income of subscribers are associated with churn attitude. The increase of the subscribers’ income do not push them to churn, but at the opposite to add another mobile card from other operators. On the other hand, young customers are more willing to churn that older ones.

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A CONCEPTUAL FRAMEWORK DETERMINING FACTORS AFFECTING ATTITUDES TOWARDS ORGANIC FOOD CONSUMPTION

Talha Harcar, Pennsylvania State University at Beaver
tdh13@psu.edu

Cindy Heintz, Pennsylvania State University at Beaver
clh313@psu.edu

ABSTRACT

Our research purpose is to build a conceptual model of the consumers’ attitudes toward organic food, lifestyle, daily diet, preventive health care and wellness orientation. This paper is organized into four parts. The first part introduces an overview of consumer attitudes toward organic food consumption. The second part develops a literature review of the topic. Section three discusses the conceptual model. The final part of the paper maintains the conclusions, implications and limitations and suggested research that needs to be completed.

I. INTRODUCTION

The International Federation of Organic Agricultural Movements defines organic agriculture as “a production system that sustains the health of soils, ecosystems and people. It relies on ecological processes, biodiversity and cycles adapted to local conditions, rather than the use of inputs with adverse effects. Organic agriculture combines tradition, innovation and science to benefit the shared environment and promote fair relationships and a good quality of life for all involved.”

Demand for organic food is on the rise. Over the past several years, the organic food industry in economically developed countries has enjoyed double digit growth. In contrast, conventional food remains stagnant with single digit growth. Research shows that in the UK, demand for organic food is growing at rates up to 40% per year (Lodorfos and Dennis, 2008). A 2007 Manufacturer Survey, conducted by the Organic Trade Association, reported that in 2006 the U.S. market saw an increase of 20.9% growth in the purchase of organics (Organic Trade Association, 2006). As consumers become more interested in purchasing organic food, researchers have begun to study the factors that influence consumer behavior. There have been numerous studies that have sought to examine the reasons that people choose organic food. Although the results of these studies sometimes contradict one another, they have given insight into the motives and attitudes of organic food consumers.

The Organic Trade Association reports that organic food accounts for approximately two percent of the international food market. In 2006, sales of organic food in the U.S. increased by 20.9% and accounted for over $16.7 million in sales. The organic food industry has experienced incredible growth in the U.S. over the past several years and is projected to continue to increase rapidly.

The figures for Europe also indicate rising interest in organic food. According to the Soil Association, the UK has experienced a ten-fold increase in sales of organic food from £100
million in 1993/94 to £1.12 billion in 2003/04. They report that the number and range of people purchasing organic food has increased to nearly two out of three consumers.

II. THEORETICAL FRAMEWORK

Figure 1 draws a model for the scope of the paper and explains the relationships. This model could be better understood with the operational definitions of the paper within the current literature.

Researchers have begun to examine the reasons that people purchase organic food. Some of the studies focused on the elements that influence consumers’ intention to purchase organic food and others studied the reasons that consumers with similar attitudes had different buying habits. After a review of several of these studies, there was evidence of some common themes and noticeable differences that emerged from the data collected. Several studies that have been conducted reveal that people who purchase organic food consume it because of the health benefits. One study published in the Journal of Food Distribution Research, found a relationship between the elevated cost of purchasing organic food and the buyer’s belief that consuming organics add health benefits (Onyango et al., 2007). An Italian study went even farther when it concluded that “All consumers associate organic products with health at different levels of abstraction…” The results of this same study suggest that health and wellbeing are the most important motivation and at the center of the reason consumers purchase organic food (Zanoli and Nespetti, 2007).

Research that was conducted for the purpose of comparing the behavior of consumers in Germany and the UK revealed that even though consumers in each country had different values that led them to select organic food, health and enjoyment were present in both. The data confirmed that German and British consumers held similar attitudes about health consciousness. The report concludes that both health and food safety play a principle role in driving demand for organic food in both countries. This particular study notes that although consumers in these countries have similar attitudes about health consciousness, cultural differences cause their values to differ and affect their purchasing habits (Baker et al., 2004).

Additional evidence that supports the theory that health consciousness is an important factor for consumers who select organic food is found in the results of a survey conducted in Sicily. The outcome of the study disclosed that 54.5% of consumers eat organic produce because they consider it “healthier” than other produce. This study categorized consumers into four groups including “deeply rooted”, “pioneer”, “pragmatist”, and “nostalgic”. “Deeply rooted” consumers are those who have purchased organic food for a period of at least two years. The study found a link between “deeply rooted” consumers and the belief that organic food is healthier than conventional food. Health consciousness is one of the reasons that the “deeply rooted” consumer chooses to purchase organic produce that costs 20-30% more than non-organic produce (Chinnici et al., 2002).

This paper proposes the following five factors measurement affecting the attitudes towards organic food consumption (Figure 2).
Demographics
1. Gender
2. Income
3. Education
4. Marital Status
5. Density of residence
6. Religion
7. Occupation
8. Family Size
9. Family Type

Daily Diet
10. I watch the amount of fat I consume.
11. I pay attention to the amount of red meat I eat.
12. I watch for salt content in diet.
13. I avoid foods with additives, nitrites and preservatives.

Life Style
15. I maintain a balance between "work" and "play."
16. I usually make an attempt to exercise regularly.
17. I get enough rest and sleep.
18. I try to exercise at least 30 minutes a day.
19. I attempt to avoid stressful situations.

Preventive Health Care
20. I got flu shot every year.
21. I regularly go for medical check ups.
22. I take vitamins regularly.

Wellness Orientation
23. I worry that there are harmful chemicals in my food.
24. I am concerned about my drinking water quality.
25. I usually read the ingredients on food labels.
26. I would like to be healthier but just don't have the time to do everything it takes.

Attitudes towards Organic Food
27. For me purchasing organic food is beneficial.
28. Organic foods are too expensive.
29. Organic food are not tasty.
30. Organic food is fresher than conventional food.
31. Organic foods are good for the environment.
32. Organic food are a better quality than conventional food.
33. I would buy organic food if it was healthier for me.
34. Organic food is more natural than conventional food.
35. I would buy organic food if I was sure it was chemical-free.
36. I would buy organic food if it was more widely available to me.
37. Organic food is safer to eat than conventional food.
38. I feel better when I eat organic food.
39. Eating organic food helps me to stay healthy.
III. FACTORS AFFECTING ATTITUDES TOWARDS ORGANIC FOOD CONSUMPTION

Demographic Characteristics

Many of the studies that were analyzed seemed to confirm that most consumers have a positive attitude toward organic food, but do not buy it regularly. The research determined that those who purchased organic food were mostly college educated, young people who earn a high income (Onyango et al., 2007). Results from a study that was conducted in Sicily, verified many of the same statistics that were shown in other studies. This research stated that 17.9% of respondents were female, highly educated, involved in a professional activity, and earned medium to high wages (Chinnici et al., 2002). Even though some research shows a correlation between age and consumers’ motives for buying organic food, other research seems to indicate that age is not a significant factor. Gender was a demographic that most of the research agreed on. Females tended to show more interest in organic food than men. Income level seems to affect the demand for organics. Consumers who have a higher income level tend to demand more organic food. Education level also seems to play a role in whether consumers choose organics. People who have a high level of education seem to be more willing to pay the higher price for organic food (Lodorfos and Dennis, 2008).

Daily Diet

The organic food industry has been a primary source in spreading the information about the health benefits of consuming organic food. The Organic Trade Association claims on its website that organic foods are rich in nutrients. It cites a review of 41 published studies that compare the nutritional value of organic and conventional fruits, vegetables, and grains. The findings reveal that the organic foods contained 27% more vitamin C, 21.1% more iron, 29.3% more magnesium, and 13.6% more phosphorus. Their website also claims that organic produce has been found to have higher amounts of antioxidants than conventional food.

The website published by the Soil Association confirms the data that is posted on the Organic Trade Association’s website. They add that a diet of mostly organic food has the potential to lower incidences of cancer, heart disease, allergies, and hyperactivity in children.

Preventive Health Care

The introduction of preventive health care programs, particularly in developed countries, demonstrates that patients are no longer submissive clients. These patients are taking a more active role in their insistence on quality health care. In many instances there is a higher likelihood for them to question doctors, confer about possible results of the treatment and investigate various other doctors and health care institutions (Sanchez 1984, Boscarino and Stelber 1982). One of the most important dimensions that have provided a much more important aspect of health care is education. Education can enhance the demand for preventative health services by raising awareness of the importance of undertaking regular health check-ups and may also improve the ways in which individuals understand information regarding periodical tests, communicate with the health practitioner, and interpret results (Sabates and Feinstein, 2006). People have become progressively more knowledgeable of the importance of preventative health
Integrating preventative healthcare practices into one’s life can generally result in a longer and better quality of life. An economy, as a whole, can also benefit by containing rising healthcare costs. While there has been much progress in understanding healthcare delivery, there are several challenges facing providers of preventative health care.

**Wellness Orientation and Life Style**

Wellness Orientation was apparent in a survey conducted by Hutchins and Greenhaigh (1997). The results showed that 93% of those surveyed bought organic food for “health reasons”. Other evidence suggests that older people are more likely to choose organic food to improve their health than younger people. Younger people are more influenced by the effects on the environment (Lodorfos and Dennis, 2008). The evidence that health consciousness plays a significant role in the motives that cause consumers to purchase organic food has been supported by several studies. One study that attempted to clarify consumers’ attitudes about health consciousness, food safety, and ethical self-identity was surprisingly different. This particular study found “health consciousness to be the least important motive shaping attitude towards organic produce in relation to other motives, namely ethical self-identity and food safety concern.” The study suggests that people who are health conscious do not necessarily purchase organic food because they do not recognize the health benefits (Michaelidou and Hassan, 2008).

Almost thirty years ago, a U.S. Health and Welfare Department report emphasized the need for focusing on prevention as a means of raising the level of health of a society. This means the public must abandon the common view that the role of medicine is to restore health following disease. Rather, attitudes must shift toward the use of medical knowledge to prevent disease by altering lifestyle behaviors such as eating, sleeping, exercising, and smoking. It is estimated that over 80% of all deaths from heart disease are brought about by fatty diets, high blood pressure, physical inactivity, and cigarette smoking. While these behaviors form a medically defined lifestyle, they also involve an orientation toward consumption that could be viewed as a lifestyle in the marketing sense. They are related to a broad set of activities, interests, and opinions involved in the use of many goods and services. This lifestyle has been labeled "wellness" by several writers, the best known of whom is Ardell (1977). As such, mechanisms need to be implemented to assist in the distribution of health care education and services in developing countries. One of these mechanisms is health care marketing.

**IV. CONCLUSION AND DISCUSSIONS**

Consumers choose organic food for a variety of different reasons. Studies have shown that health consciousness, environmental concern, food safety, taste, and demographics are all possible motives behind their choices. However, more research needs to be done to confirm these motives and attitudes toward organic food. One of the issues with defining organic products is the fact that different countries have set different standards for certification. This is a factor in the research process because even though there are similar standards, one uniform set of standards do not exist. Therefore, consumers involved in the studies that have been conducted may not have a solid understanding of the meaning of “organic”. Comparing research that was done in different countries could be misleading depending upon the definition of organic used in the study.
Another inadequacy of the research that has been conducted thus far is the narrow scope of countries that have been studied. Most of the research was performed in Europe and North America. Italy, United Kingdom, Germany, and the United States are only the countries represented in the research that was reviewed.

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CHAPTER 24

ORGANIZATIONAL BEHAVIOR AND ORGANIZATIONAL THEORY
ABSTRACT

Promoting tolerance has become a key weapon in battling prejudice and bias in multicultural training but has had its meaning hijacked over the last generation. Tolerance has changed from its classical definition as incorporating grudging forbearance and indifference toward others and their beliefs and practices to the neo-classical meaning as suggesting that every individual’s beliefs, values, lifestyle, and truth claims are equally valid and worthy of acceptance. Such change has alienated many who value equality and fairness and may have limited the effectiveness of diversity initiatives because they find the new definition of tolerance to be intolerable. The authors offer authentic tolerance, incorporating respect, dignity, and openness to others, not necessarily their values or beliefs, as an alternative.

I. INTRODUCTION

“Properly understood, tolerance means treating people with respect and without malice; it does not require us to dissolve social norms or to weaken our commitment to ancient and honorable beliefs.”

—Bennett, 2001, p. 138

A social reality of contemporary American life is that it is diverse, multicultural, and pluralistic. Americans live with a multifaceted variety of cultures, ethnicities, races, ages, behaviors, beliefs, religions, practices, lifestyles, commitments—and this heterogeneity is still developing. Such differences have led historically to increased levels of prejudice, bigotry, ethnocentrism, segregation, and reduced levels of cohesiveness and communication among groups and between individuals (Leonard & Levine, 2003). In response to such discrimination and other forms of social isolation and exclusion numerous cultural diversity and multicultural development programs have been implemented to address individuals’ natural ethnocentrism (Fiske, 1998) and the naturally powerful loyalty toward peoples’ own culture (Fowers, 2001).

In such training initiatives it is common to hear that such demographic mixtures are praiseworthy, non-exclusionary, liberating, and positive, and that individuals should recognize and acknowledge such differences and be inclusive and open to differences and value, embrace, and celebrate them (e.g., Greenberg & Baron, 2008). Trainees are advised to appreciate, respect, accept, and approve diverging opinions, views, and ways of life (Nieto, 1996). If society is to optimize opportunities and strengths, minimize weaknesses and threats, and create a climate that affirms all members then it must encourage understanding and tolerance (Pless & Maak, 2004). However the value of tolerance has not always been appreciated and considered honorable. No great faith-based belief system or Roman or Samurai principles mention tolerance. The word
tolerance never even appeared until the 1960’s and 1970’s when the New American Standard and New International versions of the Bible came into being (Proctor, 2002). In the King James and original American Standard versions the word used was “forbearance” which implies something altogether different. Early Western religious scholars such as St. Augustine and St. Thomas Aquinas viewed tolerance as a vice that can corrupt society and harm innocent people (Colesante & Biggs, 1999). Only within the last generation has tolerance risen to the apex of America’s public moral philosophy. “It has been hailed as one of the fundamental ethical and political values and it still occupies a powerful position in contemporary legal and political rhetoric” (Heyd, 1996, p. 4). Today, it is believed that a good, moral person is, above all, tolerant (Tolerance.org, n. d.).

Tolerance is imperfectly understood and somewhat paradoxical because it characterizes as honorable putting up with things that one believes are wrong or suspect (Horton, 1996). Thus, this paper posits that tolerance means as individuals we may respect different values yet need not embrace all values as our own. After providing definitions of tolerance, both traditional and new, a presentation of intolerance and political elite relabeling is offered, followed by a discussion of tolerance and the value of genuine dialogue. The paper concludes with a summary that emphasizes respect and dignity of others rather than required acceptance and agreement of others’ beliefs and values.

II. MEANINGS OF TOLERANCE

The origin of the word is the Latin tolerare, which means to bear or endure, suffering through without action in response (Odell, n. d.). This meaning was continued in Webster’s Dictionary (Gove, 2002) initial definition of the term as involving a capacity to endure with pain or hardship—fortitude, stamina, forbearance and restraint. Thus, tolerance meant putting up with something one found objectionable. In other words, something repugnant or offensive is allowed to exist without significant action on the part of those to whom it is odious.

Webster’s secondary meaning of tolerance defined it as a permissive or liberal attitude toward beliefs or practices differing from or conflicting with one’s own. This is the dominant view of tolerance today (McDowell & Hostetter, 1998; Odell, n. d.). Thus, the idea of tolerance has undergone a gradual change in definition over the years from the obligation not to tolerate the immoral to the requirement to accept the legitimacy of the morally different. It has been largely redefined by those seeking to broaden what it means to endure while diminishing that which is defined as offensive, distasteful, and objectionable. Consistent with these definitional changes Apel (1997) proposed to distinguish the more traditional concept of tolerance, or, in his terminology, “negative tolerance,” from the newer concept of “positive tolerance” (p. 199). Apel (1997) maintained that negative tolerance with its emphasis on obligations to refrain from interfering with other people’s traditions or opinions was not enough within a pluralistic, multicultural society. Although some authors have used this negative-positive definition of tolerance (Moore, Petrow, Hebrink, & Lee, 2007), to avoid such clearly prejudicial wording in this paper the terms “classical” and “neo-classical” tolerance are used.

Classical Definition of Tolerance

Traditionally tolerance incorporated the idea that everyone was entitled to their own opinion and that people were to recognize and respect others’ beliefs, practices, etc., without
necessarily agreeing or sympathizing or sharing in them, and to bear or put up with someone or something not especially liked (McDowell & Hostetler, 2005). Within this view individuals accept the right of others to hold differing opinions, have different lifestyles, and be different than themselves—while not accepting their behavior as right for themselves or society. Classic tolerance respects and accepts individuals without necessarily approving of or participating in their beliefs, values, or behavior. Respect for the viewpoints and practices of others is not the same as agreement or moral endorsement. It means the ability to hold on to one’s convictions while accepting the right of others to hold on to theirs. Tolerance is not acquiescence, but recognition of difference.

Neo-classical Definition of Tolerance

More recent American understandings of tolerance, however, promise members of minority and marginalized groups something more: acceptance and agreement with their beliefs and practices in order to help them maintain the essentials of their identities and ways of life, and to help them to feel welcome and comfortable in the societies where they live (Walzer, 1997). The neo-classical tolerance asks citizens to be open-minded and empathetic toward differences; it asks them to work sympathetically to build institutional and cultural arrangements that will accommodate different ways of life (Mendus, 1987). Tolerance has evolved from abiding the objectionable to affirming the rightness of the nonconventional and nontraditional. Mistaking toleration for affirmation was made in the United Nation’s (UN) decision to declare 1995 “The Year of Tolerance.” In the UN’s declaration, tolerance was defined as “respect, acceptance and appreciation of the rich diversity of our world’s cultures, our forms of expression and ways of being human. …It involves the rejection of dogmatism and absolutism…” (United Nations Educational, Scientific and Cultural Organization [UNESCO], 1995).

III. INTOXERANCE

In the lexicon of neo-classical tolerance, respecting an individual means accepting and approving their ideals, beliefs, behaviors, and practices. One of the worst things that can be said of a person today is that he or she is intolerant. Calling someone intolerant helps demonize a particular, social, ethnic, cultural, or religious group, and faulting their worldview as the most basic, most primary cause of their perceived prejudice. A person who is intolerant is often called biased, bigoted, and dogmatic (Roget’s, 2005) as well as sexist, classist, homophobic, and misogynistic. In sum, an intolerant individual is not a good person.

Must people approve and agree with others’ beliefs, values, and lifestyle? To disapprove of such things is to risk being branded narrow-minded, oppressive, and intolerant. Additionally, those who are intolerant are said to be ignorant, divisive, judgmental, self-righteous, mean-spirited, and prejudiced. They are labeled ideologues and hate mongers—deplorable persons worthy of censure. Those who hold principles and firmly held beliefs are considered legalistic individuals with non-negotiable doctrinal convictions.

Yet, not all beliefs and behavior must be accepted. The phenomenon of tolerance is almost universally recognized by both critics and supporters as central to the liberal tradition (Murphy, 1997) and, for the most part, only those principles, sentiments, ideas, and political attitudes approved by the shrill and intrusive cultural and political intelligentsia with their aura of self-assured moral and intellectual superiority must be endorsed. Even raising questions about
such dogma can be problematic as Harvard University president Lawrence Summers found out after he speculated about differences in scientific ability between men and women (Mansfield, 2006). These elites are “found among academics and intellectuals, in the literary world, in journals of political opinion, in Hollywood, in the artistic community, in mainline religious institutions, and in some quarters of the media” (Bennett, 1994, p. 26), and are more powerful than their numbers would normally allow because they are looked upon as trend setters and opinion makers in areas such as moral values, political principles, fundamental ideas, and important truths.

IV. FRAMING AND REFRAming

Such pundits garner public support in large part because of their ability to frame and reframe public discussion (Hunter, 2006). Hunter (2006) notes, for example, the tendency of the cognoscenti to swoop into local controversies (e.g., the “morning after” pill), galvanize the population and use the disputes to promote their own interests. The general population is not as polarized as these activists, but the power of the intellectual is made even greater by the public’s inability to challenge their stark and oftentimes uncompromising framing and reframing of issues (Hunter, 2006).

Framing involves more than simply taking positions or arguments about an issue. It involves constructing an issue (e.g., affirmative action, welfare, nuclear power): it spells out the essence of the problem, suggests how it should be thought about, and may go so far as to recommend what (if anything) should be done (Entman, 1993). Take homosexuality for instance. The term has been referred to as a sin, a disease, a lifestyle, a preference, and a sexual orientation. Just by describing this topic in different terms an entirely different connotation is given to what is homosexuality. This has not occurred by accident. Thus, framing/reframing involves advocates’ attempts to impose their own meaning on matters of political and moral import (Gamson, 1992). Partisan pundits wage a war of frames because they know that if their frame becomes the dominant way of thinking then the battle for public opinion has been won (Manheim, 1991).

The power of framing and reframing, as an influence technique, is central in our culture. In classic stories and films such as “It’s a Wonderful Life” and “A Christmas Carol” the key character is led to rethink his or her approach to life by seeing it through a different frame of reference—one in which the consequences of the current frame is brought to light for them. In the movies, “Dead Poet’s Society” and “Stand and Deliver”, in different ways the teachers reframe the process of learning to their student audiences (Brown & Murti, 2004).

V. AUTHENTIC TOLERANCE: ON THE VALUE OF CHARITY, RESPECT, AND DIGNITY IN DIALOGUE

While at times it may be proper to engage in wordsmithing, spin doctoring, or framing/reframing (Watzlawick, Weakland, & Fisch, 1974), a generally more appropriate action would be to affectively and cognitively engage in dialogue with someone who is different or believes differently. Authentic tolerance, somewhere between the classical and neo-classical definitions, involves treating people with whom we differ neither with indifference or endurance nor appreciation or acceptance but with civility, dignity, and respect even as it is recognized that some conflict and tension is inevitable. Individuals should be shown a basic respect as human
beings even if they hold beliefs many people may not respect. People do not lose their dignity because they believe implausible, even offensive, things.

The authors argue, as does Hallemeier (2006), for charity toward others with whom there is disagreement—a charity that includes respect for the other and the acceptance of the other person as a basic object of moral concern. Charity permits conflict and criticism of others’ beliefs and practices, but it limits the ways in which this conflict can be pursued based on respect for the person (Swanton, 2003).

The authentic tolerance suggested here, emphasizing respect and charity is the simple etiquette of public life that helps maintain the dignity of people and is crucial to citizens’ quality of life. Authentic tolerance allows differing views to have an equal right to exist, not necessarily an equal share in truth. These are different issues. Is it intolerant to claim that the sun is the center of our solar system because others might think that it is the earth? Are scholars considered intolerant when they believe one hypothesis to be true and another false?

Individuals can be authentically tolerant without accepting another’s beliefs—only the right of others to have those beliefs. Denying differences does no one any favors while acknowledging the possibility of disagreement gives people the freedom to challenge others with whom they differ. Individuals should be inclusive of people but not necessarily their beliefs and behaviors. People should listen to and learn from all, but are not obligated to agree with all. It is sad when it is believed that tolerance, respect, and charity imply never saying or doing anything that might upset someone. Indeed, Barrow (2005) goes so far as to say that those who indicate that they are being offended by an interpretation “is one of the supreme self-serving acts. Taking offence, when it means treating one’s personal hurt as grounds for punitive response, involves a refusal to show tolerance, to allow freedom or to play fair—for why should you be allowed to say what you want, when others are denied that right by you” (Barrow, 2005, p. 273)?

VI. SUMMARY AND CONCLUSION

Historically, the classical view of tolerance involved grudging endurance and simply allowing differing viewpoints without necessarily agreeing with them. It was not a particularly noteworthy quality but tolerance is now considered the supreme virtue of U.S. society (Hallemeier, 2006) and one of the few non-controversial values today (Kreeft, 2007). Nearly everyone in American society accepts the significance of tolerance. It is a powerful selling point for any theory or practice that can claim it. Nowhere is this more evident than the prominence given tolerance in education and training programs addressing issues of diversity (Vogt, 1997).

The ascendance of tolerance occurred as its definition was hijacked by partisan pundits who wanted to downplay differences and emphasize impartiality across a number of dimensions, from equality of races, sexes, ages, ethnic groups to equality of beliefs, values, practices, behaviors, and lifestyles. Disagreement with such opinions leads to accusations and charges of intolerance. Cultural restraints and traditions of mutual respect and common decency that allowed individuals to debate civilly among themselves, despite their diversity, are fast disappearing.

Authentic tolerance as incorporating dignity and respect for individuals without necessarily sharing in or appreciating others’ beliefs and behavior must supplant the classical and neo-classical views. Individuals can be truly tolerant without accepting others’ thinking or convictions. Inclusiveness should not demand that differences be denied. Authentic tolerance employs respect and dignity for the person but does not require accepting another person’s
belief, only his or her right to have that belief. Just because a good Nazi thinks genocide is right
does not make it so. Similarly, must all agree with a child molester who claims that within his or
her belief system having sex with a child is an acceptable thing to do?

The proponents of the neo-classical view of tolerance argue that individuals are free to
believe whatever they like; they should just keep it private. Rather than keeping beliefs private,
however, the authors agree with sociologist S. D. Gaede who said, “I cannot be mute about my
convictions. . . . It is precisely those convictions that committed me to truth and justice in the
first place” (1993, p. 54). Authentic tolerance does not mean the acceptance and endorsement of
all human behaviors; there are intolerable behaviors, meant to ruin indeed the very expression of
tolerance, such as the propagandas of the fascist or racist types.

All citizens—not necessarily their beliefs, behavior, or values—should be accorded equal
respect in their pursuit of their idea of the good. The idea of a truly pluralistic society where
differing views have an equal and legal right to exist should be vigorously pursued, but not a
society where ideologically driven interest groups and political and cultural elites require all to
accept their worldviews and where disagreement is misconstrued as bigotry, stupidity, and
hatred, and where tolerance simply means forced acceptance. The words of noted English
philosopher William Rowe are fitting: “… those who are most eloquent in demanding freedom
for their own views and practices are the first to deny freedom of thought or action to their
neighbours” (1930).

Finally, it is worth noting that our conceptualization of authentic tolerance is supported
by Eastern philosophical thinking. Asian societies, particularly countries like China, Japan, and
South Korea, stress building harmonious interpersonal relationships through avoidance of
conflict, deference to authority, and compliance with social norms. This is based on the teachings
of Confucius for whom tolerance implies harmony without conformity (Jiang, 2006). This
Confucianism-based principle is clearly consistent with authentic tolerance advocated in this
paper. As such, there are important implications of authentic tolerance for cross-cultural
managerial practice. Managers in charge of multinational firms with operations in Asian
countries traditionally influenced by Confucianism would be well-advised to take heed of the
proposed concept of authentic tolerance and develop their corporate diversity programs
accordingly.

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ABSTRACT

It is important to prepare OD managers to manage human resources globally not just nationally. Measure of such competence of global OD managers is the professional certification using Global Professional in Human Resources and OD (GPHR). It has been the experiences of students graduating in BBA, even MBA, with concentrations in Human Resource Management and OD is that, the success rate of students passing PHR and SPHR and GPHR is 60%, 55%, and 53%, respectively (HRCI website). This low success rate is primarily attributable to the gap between course outcomes and purported knowledge base a student must possess after the required years of exempt executive experiences to be eligible for professional certification. This gap is not bridged due to the nature of executive experiences in gathering relevant professional experience, and relevant professional knowledge. This study uncovers what is really the itemized gap in knowledge gained by BBA and MBA education using Human Resource Development and OD as a functional area; and combined relevant professional experience and professional knowledge gained over the years.

I. INTRODUCTION

Program Outcomes: The specific program objective laid down generally by accrediting bodies for the program outcomes, can be summarized as:

1. Graduates must demonstrate the ability to accomplish the integration of business systems using appropriate analytical, computational, and application practices and procedures.
2. Graduates must demonstrate the ability to apply knowledge of probability, statistics, economic analysis and cost control, and other arts and sciences of specialties necessary in the field of Business
3. Graduates must be able to accomplish the integration of business systems using appropriate analytical, computational and application practices and procedures

Specific course objectives as stated in accredited programs for the subset of Training and Development course has been contrasted with professional requirements, which are embedded in the course syllabus as stated objectives or intended learning outcomes of a specific course.

Program outcomes may be embedded in individual course outcomes of HRM. HRM Program Outcomes are cumulative outcomes of individual course outcomes. Hence Baccalaureate degree programs in Business must demonstrate that graduates have:

(a) an ability to apply knowledge of accounting, economics and finance, Human Resource Management, management science, and applied sciences (statistics)
(b) an ability to collect data, as well as to analyze and interpret data
(c) an ability to formulate or design a business system, process, or program to meet desired needs
(d) an ability to function on multidisciplinary teams
(e) an ability to identify and solve management science problems
(f) an understanding of professional and ethical responsibility
(g) an ability to communicate effectively
(h) the broad education necessary to understand the impact of business solutions in a global and societal context
(i) a recognition of the need for and an ability to engage in life-long learning
(j) a knowledge of contemporary business issues
(k) an ability to use the techniques, skills, and modern scientific and technical tools necessary for professional practice.

Evidence are collected for accreditation requirements with specific learning outcomes which meet the burden of proof that the student learned by way of demonstration of specific knowledge, skills and abilities and the following outcomes assessment instrument must uncover that evidence.

<table>
<thead>
<tr>
<th>Outcomes Assessment</th>
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<tbody>
<tr>
<td>a. Limited to ad hoc efforts—<strong>The lowest level of evidence showing outcomes</strong></td>
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<tr>
<td>b. Some outcomes defined and improved in systematic manner; problems recognized and corrected</td>
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<tr>
<td>c. All major outcomes defined; systematic evaluation and process improvement in place; problems anticipated and prevented</td>
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<tr>
<td>d. All outcomes defined; systematic evaluation and process improvement in place; many support areas involved; sources of problems understood and eliminated</td>
</tr>
<tr>
<td>e. All outcomes defined; systematic evaluation and process improvement in place; all support areas involved; common sources of problems understood and eliminated—<strong>The highest level of evidence showing outcomes, and continuous improvement</strong></td>
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**II. INTENDED LEARNING OUTCOMES** – Learning Objectives of Critical HRD areas covered in the HRD course for an accredited course--

1. distinguish between career and job security
2. define training and development
3. explain the relationship that exists between organization change and training and development
4. explain the factors influencing training and development
5. describe the training and development process and how training and development needs are determined and objectives established
6. describe the various training and development methods
7. explain the importance of corporate universities and community college and training
8. describe management development
9. define orientation and identify its purpose
10. identify special training areas
11. identify the means by which training and development programs are implemented and evaluated
12. describe the training partnerships that exists between business, government and education
13. explain career planning and development
14. define organization development (OD) and describe various OD techniques

Explicit PHR/SPHR Body of Knowledge

*(Taken From Appendix A of HRCI Test Specifications)*

“To ensure that the PHR and SPHR exams are up to date and reflect actual HR practice, HRCI conducts a practice analysis every three to five years. In 2005, HRCI completed the most recent practice analysis. Changes to the Test Specifications—also called the Body of Knowledge—are reflected below and will be represented on the exams beginning with the May—June 2007 testing window.

The percentages that follow Training and Development as an important functional area shows percentages in PHR and SPHR percentages, respectively.

III. FUNCTIONAL AREA: HUMAN RESOURCE DEVELOPMENT (17%, 17%)

Developing, implementing, and evaluating activities and programs that address employee training and development, performance appraisal, talent and performance management, and the unique needs of employees, to ensure that the knowledge, skills, abilities, and performance of the workforce meet current and future organizational and individual needs.

1. Professional Responsibilities Required:

1. Ensure that human resource development programs are compliant with all applicable federal, state, and local laws and regulations.
2. Conduct a needs assessment to identify and establish priorities regarding human resource development activities.
3. Develop/select and implement employee training programs (for example, leadership skills, harassment prevention, computer skills) to increase individual and organizational effectiveness. Note that this includes training design and methods for obtaining feedback from training (e.g., surveys, pre- and post-testing).
4. Evaluate effectiveness of employee training programs through the use of metrics (for example, participant surveys, pre- and post-testing).
5. Develop, implement, and evaluate talent management programs that include assessing talent, developing talent, and placing high-potential employees.
6. Develop/select and evaluate performance appraisal process (for example, instruments, ranking and rating scales, relationship to compensation, frequency).
8. Develop, implement, and evaluate performance management programs and procedures (for example, goal setting, job rotations, promotions).
9. Develop/select, implement, and evaluate programs (for example, flexible work arrangements, diversity initiatives, repatriation) to meet the unique needs of employees.
2. Professional Body of Knowledge Required:

10. Applicable federal, state, and local laws and regulations related to human resources development activities (for example, Title VII, ADA, ADEA, USERRA, EEOC Uniform Guidelines on Employee Selection Procedures).
11. Career development and leadership development theories and applications.
12. OD theories and applications.
13. Training program development techniques to create general and specialized training programs.
14. Training methods, facilitation techniques, instructional methods, and program delivery mechanisms.
15. Task/process analysis.
16. Performance appraisal methods (for example, instruments, ranking and rating scales).
17. Performance management methods (for example, goal setting, job rotations, promotions).
18. Applicable global issues (for example, international law, culture, local management approaches/practices, societal norms).
19. Techniques to assess training program effectiveness, including use of applicable metrics (for example, participant surveys, pre- and post-testing).

NEEDS ASSESSMENT AND BODY OF KNOWLEDGE COMPARISON

<table>
<thead>
<tr>
<th>Curricular requirement</th>
<th>Prof Responsibilities</th>
<th>Professional Knowledge</th>
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<tbody>
<tr>
<td>1. distinguish between career and job security 2. define training and development 3. explain the relationship that exists between organization change and training and development 1. explain the factors influencing training and development 2. describe the training and development process and how training and development needs are determined and objectives established 3. describe the various training and development methods 4. explain the importance of corporate</td>
<td>1. Ensure that human resource development programs are compliant with all applicable federal, state, and local laws and regulations. 2. Conduct a needs assessment to identify and establish priorities regarding human resource development activities. 3. Develop/select and implement employee training programs (for example, leadership skills, harassment prevention, computer skills) to increase individual and organizational</td>
<td>1. Applicable federal, state, and local laws and regulations related to human resources development activities (for example, Title VII, ADA, ADEA, USERRA, EEOC Uniform Guidelines on Employee Selection Procedures). 2. Career development and leadership development theories and applications. 3. OD theories and applications. 4. Training program development techniques to create general and specialized training programs. 5. Training methods, facilitation techniques, instructional methods, and program delivery mechanisms. 6. Task/process analysis.</td>
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<td>universities and community college and training</td>
<td>effectiveness. Note that this includes training design and methods for obtaining feedback from training (e.g., surveys, pre- and post-testing).</td>
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<td>5. describe management development</td>
<td>4. Evaluate effectiveness of employee training programs through the use of metrics (for example, participant surveys, pre- and post-testing).</td>
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<tr>
<td>6. define orientation and identify its purpose</td>
<td>5. Develop, implement, and evaluate talent management programs that include assessing talent, developing talent, and placing high-potential employees.</td>
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<td>7. identify special training areas</td>
<td>6. Develop/select and evaluate performance appraisal process (for example, instruments, ranking and rating scales, relationship to compensation, frequency).</td>
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<td>8. identify the means by which training and development programs are implemented and evaluated</td>
<td>7. Implement training programs for performance evaluators.</td>
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<td>9. describe the training partnerships that exists between business, government and education</td>
<td>8. Develop, implement, and evaluate performance management programs and procedures (for example, goal setting, job rotations, promotions).</td>
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<tr>
<td>10. explain career planning and development</td>
<td>9. Develop/select, implement, and evaluate programs (for example, flexible work arrangements, diversity initiatives, repatriation) to meet the unique needs of employees.</td>
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<tr>
<td>11. define organization development (OD) and describe various OD techniques</td>
<td>7. Performance appraisal methods (for example, instruments, ranking and rating scales).</td>
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<td>12. Mentoring and executive coaching.</td>
<td>8. Performance management methods (for example, goal setting, job rotations, promotions).</td>
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<td>9. Applicable global issues (for example, international law, culture, local management approaches/practices, societal norms).</td>
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<td>10. Techniques to assess training program effectiveness, including use of applicable metrics (for example, participant surveys, pre- and post-testing).</td>
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RESULT OF THE SURVEY (GAP)

<table>
<thead>
<tr>
<th>QUESTION ITEM</th>
<th>MEAN (SD)</th>
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<tbody>
<tr>
<td>1. I can distinguish between career and job security</td>
<td>4.20 (.30)</td>
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<tr>
<td>2. I can define training and development</td>
<td>4.20 (.40)</td>
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<td>3. I can explain the relationship that exists between organization change and training and development</td>
<td>3.80 (.60)</td>
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<tr>
<td>4. I can explain the factors influencing training and development</td>
<td>4.20 (.30)</td>
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<tr>
<td>5. I can describe the training and development process and how training and development needs are determined and objectives established</td>
<td>3.80 (.60)</td>
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<td>6. I can describe the various training and development methods</td>
<td>3.60 (.70)</td>
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<td>7. I can explain the importance of corporate universities and community college to training</td>
<td>3.60 (.60)</td>
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<td>8. I can describe management development</td>
<td>3.40 (.90)</td>
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<td>9. I can define orientation and identify its purpose</td>
<td>3.80 (.90)</td>
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<td>10. I can identify special training areas</td>
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<td>11. I can identify the means by which training and development programs are implemented and evaluated</td>
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<tr>
<td>12. I can describe the training partnerships that exists between business, government and education</td>
<td>3.60 (.90)</td>
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<tr>
<td>13. I can explain career planning and development</td>
<td>4.20 (.60)</td>
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<tr>
<td>14. I can define organization development (OD) and describe various OD techniques</td>
<td>4.60 (.60)</td>
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</table>

2. REQUIRED PROFESSIONAL RESPONSIBILITIES

Very Clearly  5  4  3  2  1  Very Vaguely

15. I can ensure that human resource development programs are compliant with all applicable federal, state, and local laws and regulations. 3.80 (.90)
16. I can conduct a needs assessment to identify and establish priorities regarding human resource development activities. 3.40 (.90)
17. I can develop/select and implement employee training programs (for example, leadership skills, harassment prevention, computer skills) to increase individual and organizational effectiveness. Note that this includes training design and methods for obtaining feedback from training (e.g., surveys, pre- and post-testing). 3.40 (.80)
18. I can evaluate effectiveness of employee training programs through the use of metrics (for example, participant surveys, pre- and post-testing). 3.60 (.80)
19. I can develop, implement, and evaluate talent management programs that include assessing talent, developing talent, and placing high-potential employees 3.40 (.80)
20. I can develop/select and evaluate performance appraisal process (for example, instruments, ranking and rating scales, relationship to compensation, frequency). 3.40 (.80)
21. I can implement training programs for performance evaluators 3.40 (.70)
22. I can develop, implement, and evaluate performance management programs and procedures (for example, goal setting, job rotations, promotions). 3.00 (1.0)
23. I can develop/select, implement, and evaluate programs (for example, flexible work arrangements, diversity initiatives, repatriation) to meet the unique needs of employees 3.20 (.90)

### 3. REQUIRED PROFESSIONAL KNOWLEDGE

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<th>Very Clearly</th>
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<th>Very Vaguely</th>
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<tr>
<td>24. I know Applicable federal, state, and local laws and regulations related to human resources development activities (for example, Title VII, ADA, ADEA, USERRA, EEOC Uniform Guidelines on Employee Selection Procedures).</td>
<td>2.60 (.90)</td>
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<td>25. I know Career development and leadership development theories and applications.</td>
<td>3.80 (.70)</td>
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<td>26. I know OD theories and applications</td>
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<td>27. I know Training program development techniques to create general and specialized training programs</td>
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<td>28. I know Training methods, facilitation techniques, instructional methods, and program delivery mechanisms</td>
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<td>29. I know Task/process analysis.</td>
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<td>30. I know Performance appraisal methods (for example, instruments, ranking and rating scales).</td>
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<td>31. I know Performance management methods (for example, goal setting, job rotations, promotions).</td>
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<td>32. I know Applicable global issues (for example, international law, culture, local management approaches/practices, societal norms).</td>
<td>3.60 (.70)</td>
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<td>33. I know Techniques to assess training program effectiveness, including use of applicable metrics (for example, participant surveys, pre- and post-testing).</td>
<td>3.40 (.80)</td>
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<td>34. I know E-learning theories and processes.</td>
<td>3.40 (.80)</td>
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<td>35. I know Mentoring and executive coaching.</td>
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### IV. SUMMARY AND CONCLUSION

Results shown above are interesting to note for global organization development initiatives. In the college preparatory outcomes level, students can memorize facts and feel confident about the outcomes of learning which are used for accreditation purposes, indicating that the outcomes are as satisfactory. When the student holds a job he or she may not be able to utilize all the facts that they learned in the curricular field of human resources management specifically in the area of human resource development, which does not help them in acquiring...
As we have come to the threshold of global human resources management, it is imperative that we produce competent global human resource managers. Anything less is going to the devastating to the global economy. The most extensive preparation for global human resources management is done in the United States with a strong professional certification for demanded by Human Resource Certification Institute (HRC I). But the number of GPHR certified OD competent managers are so few that because subject of globalization has been neglected and standardization of a global requirement in OD has not been emphasized. It is imperative that that more emphasis is placed on bridging the gap between three areas that have been discussed. It is necessary to bridge the gap by global training and development and demanding standardizations of HRD functions in the global OD arena, and demanding international and national certifications which promote unified and competent Cadre of Global OD and Human Resource Managers.

REFERENCES

CHAPTER 25

ORGANIZATIONAL COMMUNICATION AND CRISIS MANAGEMENT
COMMUNICATING KNOWLEDGE: BOUNDARY OBJECTS AS TEXTS

Cliff Oswick, Queen Mary, University of London
C.Oswick@qmul.ac.uk

Maxine Robertson, Queen Mary, University of London
M.Robertson@qmul.ac.uk

ABSTRACT

Boundary objects are typically used to provide a common frame of reference for communication across different domains of knowledge and practice. In this paper an alternative framing, based upon boundary objects as forms of texts, is developed. Two discursive approaches are used to re-analyze existing contributions to the literature. By providing a discursive analysis of boundary objects the power implications of boundary objects are amplified in terms of aspects of authorship, readership and plurivocality which suggest that whilst in some instances boundary objects may operate as “bridges and anchors” (Star and Griesemer, 1989:414) for communicating knowledge, but in others they might equally be perceived as barricades and mazes, reinforcing existing power structures and occupational hierarchies, and creating barriers to change.

I. INTRODUCTION

In many respects boundary objects can be thought of as being ‘texts’ insofar as they are inscribed artefacts that in some shape or form capture, codify and/or represent some other, often tangible, object(s) to facilitate interaction across different social worlds. For example, the classification records used in Berkeley’s Museum of Vertebrate Zoology (Star & Greisemer, 1989) are boundary objects that operate as textual representations that enable objects (i.e. animals) to be categorized and consumed by diverse groups of actors. An overtly textual, document-based orientation to boundary objects is also apparent in other studies, i.e. instances where they are constituted as: medical records (Berg & Bowker, 1997), engineering drawings (Henderson, 1991), and Gantt charts (Yakura, 2002).

There are three main parts to this paper. First, drawing on the concept of ‘intertextuality’ (Kristeva, 1980), the connectedness of a given boundary object, as a form of text, to other previous texts is explored in relation to the emerging strand of research on boundary infrastructures. Second, through the consideration of temporal boundary objects, the projective imperatives involved in the formation of boundary objects are examined using the notion of ‘discursive formalization’ (Iedema, 1999). Finally, the paper concludes with a discussion of the wider implications of treating boundary objects as texts.

II. BOUNDARY OBJECTS AS INTERTEXTUAL PHENOMENA

Intertextuality provides a way of thinking about a text as incorporating elements of previous texts and as forming part of a weave of implicated texts. Building upon Bakhtin’s work on ‘dialogism’ (1981), Kristeva formulated the concept of intertextuality in the late sixties. For her, a piece of text is a permutation of texts insofar as elements of other texts are contained
within it (Kristeva, 1980). Indeed, this is consistent with Barthes (1977) observations on the origin of the word ‘text’ as “a woven fabric” (cited in Allen, 2000:6).

Although a popular means of analyzing and critiquing texts, intertextuality remains a rather loosely defined phenomenon (Allen, 2000). Nevertheless, as Allen points out: “Intertextuality seems such a useful term because it foregrounds notions of relationality, interconnectedness and interdependence in modern cultural life” (2000:5). Arguably, exploring the relationship between texts is equally valuable within the context of knowledge transformation and change. It provides a means of apprehending the embedded, interwoven and multivocal nature of boundary objects and enables the development of a more complex and context-sensitive understandings of the processes of social construction and negotiation which lead to their formation. Viewed from an intertextual perspective, boundary objects can be considered in terms of their historicity and their interconnectedness to other boundary objects. Moreover, an intertextual analysis represents a potentially valuable means of developing Bowker and Star’s (1999) work on how multiple boundary objects coalesce to form ‘boundary infrastructures’ (i.e. interwoven networks of boundary objects).

An example of how intertextual analysis can be applied to boundary objects is to be found via a re-examination of the work of Brown (2004). He presents a discursive analysis of the public inquiry report into the Piper Alpha disaster (i.e. an industrial incident that destroyed an offshore oil platform). Although Brown’s work does not explicitly treat inquiry reports as boundary objects, they can nevertheless be thought of as such insofar as one of their primary roles is to promote interaction, knowledge transformation and change across different social worlds. This interaction is apparent in the way in which such reports draw together, and are consumed by, a range of different communities of stakeholders, including politicians, members of the general public, lawyers, academics, corporations, regulatory bodies, and professional groups with a vested interest in the subject matter of a given report (e.g. social workers, scientists, police, engineers). The recommendations from such reports are in principal the tangible manifestation of the knowledge transformation occurring insofar as they highlight an agreed agenda of what needs to change and why, in order to avert such situations occurring in the future.

An intertextual reconsideration of Brown’s research reveals the interconnectedness of the report into the Piper Alpha disaster (a.k.a. The Cullen Report) with other public inquiry reports, which serves to reinforce and legitimate the report’s findings across stakeholder groups. Brown for example, demonstrates how the Cullen Report uses “highly convention-governed sensemaking narratives that employ various forms of verisimilitude in order to bolster their authority” (2004:95). Brown, albeit in an indirect and unacknowledged way, engages with a particular variant of intertextual analysis referred to as ‘architextuality’ (Genette, 1997). Adopting an architextual approach provides an analysis of how the Cullen Report reproduces and adheres to the implicit conventions, modes of enunciation and discursive genres present in previous public inquiry reports. The dominant architextual structure of these reports being that: they make provenance claims (e.g. concerning who commissioned the report, the authoritative status and qualifications of those preparing it, and so on); they make claims regarding comprehensiveness (e.g. in the case of the Cullen Report evidence was taken from 217 witnesses); they make interpretations presented as ‘facts’ which when synthesised reveal the ‘truth’ of what actually happened: and finally they make recommendations for change, which are expected to be acted upon.

By considering the genesis of the Cullen Report we are able to see how it functions as a boundary object and to get a sense of how it, as an implicated part of a wider body of inquiry
reports, helps to create and sustain a particular institutionally sanctioned ‘boundary infrastructure’ (Bowker & Star, 1999) through which the various stakeholders make sense of an accident. In the example of the public inquiry report, the boundary infrastructure is maintained through an interwoven network of related boundary objects (e.g. public inquiries, official reports of regulative bodies and adjudication documents) that “depoliticizes disaster events, legitimates social institutions, and lessens anxieties by concocting myths that emphasize our omnipotence and capacity to control” (Brown, 2004:95). Whilst particular groups may be admonished or highlighted as failing in these reports, the boundary infrastructure ensures that the broader social order is maintained. This can and often does prevent positive change occurring in that the major recommendations are often ignored or only partially implemented, particularly when the recommendations demand changes to the practices of powerful professional groups. This was found to be the case in the Bichard enquiry into the Soham murders in the UK (Bichard, 2004) where the main recommendation - the development of a national system for police forces to share intelligence information - has still to be implemented.

III. BOUNDARY OBJECTS AND DISCURSIVE FORMALIZATION

To a certain extent, the real-time use of boundary objects has a kind of spontaneity and unpredictability that transcends the predetermined positions, orientations and agendas of specific social actors and the conventions of the text itself. In this regard, the utility and meaning of a particular boundary object is often captured in the moment. This involves a real-time accomplishment of collective sensemaking (Weick, 1995) and the processes of social negotiation associated with ‘dialogical scripting’ (Oswick et al, 2000). Pearce and Cronen (1979) tackle the question of real-time texts (e.g. boundary objects) in a slightly different way. For them, discursive moments are not quite as improvised as the sensemaking and scripting approaches would have us believe. They argue that there is a ‘coordinated management of meaning’ (Pearce & Cronen, 1979; Pearce, 1989) in operation within discourse that is partially improvised, but it is nevertheless inextricably linked by the presence of four underlying imperatives (i.e. prefigurative forces, practical forces, contextual forces and implicative forces) that simultaneously enable and constrain the interaction.

Although Pearce and Cronen’s work primarily engages with the ‘present’, the notion of ‘implicative forces’ clearly has projective overtones insofar as it is concerned with social actors weighing up the potentially negative and positive consequences of their discursive actions for themselves and for others and act accordingly. Looking forwards in this manner has significant implications for how actions and decisions relating to a boundary object will unfold in terms of the twists and turns in the conversation and the path, or paths that are ultimately taken.

The concept of ‘formalisation’ (Iedema, 1999) also has a bearing on the future-oriented framing of boundary objects. This arises because ‘discursive formalization’ (Iedema, 1999) impacts upon the creation of texts in the present by evoking the future. Iedema’s work draws attention to the importance of the modes of capturing and representing (i.e. formalizing) discourse in shaping and configuring the actual interaction and, hence, the text itself. Iedema illustrates this process using the activity of minute-taking. He shows how the formalization of meetings, via minute taking, mediates the actual dialogue insofar as the anticipation of the how the minutes will represent the discussion actually influences the discussion in real time. In effect, the minutes (which will appear in the future) are shaping, albeit partially, the discursive construction of the meeting (which is occurring in the present).
This formalization process is arguably mirrored in the creation of boundary objects as texts. Boundary objects are typically the outcome of a process of formalization insofar as discussions and negotiations between groups over time come to be represented, recorded and solidified as inscribed artefacts (e.g. written specifications, charts, maps, diagrams, and so on). Moreover, given that these artefacts have projective implications their construction in the present is mediated by the future.

For example, the construction of Gantt charts as ‘temporal boundary objects’ (Yakura, 2002) entails projective commitments to future outcomes. After all, as Sapsed and Salter (2004) indicate: “A Gantt chart suggests how much work will be done by which time, by whom, with implications for how resources are deployed and over what duration” (p. 1530). The real-time development of this form of boundary object in the present is very clearly mediated by concerns about future accountability by the different parties involved. Albeit less obviously, processes of ‘formalization’ are also at work in the construction of boundary objects that do not appear to have strong temporal connotations. If, for instance, we take the case of medical records as boundary objects (e.g. Berg & Bowker, 1997), their real-time construction and use is significantly influenced by future accountability. This ‘eye to the future’ is the manifestation of a certain apprehensiveness about who has access to the records (e.g. patient’s, regulatory authorities etc.) and also the fear of legal action. The net result is the actual nature and function of the medical record, as a boundary object, is affected by the process of formalisation. These two examples demonstrate that processes of discursive formalisation are influenced by different parties’ concerns around either production or consumption which serve to shape boundary objects.

IV. DISCUSSION AND CONCLUSIONS

Arguably, there are important power dynamics associated with the ‘intertextuality’ and the ‘formalization’ perspectives when applied to boundary objects. The intertextual analysis of public inquiry reports demonstrates how dominant interests can become embedded within boundary objects which, when viewed collectively (i.e. within a boundary infrastructure), discursively reproduce and reinforce ‘hegemonic power relationships’ (Boje, 1995; Mumby & Stohl, 1991). In the case of public inquiry reports, the privileged discourse legitimates social institutions such that powerful institutional groups can choose to ignore recommendations and resist or delay change whilst the omnipotence of the state marginalises alternative readings of events. More generally, the use of intertextual approaches enables us to consider the processes by which particular boundary objects replicate, sustain or challenge, pre-existing power relationships and how they coalesce to form, or disrupt, prevailing boundary infrastructures.

The discursive process of formalization also has power implications, but these are primarily concerned with the manufacture of conditions of possibility. The future orientation of formalization means that social actors engage with boundary objects in ways which are not necessarily aligned to the mutual generation and dissemination of knowledge between different groups. More specifically, the practical, everyday use of boundary objects resulting from formalization is likely to encourage groups and individuals to indulge in strategic behaviour which seeks to maximise the projective establishment control and minimize the scope for negative outcomes, such as high risk, low status, and the subordination of personal needs to those of others. In the case of Gantt charts for example (Yakura, 2002; Sapsed & Salter, 2004), the strategic behaviour employed is likely to focus on establishing and maintaining control over
tasks and timelines (e.g. making sure timelines are not ‘too tight’). By contrast, the primary driver of strategic behaviour in the case of medical records (Berg & Bowker, 1997) is more likely to be a concern with avoiding risk and liability. Analysis of the discursive formalization of boundary objects offers a route into understanding the way in which the real-time accomplishment of ‘knowledge sharing’ across occupational groups is achieved. Moreover, it also helps to illuminate how knowledge transformation across boundaries can become compromised, or at the very least influenced, by the projective concerns of particular groups of stakeholders which can influence the tempo and direction of change.

By adopting a discursive approach to the concept of boundary objects the mediating rather than performative role of boundary objects is illustrated. In some instances they may well operate as bridges and anchors easing knowledge transformation, change and innovation, in other contexts however they are just as likely to be perceived as generating confusion (mazes) or worse, constraining change and innovation.

As indicated earlier, it has been posited that boundary objects facilitate understanding and knowledge transformation across different social worlds (e.g. see for example: Bowker and Star, 1999; Henderson, 1991) and, as such, they “act as anchors or bridges” (Star and Griesemer, 1989:414). The line of argument developed in this paper has offered a critique of this dominant perspective and presents an alternative framing of the concept of ‘boundary objects’ and their role. If we accept that we can view boundary objects as texts this has two significant implications. First, this perspective draws attention to the ‘authoring’ and ‘reading’ of boundary objects (i.e. the processes of text production and text consumption). Second, it encourages us to explore the way in which any given boundary object lends itself to multiple readings (i.e. plurivocal interpretation).

Issues of authorship and plurivocality are largely neglected within existing studies of boundary objects. Most of these studies focus on groups of stakeholders who appear, at least to a certain extent, to have a common understanding of the problem, reasonably aligned interests, and similar levels of power and agency. For instance, in the case of Star and Greisemer’s (1989) study of Berkeley’s Museum of Vertebrate Zoology we find that the interests of professional scientists and amateur naturalists may be subtly different but are, nevertheless, congruent (i.e. a mutual interest in zoology and the meaningful classification of exhibits). In such instances, it might be said there is a process of joint-authorship in play insofar as the boundary object is co-produced and co-consumed by parties with largely compatible goals and relatively similar levels of power and agency. In other instances, authorship is far more one sided. In these circumstances the power relations between stakeholders are inclined to be asymmetrical and goals are potentially divergent and contested. One might think of engineering drawings or project plans as examples of this kind of relationship: engineers and managers have prime responsibility for designing (i.e. authoring) the boundary object (i.e. the specification or plan) and workers either implement or resist against a backdrop of differential power and contested end goals.

The dominant perspective on boundary objects as knowledge transforming devices developed and applied between collaborating parties with complimentary interests presents a decidedly ‘univocal’ (Boje, et al, 2004) account of the phenomenon where agreed outcomes and change are rendered coherent, desirable and achievable. However, the text-based approach presented above suggests that multiple readings are possible. Moreover, on occasions where there is an inequitable distribution of power and contrasting goals between groups of social actors the resultant outcomes/objects are likely to be far more ambiguous, fragmented and contested than the existing literature would have us believe.
This paper illustrates the potential for applying a repertoire of text-related approaches to studying the processes through which knowledge is transformed at the boundaries between occupational and social groups. In particular, it advocates the deployment of a discourse-analytic framework that engages with the ‘fine grain’ of the formation and use of boundary objects. It is hoped that this methodological orientation will encourage further research that explores the dynamic, embedded and political imbued nature of boundary objects. Work of this kind is essential in challenging an overly optimistic and positive conception of the role played by these artefacts in knowledge transformation and change.

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CHAPTER 26

PUBLIC RELATIONS
AND CORPORATE COMMUNICATIONS
ABSTRACT

The theory-to-practice connection is often difficult for many academics to teach. The purpose of this presentation is to introduce academics and practitioners alike in public relations and business to an understanding of specific theories and to end that discussion with an application to a real world case scenario. This edited book on Public Relations: From Theory to Practice is a compilation of 20 of the most contemporary public relations theories. Each theory discussion is accompanied by a carefully selected case study along with application questions. Each theory is presented by leading authors in the field. The authors offer their experience and research in utilizing this approach in classes that represent both undergraduate and graduate students in communication and business schools along with a global perspective.

I. INTRODUCTION

Teaching theory is difficult. But teaching theory and applying these theories to practice is often a difficult leap to make. The structure of this presentation is oriented around a textbook developed to assist such an approach. Since publication, this PR book continues to bring academics together in discussion and further reflection on a discipline that influences both academics and practitioners. For example, in 2008 the authors were awarded the PRide Award for “Outstanding Book.” Such an award recognizes publications globally and in this instance as “Book of the Year,” the PRide award focuses on “outstanding innovation, development, and educational achievement in public relations.” Significantly, the text is used not only in universities in the United States, but is a required text in higher education public relations programs in China, Denmark (MBA program), South Korea and Australia for both undergraduate and graduate classes.

II. BACKGROUND

Many argue that there is nothing as practical as the application of a good theory. While that may be true, finding ways to apply theory to practice can be challenging. This is especially so when searching for a means by which multiple theories may be practically applied to the same situation, thereby providing heuristic value from multiple angles.

The theory practice—connection is the exact challenge undertaken by Tricia Hansen-Horn and Bonita Dostal Neff in the National Communication Association 2008 PRide Award winning “contribution to educational development, Public Relations: From Theory to Practice (2008). Endorsing a continuing trend of public relations theory development (Botan & Hazleton,
2006; Botan & Hazleton, 1989), Hansen-Horn and Dostal Neff provide new directions in theory study.

The edited book is a compilation of 20 of the most contemporary public relations theories. Each theory is presented by leading authors in the field. Each theory discussion is accompanied by a carefully selected case study along with application questions. The purpose is to introduce academics and practitioners alike to an understanding of specific theories and to end that discussion with application to a real world case scenario.

III. ORIENTATION

Teaching from this theory book assumes one know the essentials of public relations and are grounded in the key conceptual dimensions of the professional practice. If one is coming to a book on public relations theory without the grounding necessary to understand the disciplines, the first suggestion is for the instructor to consult the Robert Heath textbook on Today’s Public Relations: An Introduction. Specifically, the following pages will be most helpful: “Five Functions of Public Relations as Relationship Building” (12) and “MAP Analysis” (market, audience, public, 124)

IV. ORGANIZATION OF CONTENT MATERIAL

For undergraduate solely or with a mix of graduate students as well as most graduate level courses, the following approach is recommended. Once the instructor and students have a basic understanding of the public relations discipline, there may be certain logic in building the theory steps in the teaching process. Such an approach suggests the following levels:

Foundational Concepts. Theory should be based on a solid understanding of ethics. In public relations the instructor could first begin with the Public Relations Society of America Code of Ethics to establish the key perspectives on PR ethics. This material is located at www.prsa.org and one can do a search for “Code of Ethics.”

The key theories focusing on an ethical component include the chapter on “Foundations in Moral Philosophy for Public Relations Ethics” by Shannon Bowen, Robert Heath’s “Rhetorical Theory, Public Relations, and Meaning: Giving Voice to Ideas” with its emphasis on integrating logos, pathos, and ethos, and “Following Communication Rules: A Communication-Centered Theory for Public Relations” by Maria E. Len-Rios. To emphasize public relations and management strategies without an ethical framework is a serious omission (Millar and Heath, 2004). However, with a solid understanding of public relations within an ethical framework, the remaining theoretical approaches are more fully realized.

Key Public Relations Expertise. Several theories frame a form of public relations expertise essential to the practice of the discipline. These theories explicate critical aspects of the communication process essential to addressing the most demanding circumstances in human behavior. Examples of these communication areas of expertise include: Gary Kreps’s “A Weickian Approach to Public Relations and Crisis Management,” an expose on “rules” and “cycles” of communication under conditions of equivocal (high ambiguity) informational inputs. Bonita Dostal Neff’s “Speech Act Theory: An Approach to Public Relations Leadership,”
presents an integrated communication emphasis on dialogic communication within contexts of culture, the episode, the relationship, and a choice of self, public or organization. The ethical component is based on the dialogic framework of communication as outlined as speech acts. Another language centered application of communication theory is found in the theory on “Social Constructionism and Public Relations” and in this chapter the author executes the knowledge of communication as grounded in language and thus an empowering approaches focused on human persuasion.

Application of Theory. Several theories connected with an application function. William Benoit’s “Crisis Communication and Image Repair” provided a framework for organizations experiencing crisis situations. Terry Rentner applied theory to a campus issue—binge drinking in her “Integrating Social Norms Theory in Public Relations Campaign Development.” Susan Opt examined relationships in her theory discussion of “Public Relations and the Rhetoric of Social Intervention.” These theory-to-practice chapters provide conceptual guidelines for organizations. Image repair, for example, is certainly a theory that applied to individuals and organizations. The depth of application is revealed by these discussions. Rentner provides a most useful application for college contexts and the topics could be changed to provide a broader range of issues management approaches.

Conceptual Levels of Theory. Finally, theory discussions are available if you have an advanced class interested in such discussions. The Gaither and Curtin “International Public Relations: Toward an Integrated Theoretical Case” outlines an integrated approach to analyzing macro level cultural factors. Lynne Sallot examines theory development in the public relations body of knowledge in “From Aardvark to Zebra Redux: An Analysis of Theory Development in Public Relations Academic Journals into the Twenty-First Century.” Such theoretical overviews provide students an access to the key developments in the field of public relations. The broader purview allows for more grand scenarios that integrate organizations, networks, and cultures.

By clustering key articles as suggested in the above discussion, one can build a more coherent approach to the teaching of theory. This also allows the educator to pace his or her efforts in the direction most suitable for the student interests. However, there is another approach presented in this book that provides a useful option.

V. CHAPTER ORGANIZATION—ANOTHER SUPPORTIVE APPROACH

Each theory has three sections developed: the theory as presented, a case study, and reflective questions connecting theory to practice. This organized approach supporting the theory-to-practice approach establishes a relationship with the material on three levels. The instructor may start with the case study to establish a context for analysis or establish the theoretical groundwork first or use reflective questions to generate discussion and thinking. Utilizing the theory book in this way enables the instructor to assist the student in the learning process. This is also a useful approach for instructors who are not familiar with theory and are learning the material as the class progresses.

For example: some theories are readily grounded in practice. Students can relate these chapters to the functions of public relations (an instructor may need to orient the students first to assure everyone is on the same page) and discuss the case in terms of PR expertise. The reflective questions, additionally, are presented in a variety of formats. Some questions relate
specifically to the case only while other questions are general and are provided to stimulate discussion, and include some reflective questions focusing on the relationships between the case and the theory. Some instructors may present the case study after the reflective questions integrate theory with case. However, in some instances the theory’s conceptual level is clarifying and the instructor may prefer to focus on the case study with most of the reflective questions serving as the guide for the discussion. In this instance the instructor will integrate the theory as appropriate for further clarification or use a theory to provide a more definitive framework for the discussion and analysis. Such flexibility in moving between theory, case study, and reflective questions allows for a variety of combinations in presentation.

VI. GLOBAL APPLICATIONS

The authors felt it was critical to integrate multicultural and global aspects whenever possible. Obviously, the chapters on international public relations as an integrated case study provide a foundation for this thinking. An instructor may wish to use this chapter as a framework for discussing global public relations or assign the chapter to more completely discuss the material. The theory-to-practice chapter in “The Place of Theory in Public Relations Practice” by Okay and Okay focus on the presence of theory development in practitioners from agencies and organizations who have won the IPRA 2002 Golden World Awards. The sample represents 16 countries. The degree to which practitioners use models vs. theory is developed in this chapter.

However, there are other references to global public relations practice. The chapter on social constructionism is grounded in a Serbian conflict. Robert Heath focuses on “the War in Iraq” to examine rhetorical theory. Speech Act Theory includes “culture” as one critical dimension of dialogic interaction. Often the case study represents an organization that spans the global outreach as in the VIOXX case where global sales of their drug obviously established a worldwide concern. So along with the basic understanding of public relations and the fundamental role of ethics, a global perspective is developed wherever possible. This provides the kind of dimension that is critical in the current practice of public relations.

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ENHANCING INTERNAL COMMUNICATIONS IN THE EVENT OF A CRISIS AT AN INSTITUTION OF HIGHER EDUCATION

Hans Chun, University of the Pacific
hanschun@hotmail.com

ABSTRACT

Communication with internal constituents has become a hotbed issue for colleges and universities around the country following incidents such as the shootings at Virginia Tech in April 2007. The way Virginia Tech is perceived to have managed the crisis has become the focus of intense review and criticism. As a result, colleges and universities are considering ways to improve how they communicate an emergency situation to thousands across sprawling campuses (Guess, 2007; Zagier, 2007). This paper looks at several institutions of higher learning in Northern California and what steps they have taken to improve communications in preparation of a potential emergency.

I. INTRODUCTION

Students at Virginia Tech bitterly complained that there were no public-address announcements and many said the first word they received from the university was an e-mail more than two hours into the rampage (Lindsey, 2007). After the incident, students, parents, and university staff began asking whether campus police are equipped and trained to handle such serious crimes (Park, 2007). The Virginia governor’s review panel suggested that officials at Virginia Tech might have saved lives if they had notified faculty and students sooner about the first two shootings (Gelineau & Potter, 2007).

The tragedy at Virginia Tech demonstrated the need for effective communication with the students, faculty, and staff during a crisis. Officials agree that one gap in crisis planning is effective communication during a crisis. Immediate communication with emergency workers, first responders, victims, potential victims, close family members, and others directly affected by a crisis will help to reduce uncertainty and allow the audiences to have a basic understanding of what has happened, so they may act appropriately (Reynolds & Seeger, 2005).

Roemer (2007) states that an effective crisis response requires prompt actions and communications. A crisis may be the ultimate measure of the value of communications. “An emergency, regardless of its nature or scope, produces more pressure and stress on the people responding to it than any other situation or event your organization will ever experience” (Roemer, 2007, p. 57). Untimely communication may lead to some individuals delaying or not taking appropriate precautions that could help avoid injury, illness, or death. The timely release of accurate information about imminent or present hazards can increase the likelihood that people at risk will take precautions, prevent injury, save lives; facilitate relief efforts, and reduce anxiety levels of unthreatened populations (Wray, Kreuter, Jacobsen, Clements, & Evans, 2004).

A possible solution many institutions are investigating or have implemented includes the use of text messaging, reverse 911 automatic call systems, and/or loud-speaker systems (Binette, 2006; Chase, 2007). Communication can also be enhanced by school-wide sirens with voice-over capability, which can alert faculty, staff, students, and visitors about a crisis and possible
evacuation procedures (Kemp, 2003). Each campus will need to decide which technology will be utilized to summon team members in the event of a crisis. Various technologies that may be utilized include but are not limited to cellular telephones, pagers, two-way radios, and traditional telephones. All crisis team responders should have possession and access to communication devices (Rock, 2000).

The author researched seven private four-year residential colleges and universities in Northern California with a full-time student enrollment of 1,000 or greater: Dominican University of California, Mills College, Saint Mary’s College of California, Santa Clara University, Stanford University, University of San Francisco, and University of the Pacific.

The researcher selected private institutions because each school is run independently, and, therefore, potentially has its own independent crisis plan and may offer more of a variety of varying levels in preparedness. In contrast, a public state system, such as the California State University system or the University of California system, has multiple campuses that are independent of one another, but may still fall under a centralized system for policies and budget. Private institutions have greater autonomy while public institutions have greater standardization.

Pseudonyms are used in place of the institution’s name and the position titles of the interviewed officials are used in place of their names to protect anonymity. The seven institutions have been assigned random pseudonyms: Institution A, B, C, D, E, F, and G.

II. COMMUNICATION STRATEGIES

Connect-ED

Five out of the seven institutions at the time of this study utilize Connect-ED as the service provider for text-messaging, voice, and e-mail combination notification system. Institution E was the only institution in this study to implement Connect-ED as the service provider for text-messaging, voice, and e-mail combination notification system before the tragedy at Virginia Tech.

At campuses utilizing Connect-ED, registration is currently voluntary. The manager of Emergency Preparedness at Institution G noted that the campus inputs all campus e-mail and phone numbers into its Connect-ED system and that students are required to add one contact number in addition to a campus-issued phone number when they access their student account.

Institution B explored the possibility of using Connect-ED, but did not feel it was practical to make it mandatory. The chief of University Police stated,

The mass text-messaging to cell phones is not practical. Even at Virginia Tech now, only 25% of people who could be on are registered. If next year there is no incident, you will have far less, 5% less than that. So what is the purpose? Unless it is made mandatory and no way is it going ever to be mandatory. I can’t see it, the power to maintain it and update it to keep it would be just not reasonable….I may be completely wrong, but I don’t think we will ever see a mandatory system.

Siren System

Three campuses are currently implementing a siren system for coverage campus-wide. Two campuses are implementing a siren system with voice capability, while officials at another campus are working on implementing a pitched-sound siren system. According to the director of
Public Safety at Institution F:

We’re working on...a siren that allows everybody to know we’ve got a problem, which would signal people to go look at their cell phones to see what the problem is, instead of having to blast it over a loudspeaker that we have an active shooter on campus.

At Institution G, officials are developing a siren system with voice capability to alert people who are not on the campus’s notification system. After a wind storm at Institution B knocked out phone lines, electricity, and e-mail capability, the campus examined alternative methods of communication and decided to implement the siren system.

In contrast, the director of Health & Safety at Institution C looked at sirens but decided against them because the population of college campuses changes day by day and “there’s no way to train them on a consistent basis.”

Digital Displays

Participants from two institutions in this study discussed implementing digital signage as a method of communicating and alerting constituents in an emergency. At Institution A, digital signage was installed in dining areas to broadcast emergency alerts, and officials are reviewing plans to implement it around campus. According to the chief of Public Safety, The day-to-day use will be more scheduling and general announcements, but again, it can be used for any emergency communications we want to put out to people in areas that have large volumes of people, such as the cafeteria, the coffeehouse, some of the residence areas, some of the general classroom areas.

At Institution E, officials are installing 40 centrally controlled flat-panel televisions in the lobbies of most buildings on campus. The assistant vice president for Operations noted, “We’re probably about a year from installing this system in the lobbies of most buildings on campus, and we can send out messages to all screens, such as evacuate, or stay in the building, or have a good holiday.”

Emergency Website

Two campuses are developing an emergency website that can be updated with information during an incident. Five campuses have emergency websites designed and ready for use. Institution G is co-hosting an emergency website with a large university on the East Coast.

Institution A is developing an emergency website that has the capability to locate constituents. The chief of Public Safety described this system:

I could go online and input where I am and my status, if I was okay. It’s more designed for parents, so they can see where their sons or daughters may be. The site would also be updated with information on what’s going on, current conditions, just to reduce some of the phone calls, and to give people information.
Other Methods

Participants from three campuses noted the use of their campus’s radio and television stations to broadcast alerts. At one campus, all Public Safety vehicles are equipped with bullhorns. Another campus has pre-established hotline numbers that can be called for information.

Institution A is currently reviewing plans to utilize the county’s “reverse-911” system and is looking at a couple of companies that are based outside California that have multiple locations for a bank of 1-800 numbers, so constituents can call and get updated information as to what’s taking place.

The data from this study revealed that institutions of higher education are implementing multi-layered communications systems. A campus using a multi-layered communication approach can potentially alert a higher percentage of constituents than can a single method of communication. Campuses in this study have utilized all or several of the communication technologies in the form of Connect-ED, digital displays, sirens with voice capability, use of campus radio and television stations, and an emergency website that can be activated at a moment’s notice on the campus’s homepage. Even so, participants acknowledged the precarious balance between individual freedom and compulsory participation.

III. RECOMMENDATION: MULTI-LAYERED COMMUNICATION

The author believes a multi-layered communication system is critical in reaching as high percentage of constituents as possible during a crisis. Some members of the campus community may not have access to a cellular phone or other communication device. Campuses are also a venue for a daily flow of visitors whom would not be registered to receive alerts on their personal communication devices. Therefore, other methods of alerting campus members and visitors are beneficial to reach as many people as possible.

The use of a Connect-ED type of messaging service has become one approach in allowing a campus to send an alert to registered constituents who are on and off-campus with an alert and instructions. The key factor would be registering users to the system with their updated contact information. One method to ensure full participation amongst students is to develop a system to update contact information during registration for classes with automatic enrollment.

This study focused on four-year private residential colleges and universities in Northern California. However, the data collected from the sample institutions and the results of this study still may prove to be useful to other institutions of higher education, such as public colleges and universities, community colleges, trade schools, and institutions of higher education in countries around the world.

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CONFESSIONS OF A YOUNG PUBLIC RELATIONS PRACTITIONER (YPR):
A PERSONAL CASE STUDY

Kendra Baker, Eastern Illinois University
kmbaker@eiu.edu

ABSTRACT

This personal case study evaluates the ways in which my undergraduate public relations education at Valparaiso University impacted my success as a new practitioner in the field. Discussions of my academic and professional background precede an analysis of the connections between those experiences. The study compares my academic experience with the expectations and recommendations published in The Professional Bond: Public Relations Education and the Practice, a 2006 report produced by the Commission on Public Relations Education, and assesses its value to my career. It is clear, based on this assessment, that my undergraduate education met the objectives outlined by The Professional Bond, and that the curriculum developed skills that helped me transition into the workforce as a YPR.

I. INTRODUCTION

For a new public relations practitioner, the years immediately following graduation are often exciting, exhausting, thought-provoking, and nerve-wracking. Common questions arise. Are they really asking me to build another media list? How many more reporters do I need to call? You want me to be here at what time? Did she say cappuccino or espresso? When will this internship turn into a full time job? Do I ultimately want to work in an agency or a nonprofit (Or in public affairs? Or in a corporation? Or in academia? Or as a solo practitioner?) What do I need to do to achieve that goal?

This personal case study evaluates the ways in which my undergraduate public relations education at Valparaiso University impacted my success as a new practitioner in the field. Discussions of my academic and professional background precede an analysis of the connections between those experiences. The study compares my academic experience with the expectations and recommendations published in The Professional Bond: Public Relations Education and the Practice, a 2006 report produced by the Commission on Public Relations Education, and assesses its value to my career.

II. ACADEMIC EXPERIENCE

Coursework

I graduated magna cum laude from Valparaiso University (VU) with a Bachelor of Arts degree in public relations in May 2005. My advisor was Dr. Bonita Dostal Neff. Seven core courses were required to complete the public relations program: Principles of Public Relations, Public Relations Theory in Practice, Advanced Public Relations, Community Relations, Crisis Communication, and Topics in Public Relations, as well as an internship. I also enrolled in courses such as radio production, media writing, business communication, interpersonal
communication, and mass communication and earned minors in both business and public speaking and debate.

Each public relations course, consisted of valuable readings and discussions about the tools needed by public relations practitioners. Our sources included works by such acclaimed scholars as Stephen P. Banks, Edmund M. Burke, Kathleen Fearn-Banks, Robert L. Heath, Jerry A. Hendrix, and Don W. Stacks. We also completed writing exercises from a workbook entitled *Public Relations Writing: Principles in Practice* (Treadwell & Treadwell, 2000).

**Class and On-campus Projects**

In addition to completing writing assignments and readings about the field of public relations, Professor Neff emphasized the need for hands-on projects and extracurricular activities. This section discusses five of those activities: The Festival of Voices; Spark Public Relations, VU’s student-run public relations firm; VU’s chapter of the Public Relations Society of America (PRSSA); a quantitative research project; and a qualitative research project.

The course entitled Principles of Public Relations requires students to plan and produce an annual concert. The show focuses on diversity and brings talent to campus from across the Northwest Indiana region. Latino dancers, an up and coming vocalist, a children’s choir, and a variety of other groups are generally scheduled to perform each year. All proceeds benefit a homeless shelter in Valparaiso, Indiana, so in addition to offering event planning experience, the project qualifies as a service-learning endeavor. Two student co-chairs are selected to lead the class in coordinating the production.

As one of the co-chairs, I helped coordinate the efforts of several dozen students. We formed groups, discussed the tasks at hand, came together as a team, and took action. One group sold tickets, another booked talent, another sold program advertisements, another designed the program, another handled promotion, another secured the venue, and so on. The event was a success—we raised $700 for the homeless shelter, which was a record in the event’s then seven-year history.

Spark Public Relations, VU’s student-run public relations firm, had been around for a few years when I became a public relations major but had not taken off for a variety of reasons. At Professor Neff’s request, I developed a new business plan, applications for positions, contracts, policies, and operating procedures for the firm at the end of my junior year. I was named the firm’s founder and director my senior year, and with her guidance, interviewed, hired, and trained staff, recruited clients, and ran weekly staff meetings. Clients included the Gary/Chicago Airport; HOBY, a youth leadership development organization; and VU’s Dining Services. The firm is growing and continues to serve a wider variety of clients each year.

My classmates and I also enjoyed participating in PRSSA activities. Professor Neff often planned field trips to Chicago that included visits to both large and small public relations firms, government offices, corporations, graduate programs, and solo practitioners. Those trips put our coursework and our extracurricular activities into context, built our network of contacts, and encouraged us to think about post-graduation goals.

For the quantitative research project, a partner and I surveyed women to find out why women choose women-only workout facilities such as Curves over facilities that welcome both men and women. We expected women to report that they experience discomfort with their self-image at coed gyms but found that a larger factor is word of mouth—many women join because
their friends] joined. This project was a good introduction to using a questionnaire to survey a population and to using SPSS, a statistical software program.

The qualitative research assignment required us to individually interview two practitioners working in the field. Each needed to be employed in a different sector (corporate, nonprofit, agency, etc.) We were instructed to compare and contrast each practitioner’s experiences. Through Professor Neff’s connections, I was fortunate enough to have the opportunity to interview the person in charge of corporate communication for Johnson & Johnson, as well the communication director for a nonprofit organization in Chicago. After talking with each about their positions, I concluded that while their daily tasks were markedly different, the skills required to complete those tasks were highly similar.

Pre-graduation Internships

My undergraduate education included two internships. The first was a year-long editorial position within the Valparaiso University Office of Admission. I was responsible for planning and producing a bi-monthly publication written by VU students for 95,000 high school students interested in attending VU. I worked with admissions staff to create a plan for each issue, wrote articles based on interviews with students, faculty, and notable alumni, and recruited other student writers to give the piece multiple voices. The experience exposed me to the publishing process and gave me several sleek, full color publications to add to my portfolio.

I traveled to Whiting, Indiana one day a week to complete my second internship, a semester-long appointment at Centier Bank. I worked with the public relations and marketing director to expand the company’s “50 Advantage Club” program, an account for customers age “50 or better.” In this role, I developed a local discount program for 50 Advantage Club members by writing letters to local business owners, wrote copy for and maintained the 50 Advantage Club internet and intranet pages, and ensured that all Centier employees had current 50 Advantage Club information by creating and updating resource binders. This position was particularly valuable to my development as a practitioner because it combined community relations, employee relations, and technology to create a unique experience.

III. PROFESSIONAL EXPERIENCE

Fleishman-Hillard

I began a summer internship at Fleishman-Hillard’s St. Louis office (its worldwide headquarters) shortly after graduating from VU. As an intern in the firm’s Corporate Issues and Financial Communication department, I was asked to monitor and summarize news articles and financial analyst reports for approximately 15 clients in a variety of global industries every morning. I also regularly conducted online research, built media lists, pitch stories to reporters, and edited press releases and conference call scripts. All of these tasks needed to be completed thoroughly, and most needed to be done under a very tight deadline. These experiences improved my ability to work efficiently and manage multiple projects simultaneously.
I started working at the Saint Louis Art Museum one week after my internship at Fleishman-Hillard ended. As Media Relations Officer, I wrote and distributed news releases and other press materials to promote exhibitions and events, often collaborating with other museums around the globe in the process. This not only challenged my writing skills, but also improved my ability to work with public relations professionals in other cities, states, and countries.

After distributing the materials, I followed up with direct pitches to reporters with whom I developed and maintained strong relationships, as well as reporters with whom I sought to build new relationships. Deciding who to pitch and how to shape the pitch required critical thinking skills, as each exhibition naturally appealed to different audiences. The Saint Louis Art Museum is a comprehensive art museum, which means that it features works of art from virtually every culture and time period. Therefore the exhibitions ranged from ancient art to works produced less than a year prior to their display. As is the case with most public relations campaigns, ensuring that the right reporters received the right information was crucial to each exhibition campaign’s success.

When pitches were successful and reporters requested to interview curators and/or other Museum representatives about the exhibitions and events, I prepared the interviewees and then facilitated the interviews (both inside and outside the Museum). I also assisted in organizing film shoots, press conferences, and other large media events. Doing so seemed daunting at first, but I was able to draw confidence from my experiences with the Valparaiso University Festival of Voices and do what needed to be done.

After three years at the Museum, I decided to return to college and earn a master’s degree in communication studies. I am now in my second semester at Eastern Illinois University in Charleston. My goal is to teach communication courses at the collegiate level.

IV. ACADEMIC / PROFESSIONAL CONNECTIONS

According to the Executive Summary of The Professional Bond: Public Relations Education and the Practice, a report published in 2006 by the Commission on Public Relations Education, an undergraduate public relations education should include coursework that develops writing skills, critical thinking skills, problem solving skills, a good attitude, an ability to communicate publicly, and initiative. Curricula should also include an internship or practicum that offers hands-on experience and an opportunity for students to engage in interdisciplinary study. It should also emphasize ethics, diversity, technology, global implications, and participation in professional organizations.

It is clear that my undergraduate education included the recommendations listed in The Professional Bond and that my academic experiences prepared me for a career in public relations. The writing skills required at Fleishman-Hillard and the Saint Louis Art Museum were fostered by in-class writing exercises and other class projects, my experience with Spark Public Relations, and my internships. Critical thinking and problem solving skills are needed to coordinate press conferences and target reporters, just as they are needed to lead students in planning an on-campus concert. A good attitude and the drive to take initiative are important qualities for both a media relations officer and a student-run public relations agency director to possess. The ability to communicate publicly is as important in a meeting with colleagues with
whom one is employed as it is in a meeting with future colleagues with whom one is visiting on a field trip.

My internships provided the opportunity to gain experience and put the coursework into practice. My minors in business and public speaking and debate, along with the other courses I completed within VU’s communication department (mass communication, interpersonal communication, radio production, etc.) provided a broad look into the way organizations work and how public relations practitioners fit into organizations. Ethical issues and expectations were discussed often in class, at PRSSA meetings and conferences, and at Fleishman-Hillard. Diversity was at the core of the Festival of Voices and multiple in class discussions and was highly valued at both Fleishman-Hillard and at the Saint Louis Art Museum. I built on the technological skills I learned at VU by working on Centier Bank’s website. Working at a worldwide public relations firm and working with public relations practitioners fostered the global perspectives discussed at VU. And of course the importance of participating in professional organizations such as PRSSA and PRSA were stressed at VU. I joined the St. Louis Chapter of PRSA shortly after starting at Fleishman-Hillard.

While it is undeniable that professional experience is vital to long-term success in the field, a solid undergraduate curriculum that includes the recommendations outlined in The Professional Bond can be highly advantageous to a new public relations practitioner.

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ABSTRACT

This paper examines Grunig’s (1993) claim that adoption of a symmetrical model of public relations would eliminate most ethical problems in international public relations and applies it to the public relations of warfare. Examples of public relations related to warfare in this paper show it is not likely that a symmetrical model would be adopted because the purpose of public relations in warfare is to persuade and restrict the flow of information. The history of public relations and warfare is marked by deception and propaganda. It is likely that these patterns will continue into the future.

I. THEORETICAL FRAMEWORK

In practice, most public relations professionals emphasize the importance of social responsibility and ethics. The relationship between organizations and publics mandates social responsibility, because “an organization's actions have consequences for publics and they in turn affect the organization.” Thus, in public relations theory, according to Grunig (1993, p. 146), “public relations and public responsibility become nearly synonymous terms: public relations is the practice of public responsibility.” Nevertheless, many practitioners attempt to fool publics by concealing the consequences of bad organizational actions. However, over time these practices don’t result in effective relationships nor benefit the organization (Grunig, 1993, p.146). When practiced unethically, public relations can “manipulate and deceive,” making "decent and rational, unemotional debate" on issues difficult (p.138).

Grunig (1993, pp. 146-147) indicates that the quality of relationships (and ethics) depends on the model of public relations used. While asymmetrical public relations can be ethical, the model makes ethical practice more difficult. On the other hand, the two-way symmetrical model bases public relations on negotiation and compromise and so it is generally more ethical. “Asymmetrical – and unethical – public relations seems to have been prevalent in international public relations throughout history, especially during times of conflict,” writes Grunig (1993, p. 147). Propaganda, which is “one-sided, usually half-truthful communication designed to persuade public opinion,” is a characteristic of asymmetrical public relations as practiced during warfare and in international politics. The terms, "promoters, propagandists, and lobbyists," fit the press agentry, two-way asymmetrical and personal influence models of public relations, respectively (Grunig, 1993, p. 149).

Propaganda, according to Jowett and Heath (2004, p. 656), "often blends seamlessly with legitimate public relations practices." Sproule (1994, p. 8) defined propaganda as "the work of a large organization, nation, or group to win over the public for special interests through a massive orchestration of attractive conclusions packaged to conceal both their persuasive purpose and lack of sound supporting reasons." Jowett and O'Donnell focused on propaganda as a communication process when they stated: "Propaganda is the deliberate, systemic attempt to shape perceptions, manipulate cognitions, and direct behavior to achieve a response that furthers the desired intent of the propagandist" (1999, p.6). Both public relations and propaganda,
according to Jowett and Heath (2004, p. 652), "stem from a common desire to affect the attitudes and perceptions held by people ... toward an infinite variety of subjects, in order to shift opinion and beliefs in a desired direction." Propaganda is viewed in negative terms because of its historical association with religion, warfare, and politics. Public relations is a legitimate activity that "enhances the images and perceptions of a wide variety of institutions."

In times of war the U.S. government uses public relations to persuade the public of the need for wars and to support them. As Smith (2004, p. 893) writes, “Democratic nations, in particular, must win the support of their citizens before committing armed forces to battle, and maintain that support for the duration of hostilities and beyond.” However, while the need for PR’s connection with war is apparent, it also has “raised ethical questions about the means and ends of public relations in the pursuit of war.”

According to Smith (2004), trends in the nature of warfare have changed the public relations of combatants. Traditional warfare among nations or groups of nations has been replaced with civil wars where ethnic, religious, economic, or racial groups fight other groups in the same country or region. Factions that can control the media can influence public opinion in the region. Similarly, they work through the international media to apply international pressure on their opponents. Occasionally, non-governmental agencies try to draw attention to the refugees and victims of war. International coverage of regional wars has increased with the global reach of media organizations, like the BBC and CNN. The need for public diplomacy has increased as nations increasingly see the need to make their viewpoints known in the court of public opinion.

The connection of public relations to warfare raises a number of ethical questions, writes Smith (2004). First is the contradiction between military goals and public interest. Public affairs officers want to justify military action to domestic and international publics, while at the same time controlling information that might undermine military operations. Only if one can rationalize that the public interest is best served by going to war, do these goals even become credible. When the justification for war is based on misleading and false information, the justification for war is exacerbated further. In these cases the line between public relations and propaganda becomes very thin.

A second factor that affects the ethics of public relations in wartime is when the military seeks to influence the content of the media reports or to shape the official statements issued during a conflict. For national security, operational secrecy and the safety of personnel involved, during wartime government generally has greater ability to restrict information to the media and by extension to the public. However, this can also lead to greater abuses of power and cover-ups.

Grunig (1993) applies the asymmetrical and symmetrical models of public relations to ethics in international public relations. The following questions drawn from his framework for analysis might similarly guide an analysis of ethics and warfare. What models of public relations direct the practice of public relations during warfare? How do the models affect the ethics of public relations? What is the role of propaganda?

II. A BRIEF HISTORY OF PUBLIC RELATIONS AND WARFARE

During World War I public relations was used as a means of getting a reluctant population to support the war cause. President Woodrow Wilson called on veteran news reporter George Creel to form what became known as the Creel Committee on Public Information (CPI). The committee’s use of government propaganda was extremely successful in influencing U.S.
and world opinion and convincing the public to support the war. Among those who served on the committee were Edward Bernays, the nephew of Sigmund Freud, and Carl Byoir, the CPI's associate chair. Both later were to have successful careers in public relations and both made important contributions to the field of PR.

As part of his duties, Byoir built relationships with and directed propaganda toward European ethnic groups in U.S. cities in an effort to get them to support the U.S. war effort. Byoir helped to organize formal groups, one of which was the Lithuanian National Council. After the war, Byoir asked Bernays to develop a campaign for the Lithuanian National Council. In the campaign, Bernays used many of the techniques of the public information model, including sending articles to editors of newspapers, syndicate features and trade papers. Each story helped to emphasize the message that “Lithuania, the little republic on the Baltic, the bulwark against Bolshevism, was carrying on a fight for recognition in accord with the principle of self-determination laid down by President Wilson” (Grunig, 1993, pp. 150-151). Bernays used Freud’s concepts of psychology of the subconscious to manipulate public opinion, as he advised presidents from Woodrow Wilson to Eisenhower. In 1954, he directed the use of propaganda to help topple Guatemala’s left-leaning government. Those same techniques set the pattern for future propaganda campaigns in Cuba and Vietnam (Tye, 1998, p. 156).

During World War II, the U.S. government again called upon public relations and media professionals to gain public support for the war effort. President Franklin Roosevelt asked Elmer Davis, a veteran newsman to head up the Office of War Information (OWI), to serve similar functions as the Creel Committee. Davis had more tools with which to work, including feature length movies, newsreels, and radio broadcasts (Fearn-Banks, 2004). Propaganda became works of art during World War II. Hollywood was “enthusiastic” when the United States finally entered World War II. Political and social issues were put in the background, while filmmakers focused on “optimistic stories of heroism, patriotism and antifascism” (Christensen and Haas, 2005, p.92). Congress opposed the domestic operation of OWI, curtailing its funds. By 1944 OWI operated mainly overseas. In 1945 the international operations were turned over to the Department of State and after the war the Department of Defense managed its own public relations.

By the 1960s the military had over 1000 public information or public affairs officers. In Vietnam, the American media, which at first sold the war to the public, later turned against the government propagandists, using daily reports of body counts as the means to sway the public. This image of dead American youth, as much as anything, turned public opinion against the war. Vietnam was both a military and a public relations failure. The military controlled the public relations in Grenada and the Persian Gulf War by keeping the media away from the battle front. Although the media objected to the censorship, they readily repeated what they learned in military briefings and from military-produced videos (Smith, 2004).

To gain support for the Gulf War in 1991, Citizens for a Free Kuwait, a third-party organization, hired a PR firm, Hill and Knowlton, for $10.7 million. The PR firm organized a press conference with “a so-called Kuwaiti freedom fighter,” a "National Prayer Day" services for Kuwaiti and American servicemen, and "Free Kuwait" rallies at 21 college campuses. It promoted an Islamic art tour, produced advertisements and video news releases, arranged luncheons with journalists and spent more than $1 million polling the American people. Finally, the PR firm provided witnesses to a Congressional hearing, wrote their scripts, coached them, and produced videos detailing Iraqi atrocities. A 15-year Kuwaiti girl told the hearing that she had seen Iraqi soldiers take babies from hospital incubators in Kuwait and leave them on the
floor to die. The testimony was completely false; the girl was the Kuwaiti ambassador’s daughter. Although these tactics probably didn’t lead the U.S. to war, they were successful because the United Nations, the Congress and the media were a “receptive” audience (Grunig, 1993).

Following 9/11 the U.S. media became complicit in a plot to take America once again into war. Journalists asked few questions, instead passively accepting and promoting the Bush administration point of view. Anyone who didn’t was branded a traitor for supporting terrorism. “What is clear … is that the American press corps enabled the Bush administration to cocoon the public to such an extent that it had only a vague notion about alternative viewpoints and policy options, or the consequences of American policy decisions worldwide” (Finnegan, 2007, p. 2). “The line was drawn in the sand early, and members of the media chose to fall in step” (Finnegan, 2007, p. xix). For example, CBS’s Dan Rather wept as he pledged: “George Bush is the president…. Wherever he wants me to line up, just tell me where.”

Again, as in previous conflicts, the expertise of public relations consultants was used to assure the government agenda was successful. The Pentagon secretly awarded PR practitioner John Rendon a $16 million contract to use propaganda to target Iraq and other adversaries. Rendon used a strategy of "perception management" to manipulate information and the news media to achieve the desired result. His firm, The Rendon Group (TRG), had made millions from government contracts since 1991, when it was hired by the CIA to help "create the conditions for the removal of Hussein from power." Rendon assembled a group of anti-Saddam militants that he called the Iraqi National Congress (INC). He served as their media consultant and "senior adviser" in order to engineer an uprising against Saddam.

Although later it was shown that there was no connection between Iraq and the perpetrators of 9/11, Rendon was successful in demonizing Saddam Hussein. Rendon chose Judith Miller of The New York Times to write the story that would be the catalyst for more news coverage. Miller, who was close to I. Lewis Libby and other neoconservatives in the Bush administration, had been a trusted outlet for the INC’s anti-Saddam propaganda for years. Miller flew to Bangkok to interview an Iraqi defector who claimed to have information about weapons of mass destruction. Her front-page story, published December 20th, 2001, was “exactly the kind of exposure Rendon had been hired to provide.” The problem was that her story was a lie (Bamford, 2005).

New media technology has changed coverage of war and military public relations, according to Smith (2004). In the Iraq War, satellites, mobile technology and the Internet made it practically impossible to censor coverage from the front. Rather than control the content of coverage, the military co-opted the American media, embedding them with the advancing soldiers. The American media saw favorable coverage as part of their patriotic duty. Coverage was greater than in previous wars, requiring military public affairs officers to monitor and respond to a greater variety of questions. Foreign media were not as easily controlled. They were often ignored and isolated, and even targeted as enemy combatants. Except through the Internet, their message was practically unheard in the United States.

III. CONCLUSIONS

As Grunig (1993) found in his study of international public relations, asymmetrical models of public relations dominate the examples of public relations and warfare provided in this paper. Most communication is one-way with press agency, personal influence, and public
information models dominating the practice of PR at times of war. As set forth by Smith (2004),
the ultimate purpose of public relations in the examples was to persuade the public to accept the
need to go to war and to support the war while it was going on. This is illustrated most recently
by the hiring of public relations firms to involve America in both the Gulf War in 1991 and the
Iraq War in 2003. It appears that governments continue to see the need for the use of public
relations to persuade the public to support war. Also, third-party organizations, as used by Byoir
to achieve the goals of the Creel Committee in World War I, are still used today. This is
illustrated by the formation of Citizens for a Free Kuwait in the Gulf War and the Iraqi National
Congress in the Iraq War.

Propaganda was used as a tactic in both World War I and II and continues to be used in
recent examples. Propaganda is characterized by the use of “one-sided, half truths” to persuade
public opinion as was the case in both the Congressional hearings of the Gulf War and the false
news coverage of the Iraq War. Clearly, the nature of communications during warfare leads to
deception as a means of justifying warfare and controlling information. The amount of
information is greatly restricted and the accuracy decreases. This is worsened when the media
are co-opted by governments and become their agents of propaganda. Communications and
public relations are clearly both unethical and socially irresponsible as illustrated by the models
used for public relations and the employment of propaganda.

Grunig (1993, pp. 157-158) claims that, if public relations is practiced according to the
principles of strategic management, public responsibility and the two-way symmetrical model, it
will help “to build relationships among organizations and publics and to develop policies that are
responsible to those publics.” In an international setting, he indicates that a failure to follow
these principles may be because the majority of public relations practitioners who work for
international clients enter the business because of experience in journalism, advertising or
politics. “Because of this background, they devote most of their efforts to media relations and
lobbying, typically practicing the press agentry, public information or two-way asymmetrical
models of public relations.” Similar patterns exist in public relations and warfare, but not
because of the background of practitioners. In public relations and warfare, deception is both a
tactic and purpose of communications.

According to Grunig (1993, p. 160), ethical decision making is facilitated if public
relations practitioners follow the two-way symmetrical model. In that model, they would assist
government to negotiate decisions that would serve both the interests of the government as well
as the public. Grunig recommends two symmetrical principles of openness. The first is full
disclosure of source of informational materials. A second principle is that practitioners
discontinue the use of front organizations and openly acknowledge the name of their real client.

“Open, symmetrical communication as exemplified by these two changes in current
public relations practice would enhance, rather than cloud, ‘decent and rational, unemotional
debate,’” states Grunig (1993, pp. 161-162). While symmetrical public relations would eliminate
most ethical problems of international public relations, it is unlikely a symmetrical model would
be accepted for public relations of warfare. The purpose of public relations in warfare is to
persuade and restrict information and it is unlikely that this will change.
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CHAPTER 27

QUALITY AND PRODUCTIVITY
THE IMPACT OF SUPPLY CHAIN INTEGRATION ON MANUFACTURING FIRM’S FINANCIAL PERFORMANCE AND PRODUCTIVITY

Hooshang M. Beheshti, Radford University
hbehesht@radford.edu

Pejvak Oghazi, Luleå University of Technology
Pejvak.Oghazi@ltu.se

Rana Mostaghel, Luleå University of Technology
rana.mostaghel@ltu.se

ABSTRACT

For decades, corporations have developed strategies and adopted new methods to integrate business processes and activities in order to improve firm performance and achieve both effectiveness and efficiency in their operations. Recently, many firms have focused on integrating both internal and external business activities of their supply chain into a standardized system. The supply chain system extends beyond the boundaries of a firm, considering the costs of all materials flows until products reach the final customer. This study explores the extent of supply chain integration on the financial performance of the Swedish manufacturing firms.

I. INTRODUCTION

In today’s global business environment corporations are increasingly under pressure to improve their performance in order to remain competitive. One method of improving firm’s performance is to focus on a strategy that streamlines all activities relating to the flow of materials, manufacturing, and distribution of products to consumers. In recent years, corporations have begun to form partnership with members of their supply chain (SC) system and employ advanced information and communication technologies to link with their business partners and customers.

The use of technology in creating an electronic supply chain network allows corporations to align all activities of the supply chain members with the demands of the markets and the customers they serve. Improving the efficiency and performance of the supply chain activities can create a competitive advantage for corporations. According to Lee (2005) we are in the era of supply chain competition, that is, competition today is based on supply chain versus supply chain and not business versus business. In fact, there is a growing body of literature concerning the importance of integrated supply chain strategy (Frohlich and Westbrook, 2001; Kim, 2006a; Kim, 2006b). The key factor for staying competitive in the marketplace is effective integration of an enterprise with its suppliers and customers (Eisenhardt and Tabrizi, 1995; Ragatz, et al., 1997; Birou and Fawcett, 1998). To maximize the supply chain performance, a firm must consider to integrate its internal activities across functional areas as well as external integration with its business partners and customers (Narasimhan, 1997).

Over the years, the benefits of supply chain integration has been addressed and theorized in the literature and in many instances corporations have used technologies such as electronic
data interchange (EDI) to link with their suppliers electronically. The supply chain management (SCM) systems have become more sophisticated and much more efficient (Dehning, et al., 2007; Slone, et al., 2007). Nowadays, the application of web-based technologies and electronic networks have made it possible for companies to fully integrate the complexities of supply chain management operations into a system that provides real-time supply and demand information and inventory visibility throughout the supply chain network. The supply chain integration strategy creates value for the firm’s customers and draws suppliers and customers into the value creation process (Tan and Kannan, 1998; Vickery, et al., 2003). Frohlich and Westerbrook (2001) state that the most powerful and successful companies are those that link their customers and suppliers together into integrated networks. Four strategies for supply chain integration, as shown in Figure 1, were introduced by Frohlich and Westbrook (2002).

![Figure IV1. Levels of Supply Chain Integration Strategies (Frohlich and Westbrook, 2002 p.731)](image)

The first strategy deals with the standardization and automation of internal business processes across various functional areas of the firm. At this level, there is a minimum or no integration with customers or suppliers. After implementing the first integration strategy, the firm can choose to implement strategy 2 which is integration with suppliers or strategy 3 which prescribes integration with customers. The second strategy enables corporations to create strategic linkages with their suppliers and to exchange information in real time. The third strategy allows the company to develop a backward coordination of the flow of information and data from customers to suppliers. Finally, a firm is fully integrated when it has demand and supply activities integrated in both directions.

II. RESEARCH METHODOLOGY

A foundation study was developed to evaluate the impact of supply chain integration on the financial performance and productivity of manufacturing firms in Sweden. Based on extensive literature review the following hypotheses were developed for the study:

H1a. Supply chain integration through the entire chain (supplier-firm-customer) is positively related to the financial performance of the firm.
H1b. Supply chain integration with the supplier is positively related to the financial performance of the firm.
H1c. Supply chain integration with the customer is positively related to the financial performance of the firm.
H1d. Supply chain integration within the firm is positively related to the financial performance of the firm.
H2a. Supply chain integration through the entire chain (supplier-firm-customer) will display the highest level of the financial performance.
H2b. Supply chain integration with the supplier will display medium level financial performance.
H2c. Supply chain integration with the customer will display medium level of financial performance.
H2d. Supply chain integration only within the firm will display the lowest level of financial performance.

In order to assess the scope of supply chain integration and to test these hypotheses, data was collected through a mail survey of Swedish manufacturing companies. A random sample of 275 internationally active and viable Swedish manufacturing companies was drawn. The sample represented large and small companies from all regions of Sweden. The manufacturing sector has been the main engine of Swedish economy and accounts for more than half of its GDP (Statistics Sweden, 2008). The industry breakdown of the sample is shown in Table 1. The total number of usable responses was 105 (38%).

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<thead>
<tr>
<th>Sector</th>
<th>Count</th>
<th>Percent</th>
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<tr>
<td>Automotive</td>
<td>5</td>
<td>4.80</td>
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<tr>
<td>Chemicals</td>
<td>10</td>
<td>9.50</td>
</tr>
<tr>
<td>Computers/Soft and Hardware</td>
<td>22</td>
<td>21</td>
</tr>
<tr>
<td>Food/beverages</td>
<td>4</td>
<td>3.80</td>
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<tr>
<td>Furniture/household</td>
<td>1</td>
<td>0.90</td>
</tr>
<tr>
<td>Industrial products</td>
<td>17</td>
<td>16.20</td>
</tr>
<tr>
<td>Medical products</td>
<td>8</td>
<td>7.60</td>
</tr>
<tr>
<td>Other Manufacturing</td>
<td>19</td>
<td>18.10</td>
</tr>
<tr>
<td>Paper</td>
<td>7</td>
<td>6.70</td>
</tr>
<tr>
<td>Mixed industries</td>
<td>12</td>
<td>11.40</td>
</tr>
<tr>
<td>Total</td>
<td>105</td>
<td>100.00</td>
</tr>
</tbody>
</table>

To examine the presence of possible non-response bias, early and late respondents were compared on key variables using a t-test procedure with the assumption of both equal an unequal group variances. No significant differences were found in the means of this study’s key constructs, thus, non-response bias does not appear to exist.
III. MEASURE VALIDATION

All constructs in this study were measured with multi-item scales using component extraction with an orthogonal (varimax) rotation and Kaiser Normalization. Appendix A shows specific items used for this study. To assess the validity of the measures, item-to-total correlations were first calculated for each anticipated construct to appraise its internal validity.

Table 2. Principle Component Analysis, Cronbach’s Alpha, and Descriptive Statistics

<table>
<thead>
<tr>
<th>Measures</th>
<th>Rotated Matrix (a)</th>
<th>Component Cronbach's alpha</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Internal Integration</strong></td>
<td></td>
<td></td>
<td>.891</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INT_INTEG4</td>
<td>.821</td>
<td></td>
<td>5.15</td>
<td>1.492</td>
<td>-.549</td>
<td>-.320</td>
</tr>
<tr>
<td>INT_INTEG5</td>
<td>.818</td>
<td></td>
<td>5.00</td>
<td>1.481</td>
<td>-.598</td>
<td>-.494</td>
</tr>
<tr>
<td>INT_INTEG3</td>
<td>.805</td>
<td></td>
<td>5.14</td>
<td>1.572</td>
<td>-.938</td>
<td>.091</td>
</tr>
<tr>
<td>INT_INTEG2</td>
<td>.797</td>
<td></td>
<td>5.10</td>
<td>1.870</td>
<td>-.973</td>
<td>-.131</td>
</tr>
<tr>
<td>INT_INTEG6</td>
<td>.730</td>
<td></td>
<td>4.62</td>
<td>1.963</td>
<td>-.399</td>
<td>-1.209</td>
</tr>
<tr>
<td>INT_INTEG1</td>
<td>.695</td>
<td></td>
<td>5.26</td>
<td>1.670</td>
<td>-.746</td>
<td>-.425</td>
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<tr>
<td><strong>Customer Integration</strong></td>
<td></td>
<td></td>
<td>.842</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CUST_INTEG_4</td>
<td>.786</td>
<td></td>
<td>3.70</td>
<td>1.582</td>
<td>.026</td>
<td>-.649</td>
</tr>
<tr>
<td>CUST_INTEG_5</td>
<td>.755</td>
<td></td>
<td>4.36</td>
<td>1.660</td>
<td>-.313</td>
<td>-.702</td>
</tr>
<tr>
<td>CUST_INTEG_2</td>
<td>.729</td>
<td></td>
<td>4.24</td>
<td>1.837</td>
<td>-.075</td>
<td>-1.141</td>
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<tr>
<td>CUST_INTEG_6</td>
<td>.689</td>
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<td>3.92</td>
<td>1.657</td>
<td>.007</td>
<td>-9.77</td>
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<tr>
<td>CUST_INTEG_1</td>
<td>.662</td>
<td></td>
<td>3.40</td>
<td>1.822</td>
<td>.475</td>
<td>-.944</td>
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<tr>
<td>CUST_INTEG_3</td>
<td>.648</td>
<td></td>
<td>4.73</td>
<td>1.631</td>
<td>-.413</td>
<td>-.589</td>
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<tr>
<td><strong>Supplier Integration</strong></td>
<td></td>
<td></td>
<td>.828</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SUPP_INTEG_3</td>
<td>.869</td>
<td></td>
<td>3.40</td>
<td>1.554</td>
<td>.041</td>
<td>-1.016</td>
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<tr>
<td>SUPP_INTEG_4</td>
<td>.839</td>
<td></td>
<td>3.50</td>
<td>1.501</td>
<td>.095</td>
<td>-.780</td>
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<tr>
<td>SUPP_INTEG_2</td>
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<td></td>
<td>3.66</td>
<td>1.492</td>
<td>.131</td>
<td>-1.101</td>
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<tr>
<td>Eigenvalues</td>
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<td></td>
<td>5.93</td>
<td>2.22</td>
<td>1.64</td>
<td></td>
</tr>
<tr>
<td>% of variance explained</td>
<td></td>
<td></td>
<td>26.6</td>
<td>22.6</td>
<td>16.1</td>
<td></td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Measures</th>
<th>Rotated Matrix (a)</th>
<th>Component Cronbach's alpha</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td></td>
<td>.898</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Financial Performance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FIN_PERF_3</td>
<td>.868</td>
<td></td>
<td>4.47</td>
<td>1.209</td>
<td>.063</td>
<td>-.070</td>
</tr>
<tr>
<td>FIN_PERF_2</td>
<td>.845</td>
<td></td>
<td>4.44</td>
<td>1.091</td>
<td>.094</td>
<td>.789</td>
</tr>
<tr>
<td>FIN_PERF_4</td>
<td>.838</td>
<td></td>
<td>4.39</td>
<td>1.074</td>
<td>-.079</td>
<td>.353</td>
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<tr>
<td>FIN_PERF_6</td>
<td>.830</td>
<td></td>
<td>4.76</td>
<td>1.267</td>
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<td>-.069</td>
</tr>
<tr>
<td>FIN_PERF_5</td>
<td>.823</td>
<td></td>
<td>4.68</td>
<td>1.252</td>
<td>-.080</td>
<td>-.096</td>
</tr>
<tr>
<td>FIN_PERF_1</td>
<td>.677</td>
<td></td>
<td>4.20</td>
<td>1.078</td>
<td>.060</td>
<td>-.056</td>
</tr>
<tr>
<td>Eigenvalues</td>
<td></td>
<td></td>
<td>3.995</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of variance explained</td>
<td></td>
<td></td>
<td>66.59</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The correlation coefficients were all high in the expected direction and significant at .01. However, three items from supplier integration which had correlation coefficients lower than 0.5
were dropped from the analysis since they were not expected to properly reflect their latent construct.

Two principal component analyses were performed (one for the dependent variable and the other for the independent variable) all items are loaded on their related factor with loadings above 0.64 which is above the recommended threshold of 0.55 (Falk and Miller, 1992). The independent constructs (supplier integration, internal integration, and customer integration) together explained 65.3% of the variance with eigenvalues higher than 1. The dependent construct (financial performance) explained 66.6% of the variance with an eigenvalue of 3.99. These numbers demonstrate the existence of a robust structure. Cronbach’s alpha values were also calculated to evaluate the reliability of the constructs, and all are above .82 and over the suggested threshold of .70 (Nunnally, 1994).

With regards to the descriptive statistics of the employed measures, the mean values fall between 3.4 and 5.26, which is more to the middle of the scale spectrum (seven-point semantic differential rating scale was used for all items); the standard deviation in each case, is relatively low ranging between 1.0 and 1.9. The skewness and kurtosis statistics provide evidence of the normality of the data. Table 2 shows that all values for skewness are within recommended range -1 and +1; also the values for kurtosis fall within suggested range of -3 and +3 (Hair, et al., 2003).

IV. ANALYSIS AND RESULTS

SPSS software was used to test the hypotheses developed in this study. In order to test hypotheses 1a through 1d, a series of simple regressions with different overall composite integration scores as the independent variable and the financial performance as dependent variable were performed. The results are reported in Tables 3 through 7.

Total integration and financial performance - As evident in Table 3, the relationship between total supply chain integration (calculated as a second order construct consisting of the summed average scores for internal, customer, and supplier integration) on a firm’s financial performance is positive with an $r^2$ of .169, and is statistically significant at $P < 0.01$.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>2.862</td>
</tr>
<tr>
<td></td>
<td>Total SC Integration</td>
<td>.388</td>
</tr>
</tbody>
</table>

Thus, total supply chain integration is significantly related to the financial performance of the firm; H1a is accepted.

Upstream integration and financial performance - Table 4 shows that there is a significant relationship between upstream supply chain integration (calculated as the summed averages of internal and supplier integration) and financial performance, with an $r^2$ of .155,
significant at p < 0.01. Therefore, firms that only have upstream supply chain integration will also achieve financial success relative to their competitors; H1b is accepted.

Table 4. Effects of Upstream Supply Chain Integration on Financial Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>2.976</td>
<td>.362</td>
</tr>
<tr>
<td>Upstream SC Integration</td>
<td>.355</td>
<td>.082</td>
</tr>
</tbody>
</table>

N = 105  R² = .155  Adjusted R² = .149  F-statistic = 18.669 (P-value = 0.000)

Downstream integration and financial performance - The analysis shows that there is a significant relationship between downstream supply chain integration (calculated as the summed averages of internal and customer integration) and the financial performance of the organization as depicted in Table 5. With a reported r² of .148, significant at p < 0.01; H1c is supported.

Table 5. Effects of Downstream Supply Chain Integration on Financial Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>3.057</td>
<td>.353</td>
</tr>
<tr>
<td>Downstream SC Integration</td>
<td>.316</td>
<td>.075</td>
</tr>
</tbody>
</table>

N = 105  R² = .148  Adjusted R² = .140  F-statistic = 17.690 (P-value = 0.000)

Internal integration and financial performance - The test results indicate that the internal supply chain integration on a firm’s financial performance is positive. However, this is the lowest among the investigated relationships as shown in Table 6, with an r² of .138, and a significance level of P < 0.01. Nevertheless, since the hypothesized relationship was still confirmed through this analysis; H1d is accepted.

Table 6. Effect of Internal Supply Chain Integration on Financial Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>3.187</td>
<td>.335</td>
</tr>
<tr>
<td>Internal SC Integration</td>
<td>.260</td>
<td>.064</td>
</tr>
</tbody>
</table>

N = 105  R² = .138  Adjusted R² = .130  F-statistic = 16.374 (P-value = 0.000)

In order to test hypotheses H2a through H2d and to assess the relative performance outcome of different types of supply chain integration, the squared correlation coefficients (r²) and the standardized regression coefficient (Beta) were compared among all four regression
tests. As demonstrated in Table 7, the results indicate that the strongest relationship exists between total supply chain integration and financial performance whilst internal integration alone has the weakest relationship when compared to the others. Consequently, hypotheses H2a, H2b, H2c, and H2d are all supported.

Table 7. Comparison Between Supply Chain Integration and Financial Performance*

<table>
<thead>
<tr>
<th>Type of supply chain integration</th>
<th>$r^2$</th>
<th>Beta</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total supply chain integration</td>
<td>.17</td>
<td>.41</td>
<td>1</td>
</tr>
<tr>
<td>Upstream supply chain integration</td>
<td>.16</td>
<td>.39</td>
<td>2</td>
</tr>
<tr>
<td>Downstream supply chain integration</td>
<td>.15</td>
<td>.38</td>
<td>3</td>
</tr>
<tr>
<td>Internal supply chain integration</td>
<td>.14</td>
<td>.37</td>
<td>4</td>
</tr>
</tbody>
</table>

*all relationships were significant at the .01 level

V. CONCLUSIONS

The main objective of a supply chain management is to maximize efficiency of the supply chain in order to achieve maximum customer satisfaction. To do this, corporations need to develop strategies to use advanced technology to streamline and integrate supply chain business processes from the supplier to the customer. However, it should be noted that supply chain integration requires a carefully developed implementation strategy that identifies the importance of all inter-relationships among different parts of the supply chain (Stevens, 1989; Slater and Narver, 1996).

This research was designed to study the relationship between the degree of supply chain integration and the financial performance of manufacturing firms in Sweden. We examined supply chain integration at four different levels:

1. Companies with only internal integration.
2. Integration between companies and their suppliers.
3. Integration with customers.
4. Companies which have full integration; upstream (with suppliers) and downstream (with customers).

The results show that integration at any level is beneficial, however, the highest financial performance is realized when the firm has achieved full integration.

Appendix A. Scale measurement
(Contact Authors for Appendix A)

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supply chain strategy on customer service and financial performance: an analysis of
A REVISED PYRAMID MODEL FOR QUALITY IMPROVEMENT AND ITS CONTRIBUTION

Gideon Falk, Purdue University Calumet
gideon@calumet.purdue.edu

Casimir C. Barczyk, Purdue University Calumet

ABSTRACT

This paper is a conceptual paper in the field of Quality Management. It presents a comprehensive model for Quality Improvement based on the quality literature. However, while the proposed model has many elements of other models it has a number of unique components which distinguish it from all other models. The proposed Revised Pyramid Model of Quality Management (QM), is different in four ways: 1. It is more comprehensive than most other QM models. It contains more elements; it combines behavioral and quantitative elements. It includes marketing, production and organizational behavior ideas. It combines traditional and non-traditional managerial tools. 2. It integrates culture/philosophy, attitude and managerial methods/practices. 3. The model conveys a hierarchy of importance. The elements at the top of the Pyramid are more critical than the elements at the bottom. 4. The model puts special emphasis on the following unconventional elements: a) Being proactive b) Emphasis on problem identification in addition to problem solving and c) Emphasis on integration of the whole process.

I. INTRODUCTION

In 1993 Barczyk and Falk (1993) developed the Pyramid Model (see Appendix A). This was a conceptual model of what was called Total Quality Management (TQM) and is still called by many scholars this name today while others have moved further and use similar but other models like Six Sigma, Lean Six Sigma, Quality Improvement(Falk, Barczyk and Galin, 2006), Quality Management (Summer, 2009). Barczyk and Falk developed in the nineties the Pyramid Model (PM). This model is a conceptual model based on the literature of the time. It had three Principles, five (5) Fundamentals and ten (10 Tools and Techniques (See Appendix A). The Pyramid Model, a collaborative brainchild of Barczyk and Falk, was an attempt to conceptualize the basic structure of the tenets of TQM. The Pyramid Model was so named because, like the great pyramids of Egypt and others in the world, it is a huge structure that rises vertically in a narrowing triangular fashion. The narrowing conceptualizes the fact that QM has a very broad base that tapers as an organization focuses its efforts using certain fundamentals and specific techniques to achieve continuous improvement in its processes and outcomes.

This paper aims to describe a modified version of the Pyramid Model that adds four new concepts. The new concepts reflect current thinking and best practices in firms committed to quality improvement. In fact, the title of this paper reflects a current trend to label TQM or Quality Management as Quality Improvement (QI). Some would argue that this is more than semantics or nomenclature, suggesting that QI represents a firm’s basic attainment of a quality culture and product (or service). Once attained, further progress along the road to quality
enhancement is best termed quality improvement. Indeed, this is how medical practitioners and academics initially viewed the TQM. They believed that their processes and outcomes were of high quality. To assume otherwise would have been too psychologically threatening and perhaps open the floodgates to litigation. Instead, physicians and professors, adopted the tenets of TQM by referring to it as an enhancement of their operating approach; hence the notion of QI. It is the authors’ contention that quality improvement is one element, among 21 others, that enable people and firms to achieve the state of total quality.

This paper also aims to present the revised Pyramid Model as an activity in proactive management. There is ample evidence to suggest that management is the art of decision making or problem solving under conditions of uncertainty (Robbins and Coulter, 2005). When viewed from a QI perspective, problems should be considered as opportunities. But more importantly, they should be viewed as outcomes to be anticipated and avoided by properly engineering one’s processes and functions. In essence, this represents the modified Pyramid Model’s concept of problem identification.

In a broad general sense, the Revised Pyramid Model consists of 22 elements or concepts for understanding the complexities of using and implementing a Quality Improvement (QI) program in organizations. The model serves to guide managers and professionals involved in QI and to assist instructors, trainers and students in understanding the complexities of QI.

This comprehensive model can be applied to manufacturing industries as well as service companies. It is beneficial for use with for-profit firms as well as not-for-profit organizations. It is also useful to governmental organizations. Reading multiple professional articles, academic and non-academic as well as practitioner oriented papers, all seem to support some of the items included in the Revised Pyramid Model. Many practitioners are unaware of the complexity of QI. A good metaphor for understanding QI is the story of five men who were born blind and were asked to describe an elephant based on touching it. Each man, born blind touches one body part of the elephant in order to describe it. One touches the leg, the second touches the elephant’s ear, the third touches the tail, the fourth touches the trunk and the fifth touches a task. Each can describe the body part he touched. However, each has a very limited idea of what an elephant resembles. Each man is correct from a limited perspective but he cannot visualize the total body of the elephant. Similarly, many practitioners have a limited perspective of Quality Improvement, Six Sigma, or Total Quality Management. This model attempts to provide a comprehensive view of QI.

In the sections that follow, the modified Pyramid Model (PM) is described. Unique features of the model are discussed. Special consideration is given to the concept of problem identification, since this represents a critical aspect of the nature of management itself.

II. THE MODEL / CONCLUSION

The Revised Pyramid Model PM is composed of five (5) Principles, six (6) Fundamental elements and eleven (11) Tools and Techniques designed to assist managers to implement QI in organizations. See Appendix B for a complete outline of the model.

Unique Features of the Model

The Revised Pyramid Model has four unique features:
1. This is a comprehensive model
2. It contains a hierarchy of the components, such that some elements are more crucial and more important than others.
3. This model puts a special emphasis on Problem Identification (PI).
4. It emphasizes partnerships inside the organization as well as with outsiders.

1. This model is more comprehensive than most Quality Improvement (QI) or Total Quality Management models. The twenty–two components are more than Deming’s fourteen points or principles and more than most other models have (Summer, 2009).

The significance of this comprehensiveness is not always understood. It implies that to implement a real QI program a great amount of resources, effort and thought has to be given by management when and how to implement such a program. It means that management has first to educate itself before it dictates that others should implement a QI program. It also means that one can not implement a QI program in a short period of time. It is a long and continuous program and effort. Management needs a long term perspective. The goal is to improve quality, reduce cost, reduce cycle time, increase sales and profit and develop a competitive advantage over one’s competitors.

2. The model is a hierarchical model. The hierarchy is illustrated by a pyramid in which the five Principles serve as the foundation on which the six Fundamental elements are based, which leads to the Tools and Techniques for a successful QI program. If top management does not adhere to the Principles and Fundamentals the whole QI program (the entire pyramid) collapses because the base concepts rest on an unstable foundation. The components of the modified Pyramid Model are interdependent on one another.

3. The model includes a unique element called Problem Identification (PI) not included in any previous model. This is based on Maier and Hoffman's theory of problem solving (Hoffman, 1979). It is the authors' contention that most organizations do not devote sufficient time, effort or attention to problem identification (Galin and Falk, 2008). The same is true for problem solving teams, managers, and technical professionals. While most of them are skilled in problem solving they have not developed a system to encourage problem identification. Thus, the model suggests that developing such a system would enormously enhance organizations' ability to identify and then solve quality problems.

American poet Archibald MacLeish once wrote “We have learned the answers, all the answers; it is the question that we do not know” (Harnish, 1993). The question is the problem. It is not infrequent that we hear the expression “What’s the answer?” only to look at the person asking this question with a blank stare wondering if it was directed at us. There are many times we are asked to give an opinion about a decision that has been made without our input or to recommend a solution to a problem without having all the needed data. These situations represent real-life opportunities to use problem identification to find answers or solutions to problems that have been posed with a relative degree of certainty.

Problem identification is a process used to increase the awareness of deficiencies or problems in an organization. This is a critical aspect of management. If one cannot state the problem cleanly and factually, argues a Japanese master, your solutions are apt to be predictable – and wrong (Maial, 1992). In the course of our personal and professional lives most of us have been in situations that require us to express our views in response to a problem or series of
problems, whose outcome played a significant role in our futures. The beginning step in dealing with those situations is to cleanly and factually identify the problem that we face.

Many times “people confuse symptoms with problems” (Falk, 1994). A symptom is the result of a problem. It is not the cause of the negative result which is frequently a sign or an indication. For example, when a person has a fever due to an infection, he/she needs to address the infection, not the fever. Similarly, when an organization has an “absenteeism problem”, it should not develop disciplinary measures for punishing the employees who are absent from work. Rather, it should identify the root causes for the problem manifested in the external sign of absenteeism.

Various tools can be used to identify problems. An early master of QI, Dr. Kaoru Ishikawa, developed the “seven tools” that he believed any worker could use to effectively identify problems for the purpose of finding solutions. They are: (1) Pareto charts (2) cause-effect diagrams, (3) histograms, (4) check sheets, (5) scatter diagrams, (6) flowcharts, and (7) control charts (Brocka and Brocka, 1992).

Falk (1994) suggests that there are a number of approaches that can be used to proactively identify problems and address them prior to their occurrence. This would be in keeping with the notion of engineering one’s processes and functions to avoid problems or costly defects. Among the strategic approaches are (1) observation of symptoms such as a customer complaint, (2) comparison of goals and actual performance, (3) comparison of past performance, (4) comparisons with other organizations in the same industry, (5) conflict between a firm’s goal and its policies, (6) conflict between a firm’s policies and its strategies, (7) conflict between a policy and top management actions, (8) conflict between departments, (9) performance gap between actual performance and a possible target and (10) changes or trends in the external environment.

The Revised Pyramid Model is unique in that it aims to achieve QI and ultimately customer satisfaction by developing organizational systems that proactively identify problems through quality tools and techniques.

4. The revised PM emphasizes the importance of partnerships. While other models may imply a partnership, this model establishes it as one of the Principles of the model. The first partnership is inside the organization among top managers, middle managers and lower level management. These three levels in an organization need to work together in an integrated way so that they support and complement each other rather than duplicate each other.

Secondly, these three groups need to have a partnership with their subordinate employees. Each manager needs to understand that quality problems could be either identified and/or solved by some of their employees. Employees need to feel that they are part of a large team and everyone should know that he is in the same boat with everyone else. Third, all managers need to understand that there has to be a partnership between operating departments who provide the main product or service and all of the support units. Internal customers need to be satisfied in that the operating units are the internal customers of the support departments.

Fourth, organizations need to develop a partnership with their direct and indirect customers. They need to solicit and encourage continuous feedback from their customers in order to meet their expectations. The model’s second Principle is “Commitment to and Focus on Customer Satisfaction.” In order to achieve this goal an organization should develop a real partnership with its customers. It needs to find out what are the customers’ real needs and see how it can fill those needs. It should communicate frequently with customers to be aware of
changes in the market that customers face and how they plan to modify their services or products.

And last, there needs to be a partnership with suppliers so that new QI gains by a supplier would be shared with the organization. This would lead to reduced inspection costs as well as improved quality. Furthermore, new technological improvements by either the organization or its suppliers can be shared.

It is expected that the audience of this paper would gain significant insight into how the quality of products or services can be improved when management shows commitment to the revised Pyramid Model’s fundamentals and principles, and applies the model’s tools and techniques.

REFERENCES


APPENDIX A – THE OLD PYRAMID MODEL

APPENDIX B

The Revised Pyramid Model—A Model of Quality Improvement

- The Five Principles
  1. Total Management Commitment to High Quality
  2. Commitment to and Focus on Customer Satisfaction
  3. Participative Management and Empowerment
  4. Change Organizational Culture and Mindset
  5. A Partnership Philosophy

- The Six Fundamentals
  1. Teamwork
  2. Total System Integration
  3. Defining Quality and Developing Quality Standards
4. Measuring Quality
5. Continuous Quality Improvement
6. Training

• The Ten Tools and Techniques

1. Benchmarking of Best Practices and Processes
2. Process Orientation
3. Problem Identification
4. Problem Solving
5. Quality Assurance by Employees
6. Proactive Management
7. Proactive Design – Poka-Yoke
8. Supplier Quality Assurance
9. Communication
10. Employee Recognitions and Incentives
11. Apply TQM Tools/techniques
WHAT IS WISDOM?

Chulguen Yang, Southern Connecticut State University
Yangc1@southernct.edu

Stephen M. Colarelli, Central Michigan University
Cola1sm@cmich.edu

Kyunhee Han, Central Michigan University
Han1k@cmich.edu

ABSTRACT

This paper is a preliminary exploration of MBA students’ conceptualization of wisdom. Based on the content analyses of the essays written by 21 MBA students (13 men, 8 women) taking a course on Organizational Behavior, students’ definition of wisdom and managerial wisdom, their conceptual distinctions between wisdom and intelligence, and their view on measurement of the concepts are summarized. Furthermore, the students’ conceptualizations of wisdom and managerial wisdom are compared with experts’ view. Implications for future research are briefly discussed.

I. INTRODUCTION

In his book “The Survival of the Wisest,” Jonas Salk (1973) suggested that wisdom had certain practical values for human survival and enhancement of the quality of life. In business management, Pfeffer and Sutton (2006) claimed that wisdom, not intelligence, of the members of an organization was what made the difference. Yet, some have suggested that business students are not particularly well trained for wisdom (e.g., Bennis & O’Toole, 2005; Kessler & Bailey, 2007). For instance, Thomas Lindsay, the former provost of the University of Dallas, quoted in Bennis and O’Toole (2005) lamented the lack of training for wisdom in business education:

Business education in this country is devoted overwhelmingly to technical training. This is ironic, because even before Enron, studies showed that executives who fail – financially as well as morally – rarely do so from a lack of expertise. Rather, they fail because they lack interpersonal skills and practical wisdom; what Aristotle called prudence. (p. 104)

Hence, as a preliminary study on wisdom at workplaces, the goal of this paper is to investigate the construct domain and measurement of wisdom in general and managerial wisdom in particular from the MBA students’ (13 men, 8 women) perspectives. The responses for the four questions from their essays are summarized below.
II. THE FOUR QUESTIONS AND MBA STUDENTS’ RESPONSES

What Is Wisdom?

The MBA students perceived wisdom as a multidimensional construct. Most of them conceived it as a learned trait (i.e., “knowledge that is not innate, something we are not born with”) and dynamic (i.e., “it can be lost”). Five key dimensions of the construct were extracted from their responses.

1. The ability to make a decision with full consideration of its consequences on important stakeholders
2. (a) Knowledge of one’s limitation and willingness to seek help from others when necessary, (b) knowledge gained from diverse life experiences, and (c) knowledge which is action-oriented
3. The willingness to learn continuously
4. The ability to form a clear vision
5. The capability to behave altruistically and cooperate with others

Would You Distinguish Wisdom from Intelligence?

All the participants agreed that wisdom and intelligence were two distinct constructs. Some used the terms, knowledge and intelligence interchangeably, and they perceived them as the foundation of wisdom. Many endorsed the idea that a wise person must be intelligent, but an intelligent individual is not necessarily wise. For the majority of the MBA students, being intelligent was qualitatively different from being wise, and the former was not a sufficient condition for the latter. Yet, many agreed to the idea that intelligence is the basis for wisdom (“Intelligence and wisdom are related. First comes intelligence, followed by wisdom,” “Intelligence is something that we are born with; wisdom, on the other hand, is something that everyone can have in high amounts”).

How Would You Define Managerial Wisdom?

Not surprisingly, the MBA students’ conceptualizations of wisdom and managerial wisdom did overlap. They agreed that wisdom in general and managerial wisdom in particular were both the products of life experiences (“Something that is gained through experience; attainable only through an individual being placed in a role of responsibility”). Yet, intriguingly, a student argued that managerial wisdom was to let go of what we were taught in school and to focus rather on the evidence of what was working in real business world.

Overall, a majority of the MBA students believed in the power of “experience” in shaping managerial wisdom (“Something that we cannot expect that managers have immediately or innately,” “the need for time in order to develop new skills and knowledge”). Following are the six key dimensions of managerial wisdom extracted from the students’ responses.

1. The ability to foresee the future, to make decisions with prudence, and to act accordingly
2. Knowledge of one’s limitation and admission of help from others when necessary
3. The willingness to go above and beyond self-interest
4. The willingness to learn continuously with confident humility
5. Trust in oneself and others and the creation of mutually trustful work environments
6. The ability to coach and lead others

How Would You Measure Managerial Wisdom?

As expected, the MBA students perceived the measurement of the construct very challenging. A student argued that it would be easier to identify a person acting wisely or making a wise choice than to determine what level of wisdom someone was putting forth into their decision-making process. Thus, most of them were somewhat hesitant or even pessimistic about measuring the construct (“It can’t be measured,” “It couldn’t be done effectively although I’m sure many would try”). Some suggested that careful observations of an individual’s reaction to some hypothetical organizational scenarios might be used. For instance, a student wrote:

The only way to measure managerial wisdom is to interview those individuals who work most closely with the manager in review. There may need to be a standardized set of questions that the employees are asked, and based on their responses, a subjective analysis can be performed.

III. THE MBA STUDENTS’ AND EXPERTS’ CONCEPTUALIZATIONS OF WISDOM AND ITS MEASUREMENT

Brief summaries of the comparisons of the MBA students’ responses with experts’ opinions for the four questions are provided below.

On the Conceptualization of Wisdom

MBA Students. For the MBA students (in fact, for the experts as well), wisdom was not perceived as a codified system of precepts or laws inherited from the past. Instead, it was understood as the ability to make a sound judgment or decision making with due considerations for the diverse stakeholders. The conceptual domain of wisdom also included an attitude of continuous learning based on self-awareness of limitation and thus something that could be improved throughout one’s life time.

Experts. Various scholars have defined wisdom in the following manner: “A recognition of and response to human limitations” (Taranto, 1989, p. 15) Others focused on “the ability to capture the meaning of several often contradictory signals and stimuli, to interpret them in a holistic and integrative manner, to learn from them, and to act on them in an appropriate time scale” (Malan & Kriger, 1998, p. 249). They also characterized wisdom as something that was not an innate or permanent trait, but rather a product of “a dynamic process of subtle judging and knowing that must always be readjusted, restructured, and rebuilt” (Cooperrider & Srivastva, 1998, p. 5). Thus, learning about wisdom was more like “the process of discerning judgments and action based on knowledge” (Bierly, Kessler, & Christensen, 2000, p. 601). Accordingly, to act with wisdom meant (a) to be wary of simplicity (Weick, 2007), (b) to acknowledge human cognitive limitation, and to accept uncertainty (Brugman, 2000). Its conceptual domain also incorporated the passion to learn about subtle variation in the environment; thus, to update
continuously the fit between self and others, and self and environment seemed to be a major characteristic of a wise person (Malan & Kriger, 1998).

**On the Difference between Wisdom and Intelligence**

Both the MBA students and experts perceived that wisdom and intelligence were two different constructs (Bierly et al., 2000; Sternberg, 2003). For instance, Sternberg (2003) suggested that intelligence, wisdom, and creativity were three distinguishable human abilities and researchers should pay more attention to all of the three constructs and their interrelationship.

**On the Conceptualization of Managerial Wisdom**

*MBA Students.* Basically, they perceived managerial wisdom as related with the ability to make decisions with prudence and the acceptance of limitation. Thus, managerial wisdom included both (a) intrapersonal (e.g., the willingness to go above and beyond self-interest), and (b) interpersonal factors (e.g., the ability to coach and lead others contributing to the creation of mutually trustful work environments). Apparently, social aspect of wisdom gained more weight in the conceptualization of managerial wisdom compared to that of wisdom in general.

*Experts.* There have been several attempts to define managerial wisdom among researchers:

The application to professional pursuits of a deep understanding and fundamental capacity for living well. This includes the visioning, integration, and implementation of multifarious dimensions (within logical, ethical, aesthetic, epistemological, and metaphysical domains) as well as the development and enactment of multifarious elements (across individual, interpersonal, organizational, and strategic levels) to lead the good life and enable it for others. (Kessler & Bailey, 2007, lxvii)

Regarding the development of managerial wisdom, Malan and Kriger (1998) wrote:

Executives strive to discover fine shades of variability within their organizations, their immediate work group, and their perceived competitive environment – which is a continually unfolding world of flux, change, and transformation. Over time, out of this constant discovery process emerges what might be termed managerial wisdom. (p. 245)

So, managerial wisdom has been understood as a well trained sensitivity to the subtle variations in one’s environment and the capability to act on them. In this respect, managerial wisdom has been considered greatly “dependent on experience and the moral development to act in situationally appropriate ways” (Malan & Kriger, 1998, p. 249).
On the Measurement of Managerial Wisdom

As discussed earlier, the MBA students seemed somewhat pessimistic about measuring managerial wisdom. For experts, surprisingly, measurement issues have rarely been mentioned in the literature. Instead, researchers have focused on the development and diffusion of managerial wisdom in the organizations (e.g., Bartunek & Trullen, 2007; Orr, 1996). Bartunek and Trullen (2007) even claimed that a clear-cut definition of practical wisdom or prudence might have limited impact on practice:

Prudence is evoked in messy situations, and attempts to portray it as a clear-cut construct that can be easily generalized and operationalized in such settings are limited in their impacts on practice. More ethnographic research that contributes thick descriptions may be particularly useful. Moreover, skillful understanding of situational nuances may be something that managers can help researchers to learn. (p. 105)

IV. CONCLUSION

As an exploratory examination of wisdom and its measurement at workplaces, this short paper presents the summaries of the MBA students’ and experts’ conceptualizations. With more refinements of the conceptual domains of two constructs (i.e., wisdom and managerial wisdom) and related measurement tools, it also seems necessary that curriculum development regarding teaching wisdom in business schools need to be considered in near future.

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SPIRITUALITY AND PERFORMANCE AT WORK

Margaret A. Goralski
GoralskiM1@southernct.edu

Robert A. Page, Jr.
PageR1@southernct.edu

ABSTRACT

What is spirituality and how does it affect one’s performance at work? As the business world becomes more decentralized, is there a need for leaders to be trained in the spiritual as well as in business techniques? There is more spiritual diversity in the workplace today than ever before. Can a spiritually diverse organization grow spiritually as a harmonious organization? Would this growth benefit the individual spiritually; the organization with more productivity and innovation as individuals feel connected to their work, fellow workers, and workplace; or is this new spirituality another effort to increase employee performance at a minimum increase in cost enhancing the organizations profit margin? This paper will explore spirituality and performance at work.

I. INTRODUCTION – THE PIONEERS

As you renew your spiritual dimension, you reinforce your personal leadership…. You increase your ability to live out of your imagination and conscience instead of only your memory, to deeply understand your innermost paradigms and values, to create within yourself a center of correct principles, to define your own unique mission in life, to rescript yourself to live your life in harmony with correct principles and to draw upon your personal sources of strength. Stephen R. Covey, 1990, 303-304

According to Margaret Benefiel (2003), it is an exciting time to be in the field of spirituality in the organization as it is a new field of study, one that is only now defining its own territory and charting its own course. Her body of research explores the four trails that spiritual research has taken: the quantitative trail, three variations of the “why” and “how” trail, including breadth, depth and radical perspectives.

The quantitative trail blazed by Trott (1996) and Ashforth and Duchon (2000) has the ability to begin a discourse on the topic of spirituality in organizations with mainstream management scholars. They are exploring to what degree spirituality can be measured quantitatively in the workplace and if they can present a case in a traditional management language.

The broad “why” and “how” trail has been blazed by Mitroff and Denton. They use a combination of quantitative and qualitative methodologies to explore why spirituality should be integrated into organizations and how spirituality can be integrated into organizations (Benefiel, 2003). They have set forth a conceptual framework that provides an extensive spiritual examination of U.S. business organizations.

Milliman, Ferguson, Trickett, and Condemi (1999) have explored the deep “how” and “why” trail by using qualitative research methods to seek out how spirituality is manifested in an organization and the impact a spiritual organization has on its employees as well as its performance (Benefiel). Benefiel thinks the broad and deep spirituality research trails work best
together to define both the “big picture” and the “detailed picture” of how and why spirituality could be operationalized in the workplace. Milliman et al. have based their body of research on Southwest Airlines.

The pioneers in the radical “how” and “why” trail seek to get beneath the surface theories of how and why spiritual transformation can occur in an organization in an effort to substantiate its integration in the organization. This field of research is led by Lichtenstein (1997) through interviews of organizational change, and Neal, Lichtenstein, and Banner (1999), who believe that organizational change is just one step in a larger transformation of society.

II. DEFINITIONS OF SPIRITUALITY IN THE WORKPLACE

Spirituality in the workplace has taken on many definitions. At a 1998 Symposium to the Academy of Management, Ian Mitroff defined the concept of spirituality in the workplace as “the desire to find ultimate purpose in life and to live accordingly” (Cavanaugh, 1999: 189). In 2000, Ashmos and Duchon defined spirituality in the workplace as the “recognition that employees have an inner life which nourishes and is nourished by meaningful work taking place in the context of a community” (137). Giacalone and Jurkiewicz (2003) put forth another definition: “Workplace spirituality is a framework of organizational values evidenced in the culture that promote employees’ experience of transcendence through the work process, facilitating their sense of being connected to others in a way that provides feelings of completeness and joy” (13).

Most researchers agree that spirituality in the workplace is not about religion or converting people to believe in a specific belief system (Laabs, 1995: Cavanagh, 1999). Instead it is based on personal values and philosophy. It is about people who believe that well-balanced personalities and productive employees need spiritual nourishment at work. It is about people who believe that the experience of work presents a specific purpose and meaning, a connection to other people, and to the workplace itself as a community.

In a 2004 interview with K. L. Dean, Ian Mitroff suggested that the low degree of precision in workplace spirituality is part of the phenomenon. Hence, he believes that it is necessary to avoid defining workplace spirituality specifically. It is best to form guiding definitions and continue to study the phenomenon. Mitroff states, “Although definitions are important, they are not a total substitute for the immense feelings and tremendous passions which are an essential part of spirituality” (2003, 381).

III. SPIRITUALITY AT WORK – A COMPETING VALUES MATRIX

Most of the major theories in workplace spirituality fall along two continua of fundamentally different goals: the fulcrum of personal meaning and the ultimate goal of spiritual transformation.

The fulcrum of personal meaning reflects where spiritual employees are looking to find it – do you find your soul through work, or does work merely serve as one of a number of opportunities to explore your soul? Is good and worthy work supposed to enlarge and expand the soul, giving the employees the opportunity to discover themselves and bless their organization with their newfound spiritual gifts? If so, the nature of the work itself becomes of secondary importance to the nature of the personal soul development it can enable. Or does good and worthy work refer to the nature of the task itself? Does excellent, peak performance, and the
experience of “flow” which accompanies that accomplishment, represent true meaning and transformation? If this is the case the achievement of true excellence is the target of the personal spiritual quest, with self-discovery being a secondary and incidental by-product.

There is also divergence concerning the ultimate goal of spiritual activity. Is it to transcend the bounds of the material world and leave it behind in favor of the spiritual blessings of a higher realm or spiritual plane? Or is the ultimate end to transform the here and now into heaven – to become one with the universe and all its creations? Different spiritual traditions have reached a variety of contrasting conclusions.

Combining these continua leads to four archetypes, each with organizationally functional and dysfunctional manifestations. Differences in the archetypes can be partially captured using a “competing values” model, which reflects the inherent paradox involved in organizational effectiveness (Quinn & Rohrbaugh, 1983; Quinn, 1988). In spirituality at work, people are faced with tradeoffs between work as meaning and self as meaning and a harmonious versus transcendent strategic focus. This model can be illustrated in a spirituality of work matrix (figure 1) adapted from Quinn & Rohrbaugh (1983):

FIGURE 1: Spirituality at Work Matrix

<table>
<thead>
<tr>
<th>Work as Meaning</th>
<th>Isomorphists: Hegemonic Crusader (-) vs. Transformational Leader (+)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Citizens:</td>
<td>Conformist (-) vs. Commitment (+)</td>
</tr>
<tr>
<td>Harmony</td>
<td>Transcendence</td>
</tr>
<tr>
<td>Empire Builder:</td>
<td>Moral Exemplar: Prostelyting Missionary (-) vs. Spiritual Pilgrim (+)</td>
</tr>
<tr>
<td>Office Politician (-)</td>
<td></td>
</tr>
<tr>
<td>vs. Nurturing Parent (+)</td>
<td></td>
</tr>
<tr>
<td>Self as Meaning</td>
<td></td>
</tr>
</tbody>
</table>

The moral exemplars define spirituality in terms of self exploration and transcendence. The workplace functions as an opportunity to develop the spirituality necessary to eventually transcend material bounds in favor of a higher spiritual plane. From a functional perspective, spiritual pilgrims are exemplars of great integrity who are dedicated to being in the world but not of it. Because of the religious virtues they embody, they tend to be honest, trustworthy and kind, and have a positive, enabling effect on their co-workers. Exemplars become dysfunctional when they begin using their moral authority as a spiritual hammer, in the hopes of gaining converts to their philosophy. When character breeds unnecessary (non-work related) confrontation and conflict, the negatives outweigh the positives.

The isomorphists also define spirituality in terms of transcendence, but transcendence through work. They find that peak performance and other experiences of workplace excellence, are, in fact, of transcendent value and meaning. From a functional perspective, isomorphists represent experts and industry leaders at the top of their game, who regularly deliver world-class performance. The intrinsic satisfaction they experience from work drives deep professional commitments and an admirable work ethic. Isomorphists become dysfunctional when they begin...
using best practices as a weapon. As corporate crusaders demanding compliance, their often narrow, hegemonic definitions of acceptable practice can stifle diversity, smother creativity and undermine open communication. When their experience of work becomes the restrictive standard by which all others are judged, the negatives outweigh the positives.

Organizational citizens also find great spiritual meaning in work, but in work as part of a larger group. This dedication to building a harmonious community, which in its fullness means transforming their corner of the world into a little piece of heaven, redefines transcendence in terms of the here and now – you will find the spiritual haven you crave when you create it with those you care for. These committed citizens are famous in organizational research for the high levels of motivation and discretionary effort they are willing to share with their co-workers to advance the common good. They are not only dedicated to peak performance, they are dedicated to bringing others along to that level of excellence as well, and derive great satisfaction from doing so. Citizens become dysfunctional when they lose their individualism in favor of “groupthink” type dynamics, where pressures for conformity overwhelm rational decision making. When groups with strong cultures begin to enable instead of challenge weakness, temptation and collusion, they become toxic in short order.

Empire builders are also community focused, but define spirituality in terms of exploring themselves, which usually translates into transforming their environments, and those they encounter there, in their own image. This is the typical end of a philosophy that encourages the spiritual to explore their own capacity by building communities with others. From a functional standpoint, so long as harmony is maintained, empire builders are excellent coaches and mentors, gently influencing their co-workers like a nurturing parent. Empire building becomes dysfunctional when the parental figure becomes impatient, and substitutes office politics as the influence tactics of choice. Empire building becomes toxic when charismatic patriarchs and matriarchs surround themselves with sychophantic subordinates who define self meaning in terms of leader approval.

IV. IMPLICATIONS

This article presents a competing values matrix that would enable a more focused empirical enquiry into this little understood area of organizational concern. Alignment for spirituality at work is difficult to develop and even more difficult to consistently maintain. Spiritual goals should be pictured less as a summit or threshold which is difficult to attain and more a a balancing act that is challenging to sustain. There are near legendary examples of successful businessmen and businesswomen from all four spirituality quadrants. With success tends to come charisma and leadership influence. Flush with success, it is easy to fall victim to the adage “power corrupts, and absolute power corrupts absolutely.” For those who find meaning in expansion of the self, when does the driving ambition that energizes their quest degenerate into ruthlessness and egotism? For those who find meaning through their work, when does a hunger for excellence and peak performance degenerate into the neuroses of perfectionism, obsession and eventual burnout? For those who find meaning through harmonious social relationships, when does an emphasis on community degenerate into mindless conformity, groupthink, risk aversion and deindividuation? For those who seek transcendence, when does a quest for a higher spiritual plane pass beyond sanity and reason into madness?

There are no easy answers here, for truly one person’s heaven is another person’s hell. The degree of focus and discipline required to master any particular spiritual quadrant is so
intense, and so demanding, that tolerance and diversity are elusive. History repeatedly demonstrates that individuals and communities aggressively pursuing different spiritual paths tend to define diversity as distraction or even as sin best avoided or disposed of rather than welcomed and embraced. Further, while leaders can be trained in the spiritual as well as in business techniques, whether this training is effective if one is not inherently spiritual is difficult to discern.

These are questions that have still not satisfactorily been answered. The adoption and utilization of the conceptual matrix presented in this article will help test the promise and potential of spirituality and performance at work in organizational enquiry.

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This paper is a rejoinder to reviewers’ comments on the paper we presented at last year’s IABD conference. It continues a dialogue that began with the submission of the paper and continued at last year’s conference in Houston. We hypothesized that effective teams needed to be comprised of people whose skill sets reflected the amount of turbulence in their organization’s environment. Emery and Trist was the foundation of this relationship. Reviewers used additional theoretical frameworks to extend our hypothesis beyond the applications initially contemplated. Initial agreement with these extensions led ultimately to questions regarding the viability of extending theoretical constructs as proposed by the reviewers.

I. INTRODUCTION

Last year we presented a paper at the IABD Conference in Houston that hypothesized for effective teams: “the composition of needed skill sets is a function of the amount of turbulence in the organization’s environment.” (Zeff & Higby, 2008, p. 301) Reviewers, and in particular our track chair, Dr. Robert Page (2008), provided useful comments that both expanded on and critiqued the basis on which we built this relationship. We used the framework presented by Emery and Trist (1965) as the basis for describing the independent variable in our hypothesis. Open systems applications led them to recognize links between organizations and their environments. These links resulted in understanding the critical role of a changing environment in affecting organizational structure and processes. In particular, technology and its quickening rate of change became the impetus for studying organizations’ environments (see, e.g., Anderson & Tushman, 1990, Tushman & Anderson, 1986). What Emery and Trist (1965) added was the recognition that units within the environment were also changing and affecting each other, and this impact extended to influence other organizations. The natural extension of this process is what they called Step Four or turbulent fields. We suggested that the earlier steps, where change was generated more from internal sources than external sources, required effective teams to combine mainly on the basis of technical skill sets rather than political skills (Zeff & Higby, 2008). Internally, some political skills are certainly needed. Externally, however, as Emery and Trist (1965) describe these types of environments as static, political skills play a relatively minor role. As the degree of turbulence increases, what Emery and Trist called types 3 and 4 environments, political skill sets become more critical (Zeff & Higby, 2008).

II. REVIEWERS’ COMMENTS

In his thoughtful response to our thesis, Robert Page rightfully points out some areas of our argument where additional support might be forthcoming. He notes how the inclusion of a
punctuated equilibrium model (Tushman & Romanelli, 1985) describes the discontinuous change process brought about by changes in environment sectors, for example, technology. Punctuated equilibrium describes radical organizational transformations as the basic way most successful organizations adapt to change (Gersick, 1994; Miller & Friesen, 1983). The term punctuated equilibrium was used by Niles Eldredge and Stephen J. Gould (1972) as a competing alternative to Charles Darwin’s theory of evolution in describing the appearance and development of new species.

Eldredge and Gould proposed punctuated equilibrium as a palaeontologist’s view of the history of life: they were describing the palaeontological data available at the time, pointing out that there was no geological evidence to support Charles Darwin’s belief that species evolved gradually. Time has shown them to be correct, and their observations are now accepted by most biologists as an accurate account of evolutionary history. (Myers, 2007, p. 54).

Rather than change occurring in small increments over time, punctuated equilibrium describes the change process as having long periods of small incremental changes, i.e., relative stability, punctuated by short bursts of revolutionary change resulting in a new equilibrium. Moreover, as Miller and Friesen (1982, 1984) suggested, organizations going through this type of radical and rapid change performed better than organizations changing gradually.

Page also suggests the use of Miller and Friesen’s (1984) five phases of the organizational life cycle and to relate them to Emery and Trist’s (1965) four steps. In addition, phases of group development could also support and extend our analysis and perhaps correspond to the four types of environments. And finally, Dr. Page notes the possibility of tying competition for creating and establishing product class standards to the various environmental types of Emery and Trist (see, e.g., Tushman and Anderson, 1986).

III. UNITS OF ANALYSIS

While there is initial intuitive agreement and acceptance of potential correspondence, including those that Dr. Page described between these various frameworks presented in the literature, we believe there is a critical difference in all of these contexts. After initial agreement, we realized that these different developmental processes could not attain a one to one correspondence with Emery and Trist’s organizational environments because each describes a different level of analysis. Matusov (2007) provides an in-depth historical study of “unit of analysis.” He presents a famous example from chemistry quoted from Vygotsky (1987) to explain difficulties when crossing units of analysis:

When one approaches the problem…by decomposing it into its elements, one adopts the strategy of the man [person] who resorts to the decomposition of water into hydrogen and oxygen in his search for a scientific explanation of the characteristics of water, its capacity to extinguish fire or its conformity to Archimedes law for example. This man will discover, to his chagrin, that hydrogen burns and oxygen sustains combustion. He will never succeed in explaining the characteristics of the whole by analyzing the characteristics of its elements. (Vygotsky, 1987, p. 45 as cited in Matusov, 2007)

Page does an excellent job extending each level beyond its original boundaries. As a result, he presents an initially persuasive argument for identifying and supporting connections
between these various frameworks and enriching our conclusions relating the relative importance of technical and political skill sets in each of the types of environments. His inclusion, for example, of group development stages helped explain why our hypothesis seems reasonable, but we believe the fundamental discrepancies with respect to differing levels of analysis render some comparisons inoperable.

We will present each level of analysis found in Robert Page’s comments. He discusses the group as one unit of analysis, the organization as another level and finally, an industry as the third level. His tries to apply conclusions from each level to the environment, which was our initial unit of analysis.

IV. GROUP LEVEL

Tuckman (1967) describes four stages of group development including forming, storming, norming, performing. Dr. Page intelligently suggests that while these are “normally explored as an internal process, [they] need not be restricted.” Although Page does not directly link stages of group development with types of environment, he apparently assumes a direct one-to-one correspondence. In particular, his extension of these four stages was applied to responding to a type 4 environment where he states:

The dangers posed by turbulent environments are that teams become stuck in the performing stage, defend the status quo, escalate commitment to institutionalized strategies, and fail rather than adjourning or adapting to new external pressures – the population ecology model (organizations tend to die off rather than develop new areas of strength when their old success factors become obsolete). Effectiveness requires a continuous learning component, commonly pursued by one of two strategies – either quickly adjourning and reforming teams so they cannot become complacent, or by incorporating continuous improvement processes to ensure continued innovation (a periodic deliberate retreat back to storming, as in brainstorming). Since turbulent environments are inherently ambiguous, and dominant designs emerge through a social/political process, the need for such skills is as important, if not more important, than raw technologic prowess. (Page, 2008)

Page’s application of Tuckman’s four stages of group development from one level of social systems to another level is initially a very seductive argument. Indeed, his whole argument provides intuitively plausible connections. On the surface, therefore, it is difficult not to nod your head in agreement. When we looked into literature dealing with units of analysis to find a rationale for why we still seemed to disagree with Dr. Page’s conclusions, we finally began to understand what were our real concerns.

Hofstede, Bond and Luk (1993) describe a level of analysis problem as one that: “occurs when conclusions applying to one level have to be drawn from data only available at another. If the fact that the two levels do not correspond is not recognized and accommodated by the researcher, a cross-level fallacy (Rousseau, 1985) occurs.” (p. 484) There are three types of fallacies. The first kind is called “the ecological fallacy” where data from social system levels are interpreted as if it were really data about individuals. A reverse ecological fallacy exists when data about individuals are applied to social system levels. Yet another fallacy occurs when
information about one level of social systems is applied to another level. It is this third type of fallacy that is exhibited in Page’s extension of Tuckman’s model. These fallacies provide a warning signal to social science researchers, particularly when interpreting data and applying results to units of analysis beyond which the data was collected. This warning signal disturbed us and Page’s analysis forced us to better understand and provide support for explaining why we disagreed.

While Dr. Page’s discussion of dangers to the team that accrue from turbulent environments has some relevance, our hypothesis dealt more with prescriptive rather than descriptive relationships. Of greater concern, however, is an apparent violation of the premise on which Emery and Trist’s framework is built. That is, Emery and Trist started with a presumption of the general systems theory introduced by von Bertalanffy (1950). In particular, turbulent fields, step 4 in their description of causal texture (Emery & Trist, 1965), is the natural extension and reflects the ultimate open system for organizations. When Page describes the dangers for teams as they defend the status quo and fail to adapt, he is really describing teams as a closed system. Whether this reflects a level of analysis fallacy or a repudiation of the open systems premise is unclear.

V. ORGANIZATIONAL LEVEL

The next broader unit of analysis that Dr. Page includes is organizational. He suggests including Miller and Friesen’s five phases of the organizational life cycle. These five phases include:

- **Birth** – Firm is less than 10 years old, has informal structure, and is dominated by owner manager.
- **Growth** – Sales growth greater than 15 percent, functionally organized structure, early formalization of policies.
- **Maturity** – Sales growth less than 15 percent more bureaucratic organization.
- **Revival** – Sales growth greater than 15 percent, diversification of product lines, divisionalization, use of sophisticated controls and planning systems.
- **Decline** – Demand for products levels off, low rate of product innovation, profitability starts to drop off. (Miller & Freisen, 1984, p. 1166)

Drazin and Kazanjian (1990) suggest that even a four or three phase model may provide more support for the notion of an organizational life cycle. Emery and Trist’s four environmental types indicate, as the independent variable, how organizational structures adapt to their environment (1965). These structures are somewhat consistent with Miller and Friesen’s descriptions in their life cycle phases. For them organizational structure seems to respond only to product demand while Emery and Trist provide a much more global picture of environments and their impact. The organizational level of analysis in the life cycle phases is significantly narrower than environmental causal texture. However, by breaking the environmental variable into elemental units, e.g., product demand, we are in danger of trying to characterize water (casual texture) by looking at hydrogen and oxygen atoms. Turbulent fields are characterized by interaction between elements and the impact of that interaction on organizations. While the impact of product demand is important, it does not reflect the impact of type 4 environments.
More substantial in Dr. Page’s discussion is the literature dealing with punctuated equilibrium and the whole question of organizational change processes. Punctuated equilibrium literature (Gersick, 1991; Tushman and Anderson, 1986) suggests that organizational change is best described by a long series of evolutionary, incremental changes with short abrupt revolutionary spurts followed by the more stable small, incremental improvements. Tushman and Anderson (1986) use technology as an example of a direct application of this process. They found that discontinuous change is more reflective of successful organizations than is small incremental improvements. Page implies that the evolutionary part of organizational change processes would require more technical skills while the radical revolutionary parts of the change process would require more political skills. We agree with this. Tushman and Anderson (1986) use technology as one of many environmental variables and then investigate the impact of this one variable on organizational change. The focus is on the organizational change process.

Punctuated equilibrium as a theory of organizational change focuses on Emery and Trist’s dependent variable. Two difficulties stand in the way of any correspondence between the concept of causal texture and punctuated equilibrium: (1) causal texture describes the independent variable while punctuated equilibrium describes the dependent variable; and, (2) the level of analysis moves from a macro systems level to a micro systems level. There does not seem to be a direct way of establishing any correspondence between these two variables. Dr. Page’s comments, however, may help us answer a question that has troubled us for some time. While we accepted the four environmental types described by Emery and Trist, we questioned why and how the environment could move from one step to another. We believe Page’s suggestion to include a description of discontinuities can directly be applied in answering these questions. As we tried to graph the degree of environmental complexity in each of these four steps and tried to compare these graphs with graphical depictions of Tushman and Anderson (1986) and Christensen (1994), we found what appeared to be initial similarities. There seemed to be support for Dr. Page’s conclusion that periods of discontinuity require more social process than periods of convergence around dominant design. These questions should be investigated in future research.

VI. INDUSTRY LEVEL

The final level of analysis introduced by Dr. Page’s comments is found in the description of the process of attaining a dominant design. Tushman and Anderson (1986) suggest an industry-wide process comparable to a punctuated equilibrium process of individual firms. They suggest relatively stable relationships exist within an industry when a dominant design of a product class is in place. When this design is questioned and there is a period of “technological ferment,” competition is high and technological development “focuses on elaborating a widely accepted product or process (Tushman & Anderson, 1986: 441).” Innovation and competition increase at this point, as does organizational risk-taking, in order to try to become the firm with the next dominant design. The reward for this risk includes the benefits of being a first mover. This describes a revolutionary rather than evolutionary period and only ends when a new dominant design emerges. With the discontinuity ended, a new period of relative stability with small technological improvements begins. This level of analysis seems more consistent with product life cycles than environmental causal textures.
A graph of Tushman and Anderson’s industry-wide process of working toward a dominant design is at first blush a reasonable approximation of the environmental complexity graph of Emery and Trist. In addition, Christensen’s (2000) trajectories showing increased product performance and value also approximate the same curve. One major difference, which probably reflects changes in units of analysis, is that the discontinuities of both Tushman and Anderson (1986) and Christensen (2000) reflect reductions in performance. The trajectories of Christensen and periods of dominant design for Tushman and Anderson reflect improvements for organizations and industries. For Emery and Trist (1965), in contrast, discontinuities reflect movements from one step to another and, therefore, suggest increases in environmental complexity.

All three discontinuities ultimately provide the opportunity for movement to a more advanced stage. These different levels of analysis may reflect, more than anything, the real complexity of the environment as an independent variable and suggests the increased need for social/political skill sets. From this perspective, our hypothesis gains additional support as Dr. Robert Page initially suggested.

Our concerns reflect the difficulties of trying to establish direct one-to-one correspondences between a variety of frameworks. We cannot look at the environment factor by factor, for example, technology (Anderson & Tushman, 1990, Tushman & Anderson, 1986). Two difficulties arise here: (1) the environment becomes the dependent variable as the focus is attempting to find how technology affects it and (2) it describes an example of reductionism with the attendant reverse ecological fallacy. A difficulty here is missing all interactive effects of technology with other elements of the environment.

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THE TAKEOVER STRATEGY OF LAKSHMI MITTAL: MITTAL STEEL

Margaret A. Goralski, Southern Connecticut State University
GoralskiM1@SouthernCT.edu

ABSTRACT

Lakshmi Nivas Mittal knows the steel industry from all angles. His knowledge was built from the most basic of mailroom experience to that of President/CEO of Mittal Steel. Mittal has acquired an intimate knowledge of mergers and acquisitions through his thirty plus years in the steel industry and the many companies that he has acquired. The strategies that he used to acquire Arcelor were brilliant, ranging from his surprise introduction of the topic at a private dinner on 13 January 2006 to Guy Dollé, Arcelor’s CEO; to Mittal Steel’s headquarters in London and tax registration in Rotterdam (establishing Mittal Steel as an EU company); to his use of Société Générale, which swung the French bank’s relationship to the side of the hostile acquirer; the timing of the bid (the day after Arcelor’s victorious announcement of the acquisition of Dofasco, Canada’s largest steel producer in a hostile bid); and his finessing of analysts and shareholders, who ultimately swayed Arcelor’s decision.

I. INTRODUCTION – ARCELOR AND MITTAL STEEL

Arcelor began in the 1800s, following the discovery of rich iron ore deposits, as Arbed. It was the largest employer of the people of the Grand Duchy of Luxembourg, and the main contributor to the country’s GDP until 1974 when a crisis in the steel industry changed Arbed’s position. Arbed turned to the government of Luxembourg for intervention and support. Since Arbed was crucial to the economy of Luxembourg, the government became a 30% shareholder in a recapitalization that saved Arbed from bankruptcy (Cagna, 2007).

Through a series of mergers in 2002 with the Spanish firm Arcerlia and the French firm Usinor, Arcelor was formed. It employed 104,000 people in total and produced approximately 5 percent of the world’s steel through four core business areas: flat carbon steel, long carbon steel, stainless steel and steel solutions and services. Arcelor was strongest in Western Europe, which constituted seventy-eight percent of its sales. In 2002, Arcelor accounted for approximately one third of Luxembourg’s industrial production and 12% of its energy consumption. By the end of 2004, Arcelor’s contribution to Luxembourg’s GDP had declined to ten percent (Cagna).

In a 30 May 2005 CNN interview, Guy Dollé stated his visions for Arcelor: (1) to become one of the leaders in the steel industry producing 80 to 100 million tons, double what Arcelor was producing at the time of the interview (2) to deliver continuous value to its shareholders and (3) to grow to be one of the four major leaders in the industry for the future (Benjamin, 2005).

Lakshmi Nivas Mittal began his career in the mailroom of a small steel company owned by his father, Mohan Mittal, in Calcutta India. The family underwrote Lakshmi’s first venture in Indonesia where he convinced his father to open a mill. In 1976, Lakshmi Mittal purchased the Indonesian rod mill from his father and created the LNM Group. The company expanded to Trinidad and Tobago and started acquiring steel companies worldwide.
In 1994, Lakshmi Mittal had a difference of opinion with his father and brothers and he branched out on his own, taking over the international operations of the Mittal steel business (Gumbel, 2006). Lakshmi Mittal acquired Inland Steel in the U.S. in 1997 followed by acquisitions in Poland and Romania. Mittal Steel was formed in 2004 when the publicly owned Ispat firm purchased LNM Holdings, which was wholly owned by the Mittals, for $13.3 billion. In 2004, Mittal Steel acquired the U.S.-based International Steel Group (ISG) which was comprised of Bethlehem and Weirton Steel, produced 14.5 tons annually, and was profitable at the time of Mittal Steel’s acquisition (Big is back, 2004).

In 2005, Mittal Steel was ranked number one steel producer worldwide with sales of $31 billion, shipments of 49.2 million tons, 224,000 employees, and operations spanning 16 countries across four continents (Mittal Steel Annual Report, 2005). Mittal Steel had operations in North America, Africa, Central and Eastern Europe. Forty-five percent of its sales were in Europe. Mittal Steel was considered one of the leaders in the consolidation of the global steel industry and had a clear strategy – emphasize size and scale, vertical integration, product diversity, and continuous growth in higher value products and a strong customer focus (Mittal Steel Annual Report). It manufactured flat rolled and long steel products that use direct-reduced iron, which is less expensive than iron ore or scrap iron.

II. CULTURAL DIFFERENCES

When Lakshmi Mittal surprised Guy Dollé by questioning whether they should merge Arcelor and Mittal Steel, Dollé responded, “…neither yes nor no … I just said 75% to 80% of mergers fail because of cultural differences” (Gumbel, 2006, para. 3).

After traveling to India as a businesswoman for the past ten years, interviewing and working with a multitude of Indian managing directors, training U.S. corporate executives about the cultural differences of doing business in India, and being listed with Berlitz and GMAC as an India expert, it is my opinion that Guy Dollé did not know enough about the culture of business in India to win this bidding war between Arcelor and Mittal Steel.

As an Indian student, Lakshmi Mittal would have learned about logic, patience in business, and strategizing. Indian students are taught from rote with mathematical calculation. No decision is taken lightly. All decisions are calculated from all perspectives before a decision is made, regardless of the time necessary for the calculations to occur.

Mittal knew Dollé, as both were board members of the steel industry’s international trade group. They had discussed industry-wide issues. As a strategist, Mittal would have listened and taken the measure of Dollé during those conversations to use to his benefit in future negotiations.

When Dollé mounted a personal attack on Lakshmi Mittal, claiming that he “did not want his shareholders to be paid with the Indian-born Mr. Mittal’s ‘monkey money’” (Arcelor up in arms, 2006, p. 64), Mittal would have recognized that Dollé was becoming emotional, which in India is viewed as a weakness. Mittal would have known that this assault was the beginning of the end.

The timing of the acquisition was also auspicious. Mittal would have recognized that Dollé and Arcelor’s management were focused on the hostile takeover bid of C5.6 billion for Dofasco, Canada’s largest steel producer (4.4 tons) (Cagna, 2007). Mittal Steel’s bid was made just one day after Arcelor had announced victory in its own hostile takeover of Dofasco.

Arcelor’s defenses were limited due to unusual movement in its share price during the months before the bid. “The French Prime Minister’s office and the Direction de Surveillance de
Territoire (DST) had informed Arcelor’s management that 20% of its shares had changed hands in November 2005, and the company was in a vulnerable position for a takeover bid” (Cagna, p. 6). Mittal would have been well aware of these warnings.

Acquiring Arcelor would be in line with Lakshmi Mittal’s strategy. Arcelor’s core business areas: flat carbon steel, long carbon steel, stainless steel, and steel solutions and services would allow Mittal Steel to emphasize size and scale, create product diversity, and continuous growth in higher value products and a strong customer focus. It would not add the vertical integration element, but Lakshmi Mittal would not finalize his consolidation of the steel industry with Arcelor. His plans expanded into the future.

III. THE WORLD’S STEELMAKERS

The year 2004 was miraculous for steelmaker’s. It was a year of rising demand and soaring prices due to the growth of China. China’s economic explosion and demand for steel lifted the whole steel industry out of its 2003 decline (Forging a new shape, 2005).

Mittal Steel replaced Arcelor as the number one steel company when it bought ISG and later purchased Kryvorizhstal of the Ukraine increasing its annual production capacity to over 65m tons. The emergence of Arcelor, then Mittal Steel, as number one steel company in the world changed the steel industry from domestic to international with steel groups having an increasingly global dimension (Forging a new shape).

Mittal Steel launched its hostile bid to swallow its largest rival, Arcelor. Steelmaking was once again a profitable business. Mittal had previously acquired steel assets from Mexico to Algeria to Kazakhstan. He usually sought underperforming assets in privatizations, or arranged friendly takeovers, and was oftentimes lauded by governments as a useful outsider who invigorated a decaying industry (Age of giants, 2006). This was not the case in the bid for Arcelor.

IV. EUROPEAN MERGERS AND ACQUISITIONS – NATIONALIST BACKLASH

The governments of Luxembourg, France, and Belgium became intimately involved in the struggle to defend Arcelor against the advances of Mittal Steel, although in fact they did not have much leverage since Mittal Steel was also an EU company. Key politicians in the French and Luxembourg governments followed Dollé’s lead and made hostile comments about Mittal. In February 2006, French President Chirac stated, “France has nothing against a non-European company taking over a European company” (Financial Times cited in Cagna, 2007, p. 4) even though Mittal Steel was based and registered in Europe.

The government of Luxembourg perceived the merger as a potential threat of serious job losses. The French government was concerned about its 28,000 Arcelor employees in France. Although Lakshmi Mittal assured the Luxembourg and French governments that there would be no cost-cutting or job reductions and that he would even move Mittal Steel’s headquarters to Luxembourg if necessary, the politicians were not convinced. In fact, they became more determined to fight the acquisition. Belgium did not resist.

The Luxembourg Chamber of Commerce tried to tighten takeover laws to halt the bid; however, the new law would have been specific to the prevention of Mittal Steel’s acquisition of Arcelor. It would prevent companies with less than 25% of their shares in free float from making
a cash-and-stock bid for a company with Luxembourg as its home country (To the barricades, 2006). Eighty-eight percent of Mittal Steel was owned by Lakshmi Mittal and his family.

The only additional EU governmental threat was from the EU competition overseers in Brussels; however, competition lawyers decided that the merged company would not create any antitrust difficulties. The US and individual EU states approved the merger on antitrust grounds.

The decision was, in reality, outside of governmental control. The governments had no power to prevent two private EU companies from merging. Mittal filed documentation with authorities in France, Spain, Belgium, and Luxembourg where Arcelor shares were listed and the share offering was filed with Dutch and French market regulators. A statement of registration was filed with the U.S. Securities Exchange Commission (SEC).

V. INTERNATIONAL BANKING

The banking industry turned out to be a boon for Lakshmi Mittal. The French investment bank Société Générale supported Mittal’s takeover bid and helped convince the French government to react kindly towards the transaction. Although Société Générale put its relationship with Arcelor at risk, it identified Mittal as the stronger of the two opponents, or the prospect of obtaining million dollar investment banking advisory fees turned the tide for Société Générale.

In any case, Goldman Sachs, Citigroup, Credit Suisse, Société Générale, and HSBC, providers of both merger advice and financing to Mittal received the bulk of the US$90 and US$110 million estimated to be the advisory fees for banks and advisors (Cagna, 2007). Convincing Société Générale to switch sides and support Mittal Steel was a brilliant tactical strategy by Lakshmi Mittal, but it introduced a tough test of banking relations in Europe – the idea that relationships with banks could swing behind a hostile acquirer dismissing any previous nationalistic relationships.

VI. MITTAL vs. SEVERSTAL

In April 2006, Arcelor announced a substantial dividend increase, plus the prospect of an extra dividend if the deal with Mittal was rejected by shareholders. Dollé refused to meet with Mittal, even though the Chairman of the Board Joseph Kinsch had stated that Arcelor would be prepared to talk with Mittal if Mittal provided advance detailed information about its business plan and financial forecasts. Mittal refused. Dollé and Kinsch appeared to be determined to avoid the Mittal takeover at any cost and the battle became bitter with allegations of racism in the media. Arcelor was determined to merge with Russia’s Severstal.

Arcelor inundated investors and analysts with documents explaining its strategy in the Severstal deal, but Guy Dollé’s plan to merge with Severstal backfired as Arcelor’s major shareholders were not happy about joining forces with the Russian company. Shareholders were losing faith in Dollé and Kinsch. They began to consider the advantages of the deal with Mittal Steel and analysts like Jutta Rosenbaum of Commerzbank backed them up by writing about the synergy that would be formed by an Arcelor and Mittal merger (Treating shareholders as pig iron, 2006).
VII. SHAREHOLDERS AND ANALYSTS

Goldman Sachs began a shareholder crusade to force a vote on the Severstal deal. More than a third of Arcelor’s investors signed a letter demanding the right to vote at a board meeting scheduled for 30 June 2006, but the Arcelor Board rejected the proposal. Luxembourg law stated that the Severstal deal could only be voided if 50% of the investors attended the shareholder’s meeting and voted against the proposal; attendance at shareholder meetings had never exceeded 35% (Cagna, 2007), hence shareholders believed that Arcelor was forcing Severstal upon them. Arcelor was also obliged under Luxembourg law to meet with its shareholders if more than 20% requested a meeting and ultimately Arcelor was forced to agree to an extraordinary board meeting to consider the voting rules on the Severstal deal. Shareholders began to conclude that Dollé and Kinsch were not acting in their best interest. On 7 June, after a shareholder petition had been circulated, Arcelor management met with Mittal again and again formally rejected the new proposal stating its determination to merge with Severstal.

Arcelor’s second largest shareholder Romain Zeleski, with a controlling 7% stake, contacted Arcelor and suggested that it replace its top two executives. He also suggested that the board abort the Severstal plan. This was the ultimate strike against Guy Dollé. Governments, banks, analysts, and shareholders were aligned on the side of Mittal. Victory was close at hand. After further negotiations between Arcelor and Mittal, and a nine hour Arcelor board meeting, the merger between the two steel giants was complete and the world’s largest steel company was created. Lakshmi Mittal’s strategy had been successful.

VIII. CONCLUSION

Lakshmi Nivas Mittal began by presenting the concept of a merger between Arcelor and Mittal to Guy Dollé in January 2006. The offer quickly turned into a hostile takeover bid. Governments, the banking industry, analysts, and shareholders became involved in the six month battle. Governmental arguments proved impotent. The banking industry changed sides to follow the dollar or because of the strength of Mittal Steel. Analysts recognized the merits of consolidation and the synergy of Arcelor and Mittal Steel; hence most analysts sided with Mittal. Shareholders ultimately decided that the Mittal deal was more advantageous than that proposed by Severstal. Although sideliners stated that Lakshmi Mittal’s share was reduced from 88% to 43.5%, if you look at the situation realistically, Mittal went from 88% of a company with annual sales of $31 billion in 2005, to 43.5% of a company with annual sales of $105 billion in 2008).

Mittal had a goal in mind and he strategically planned each detail so the plan would be executed brilliantly to a successful conclusion. The steel industry has grown. China and other emerging economies have increased demand for steel since 2000. Steel output is up, prices are more than double, the industry is receiving attention from Wall Street, and ArcelorMittal has become a worldwide market leader (Mittal, 2007). Although the acquisition of Arcelor was heatedly discussed and resisted in Europe, the takeover strategy of Lakshmi Mittal was victorious.
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THE KING OF BEER IN A GLOBAL AGE:
IN-BEV ACQUISITION OF ANHEUSER-BUSCH

Omid Nodoushani, Southern Connecticut State University
nodoushanio1@southernct.edu

Kayong Holston, Ottawa University
kayong.holston@ottawa.edu

Cheleung Yang, Southern Connecticut State University
yangle1@southernct.edu

ABSTRACT

In July of this year it became public knowledge that the Belgian based beer giant InBev, was attempting to buy out the American icon, Anheuser Busch. InBev’s initial offer was $46 billion and was quickly rejected by the US giant. News of the potential deal stirred great controversy.

From the streets outside Budweiser’s original brewery to the 2008 US presidential campaign, news of the buy out had stakeholders scrambling for answers. Even beer drinkers in Europe have strong feelings regarding the merger as seen in web logs and other postings across the internet. Soon after the first offer was rejected, InBev returned to the table with an increased bid of $52 billion or roughly $70 per share. Anheuser Busch conditionally accepted the offer pending approval by directors and governmental agencies. Thus, forming Anheuser-Busch In-Bev and creating the world’s largest brewer (Anheuser-Busch, 2008).

The acquisition of Anheuser-Busch by In-Bev, demonstrates the changing nature of a global economy, in an age that years ago was correctly labeled as a Global Age.

I. ANHEUSER-BUSCH CORPORATION

Anheuser-Busch operates twelve breweries in the United States, fourteen in China and one in the United Kingdom. Anheuser-Busch's operations and resources are focused on adding to life's enjoyment not only through the responsible consumption of beer by adults, but through theme park entertainment and packaging. In the United States, the company holds a 48.5 percent share of U.S. beer sales. Worldwide, Anheuser-Busch's beer sales volume was 128.4 million barrels in 2007(Anheuser-Busch,2008).

The St. Louis-based company's subsidiaries include one of the largest U.S. manufacturers of aluminum beverage containers and one of the world's largest recyclers of aluminum beverage cans. Anheuser-Busch also has interests in malt production, rice milling, real estate development, turf farming, metalized and paper label printing, bottle production and transportation services (Anheuser-Busch, 2008).
IN-BEV CORPORATION

InBev is a Belgo-Brazilian beverage company, the largest brewery company in the world. While its core business is beer, the company also has a strong presence in the soft drink market in Latin America. It employs about 86,000 people and is headquartered in Leuven, Belgium (InBev, 2008).

InBev was created in 2004 when the Belgian company Interbrew and the Brazilian company AmBev merged, creating the world’s largest brewer at that time. InBev has operations in over thirty countries and sales in over one-hundred thirty countries. In 2006 it had a market capitalization of €30.6 billion and net profit of €3.2 billion on sales of €13.3 billion (InBev 2008).

On July 13, 2008, InBev agreed to buy Anheuser Busch for a total value of $52 billion, which would create a new company to be named Anheuser-Busch InBev. Anheuser will maintain two seats on the combined board. The deal is still pending requiring approval by shareholders and regulatory agencies (InBev 2008).

The all-cash agreement, for $70 per share, or almost $52 billion, would create the world’s largest brewer, uniting the maker of Budweiser and Michelob with the producer of Stella Artois, Bass and Brahma and many others. The two companies will have yearly sales of more than $36.4 billion, surpassing the current number one brewer, London based SABMiller (InBev, 2008).

II. EXTERNAL FORCES BEHIND THE ACQUISITION

Once the news of a possible merger and acquisition came towards the public forefront about InBev and Anheuser-Busch, a cascade of events were set off both domestically and overseas. For the “home” region within the European community, citizens were slightly bewildered but mostly steadfast in their opinions regarding the acquisition of the largest US brewery by a Belgium based company, InBev. Domestically within the “host” nation, specifically in St. Louis, Missouri, issues such as job security, community welfare, philanthropy, brand loyalty, and nationalism became the central point of discussion. The key factor that stands out in this scenario apart from the usual mergers and acquisitions is the concept of nationalism, which includes brand loyalty. The term “nationalism” is defined in part by Merriam Webster as, “loyalty and devotion to a nation; a sense of national consciousness exalting one nation above all others and placing primary emphasis on promotion of its culture and interests as opposed to those of other nations or supranational groups”.

The proposed $52 billion bid by InBev for Anheuser Busch would be the second-largest cash takeover of a consumer products company since Procter & Gamble’s purchase of Gillette in 2005. The marriage of the two firms would produce the largest brewer with estimated revenues of $36.4 billion (S. Theodore, 2008). Hot dogs, apple pie, and Route 66 rank high as emblems of American culture (Mabe, 2008). Some might say that brands associated with them such Oscar Mayer, Sara Lee, and Chevrolet, are no less representative of America’s national identity.

With the initiation of the acquisition process by Belgian based InBev over Anheuser-Busch, various grass roots organizations and groups took shape in an effort to deter the change in ownership. A militia of petition-wielding cyber-activists has come to the defense of Anheuser-Busch, intent on impeding the attack by InBev. Collectively, the supporters highlight the economic patriotism that such a controversial acquisition invokes (Mabe, 2008).
The activists have been successful in drafting petitions and recruiting politicians in hopes of driving a significant and effective sentiment against the potential acquisition. Lain Ellwood, head of consulting at New York’s Interbrand, states, “The reason why some takeovers drive such reactions comes down to the notion of nation brands”. Essentially Lain Ellwood surmises that every nation is supported by a catalog of corporate brands such as the association with America that Coca-Cola, McDonald’s, and Ford have with America’s image on the global stage. This relationship is similar to that of Sony, Toyota, and Nissan with Japan. Although Anheuser-Busch as a company has little influence in the daily lives of Americans, its flagship brands, Budweiser and Bud Light, are closely linked to American rituals such as barbecues and baseball. (Mabe, 2008)

There is a strong and relevant beer drinking preference within the European community that favors more of the domestic beers than the imports, in part due to costs and taste preferences. Additionally European beer lovers also tend to associate American beer with lighter beer, sometimes to the detriment of sales in Europe. Recently in 2004, Anheuser-Busch and Miller pulled their flagship light beers from the store shelves in the U.K. after sales were low with British drinkers. The cultural difference that Miller underestimated was that generally in Europe “light beer” was thought of weaker or containing less alcohol by volume than with the notion of fewer calories. SABMiller has since changed Miller Lite’s name in Europe to Miller Pilsner (Bilefski and Lawton, 2004).

With the weak dollar, U.S. companies in a variety of industries are likely to remain a bargain for years to come. Foreign direct investment in the U.S. has boomed in the past decade, from $105 billion in 1997 to $237 billion in 2007 (Salzman, 2008). A landmark KPMG study from 1999 found that 83% of mergers and acquisitions were unsuccessful in creating value for shareholders and that more than half actually destroyed value (D. Foust, J. Ewing, G. Smith, 2008). The study also stated that cross-border type mergers and acquisitions performed even more poorly, yet international acquirers that dealt with differences in corporate and national cultures early on in the integration process were 26% more successful than those that did not. As citizens of the U.S. turn to petitions, protests, and the application of political pressure, it is becoming a realization that even the government has a limited role.

III. THE ROLE OF ECOLOGICAL FACTORS

When evaluating the acquisition or merger involving two large international corporations such as InBev and Anheuser-Busch, one has to keep in mind all of the factors that come into play; one of the most important aspects of this possible deal is the environmental analysis around it. As an American icon and with around fifty percent of market share in the United States Anheuser-Busch directors are faced with a critical decision in times when the wine and liquor markets are growing rapidly and beer sales are remaining flat over the last few years according to Slate Magazine (Maloney, 2007).

InBev’s aggressiveness when it comes to acquisitions has made it possible to have important international presence in the America’s including Labatt in Canada and Brahma in Brazil among others, and closing a deal with Anheuser-Busch will make InBev the largest beer producer in the world. However, for InBev, this acquisition can be a challenge due to certain oppositions from the people and as well as some political leaders who support the idea of maintaining Anheuser-Busch an American owned company and not owned by foreign investors keeping the tradition and maintaining the company’s social responsibility mission intact.
According to the International Herald Tribune, InBev is promising that the take over will help global best seller Budweiser expand into emerging markets like China, Russia and Brazil generating large profits and helping increase the slow growth rate the company has experienced in recent years (International Herald Tribune, 2008). The key point here is to convince the people opposing the deal that the company will remain constant to its American tradition and that the take over will enhance the already established reputation and helping it to be a more global brand. InBev has the ability to bring the brand to other places of the world where it has not been fully introduce and possibly increasing the profitability of its share holders.

Recycling dates back to 1899 when the founder Adolphus Busch began reusing leftover grain from the brewing process to feed farm animals, something that is still done today in all twelve of the nation’s breweries feeding thousands and thousands of cows across the country everyday. In 1978, Anheuser-Busch founded (ABRC) one of the largest recyclers of aluminum cans in the world recycling more than 27 billion cans annually; five cans for every four the company packages is recycled, that’s a significant difference (Anheuser-Busch, 2008). The company also contributes widely to providing collection equipment and marketing tools including radio, newspaper and signage to encourage community recycling and implements hundreds of recycling programs each year in collaboration with other institutions to help raise awareness and raise funds. Anheuser-Busch also has special teams of staff at some of the largest events in the United States to help prevent litter (Anheuser-Busch, 2008).

Anheuser-Busch is also committed to building green; the St. Louis based technology center for the company has been designed and constructed to meet the specifications of the Leadership in Energy and Environmental Design, a company that rates the building’s efficiency and energy savings. The company is seeking approval for another two buildings currently under construction to have the same high standards as the company’s technology center (Anheuser-Busch, 2008).

In order to compare some of the environmental highlights of these two major corporations, the following are some of InBev’s own important contributions to the eco-system. Such comparisons are needed to evaluate from the environmental point of view whether or not to close the deal. InBev is proud to say that it is a strong supporter of managing and minimizing their environmental impact and that it makes economic sense to be efficient in the use of natural resources. InBev in 2008, has also implemented some tools to help monitor their eco-system efforts; among them is the Ecological Meter which is a real time eco indicator that measures the volume of water used and reused as well as the solid residue and overall recycling.

IV. THE ROLE OF POLITICS

From the start, InBev’s bid to acquire Anheuser-Busch has been more than just a deal. It has been a hot-button political issue, raising questions about nationalism and even patriotism. Many opponents of the transaction, including some lawmakers, have said it would represent yet another loss of an American icon to a foreign-based conglomerate. InBev’s unsolicited bid for the St. Louis company in early June 2008 has sparked a struggle over one of the country’s most iconic brands.

After InBev’s $65-a-share offer, Anheuser-Busch’s management and board initially remained silent as they studied the proposal. Originally, when the board announced that it had unanimously rejected the offer as inadequate, the phones of lawmakers from Missouri and several other states started ringing with calls from Anheuser-Busch’s Washington D.C. office.
Lobbyists for the King of Beers wanted to let them know right away that the company had rejected the $46 billion offer. InBev began taking more aggressive measures. Brito, accompanied by newly hired lobbyists, held a series of meetings with five members of the Missouri congressional delegation, as well as James Clyburn, S.C., the third-ranking Democrat in the House. The welcome ranged from cool to outright hostile. Meeting with Sen. Bond, Brito asserted that he intended to keep Anheuser-Busch’s headquarters in St. Louis, its breweries open and its jobs intact. Brito, a natty Brazilian educated at Stanford University, argued that he intended to make Budweiser as important and popular a brand around the world as Coke or Pepsi.

Anheuser-Busch has also played a significant role in Washington. The company has for decades boasted one of the capital’s most active lobbying offices and has retained about a dozen outside lobbying firms. Among these are Gephardt Group, led by the former longtime St. Louis congressman and Democratic House leader Dick Gephardt; Public Strategies Washington, which includes former White House press secretary Michael McCurry; Timmons & Co., the city’s oldest lobbying firm; and Akin Gump Strauss Hauer & Feld, D.C.’s second-largest lobbying law firm. Anheuser-Busch’s political action committee is one of Washington’s larger pools of money available for donation to candidates.

V. CONCLUSION

Although this buy out is surrounded with opinions and controversy, at the end of the day on November 7th, the merger will have created the world’s largest brewer and one of the world’s largest companies. Not only will these two companies help each other to survive and prosper in today’s turbulent global economy, but they will also help our earth to survive and prosper by continuously raising environmental standards and awareness.

Being located in lesser developed areas all around the world will give the firm a unique opportunity to increase its environmental impact standards, and then implement them in these areas to help better the countries and increase awareness among the people living there. Taking steps like this to continually better the companies’ image will also serve to decrease some of the sentiment related to the take over, and issues surrounding America’s loss and Europe’s so called gain. While it is still early to be sure, it is generally agreed that this wind of controversy will blow over, and Anheuser Busch-InBev will holds its place at the top for some time.

REFERENCES


677
CHAPTER 30

STRATEGIC MARKETING
ABSTRACT

The art of persuasion is a long-standing practice employed throughout most of the corporate marketing arena. These product practices not necessarily based on merit – but on appeal towards young consumers, are a means by which promotional agencies attempt to obtain a ‘leg up’ on competition. The direction these persuasive marketers employ regarding aggressive tactics in directly targeting children, is often perceived as unethical and draws much industry scrutiny.

I. ETHICS IN MARKETING?

According to the American Marketing Association, ethics can be defined as any practice that “…relates to moral action, conduct, motive, and character.” While the definition articulates about all things ethical and moral, there still exists a gap between the ideal practices and their execution. Experts say that children don’t understand persuasive intent until they are eight or nine years old, and that it is unethical to advertise to them before then.” (Beder, 1998) The issue of advertising and marketing at or before a particular age is not what should be under attack, but the content and manner in which the promotions are presented are the point of contention.

Is advertising a teaching tool or a manipulative means of marketing to those who are still too young and incapable of making their own decisions? This bipolar debate conditions ‘kids’ from an early age to subconsciously understand the main goal of many advertising executives – to entice their insanely young audience to want to buy things… often before they have any knowledge of what is being sold.

Using children as a hub of branding and logo recognition raises the question… is promoting to children an ethical practice? There are clear ideas about what is ethical and what is unethical, but how these ideas are applied is left up to the individual. Ethical business practices fall into a gray area, therefore marring the application practice. “Retailers and manufacturers have two sources of new customers, those who they can persuade to change from their competitors and those who have not yet entered the market. Those who switch are less likely to be loyal than those who are nurtured from childhood.” (Ravindran, 2006)

II. HISTORY OF ADVERTISING

The first instance of public advertising came in the form of a newspaper advertiseement in the Boston News-Letter announcing a home for sale in 1704. Benjamin Franklin can be credited as an innovator in the art of public advertisements, first in 1729 in the Pennsylvania Gazette and then in 1742 when he published the first magazine ads in the General Magazine. Almost 100 years later in 1843, the first advertising agency was opened in Philadelphia by Volney Palmer. As 1873 crept around, the first convention for advertising agents was held in New York – making this a respected industry.
Advertising to children has been severely criticized, accusing the marketers of using inappropriate and unethical media streams. The Federal Trade Commission Act - Section 5, the National Association of Broadcasters, the Surgeon General’s warning against tobacco advertising along with The U.S. Congress, have recognized that children are a large part of the current market segmentation and have a heavy influence over spending decisions. Since advertising now occupies a significant portion of the promotional budget in a marketing campaign and is one of the largest businesses in the world [industry spending on children has increased from $100 million in 1990 to more than $2 billion in 2000 (Ravindran, 2008)]; it is not uncommon to charm our youth with fantasized images, catchy taglines, and/or conceptual pitches focusing on everything except the product.

III. DEVELOPMENT OF THE CONSUMER PROCESS

The development process for consumers reaches its impending comfort level of buying sets about the age of eight years old and is detailed as follows from age one through age five according to Beder.

STAGE I: Beginning at age one, the child is a passive participant in the buying process. Children accompany their parents while at the super market, department store or drug store, without having any say in the situation. They are submissive to the actions that their parents are taking and purchases they are making; however, this is their first introduction to brands and products. Perched in their shopping cart seat, unable to escape from the logo frenzy that is surrounding them they are exposed, for the first time, to all that advertising has to offer; bright colors, fun characters and a plethora of shapes and sizes. “Young children are increasingly the target of advertising and marketing because of the amount of money they spend themselves, the influence they have on their parents spending (the nag factor) and because of the money they will spend when they grow up.” This is referred to as the “observation” stage.

STAGE II: By age two, the child consumer has developed an association between product and brand. The innocent colors, characters, shapes and sizes of the products they were introduced to in stage one have taken on a meaning: like or dislike of a product. Even though their position and immobility has not changed, their passive behavior becomes active. This is considered the “requesting” stage. This is the first instance where children begin to influence the purchasing decisions of their parents. Children at this stage can make a connection between products in a store and television advertisements and that is what influences their initial wants.

STAGE III: Although at this stage children are still accompanied by their parents, their seat in the shopping cart no longer inhibits them; they are mobile and exploratory and beginning to institute personal selection. “One study found that 52% percent of 3 year olds and 73% of 4 year olds ‘often or almost always’ asked their parents for specific brands.” They can finally touch and hold the products that they have been eyeing for the past two years. At this point children are brand aware and brand loyal. They can choose Cheerios brand cereal over the generic store brand “O’s”, for example. The only thing hindering their purchasing choices is the permission of their parents to add their choices to the cart. This stage is when children make want-satisfaction decisions. Stage three is referred to as the “With Permission” stage.
STAGE IV: The child consumer becomes an independent purchaser. The child is still accompanied by their parents, but they are capable of choosing a product from among many brands and pay for the product at the register. With the knowledge of the three previous stages under their belt, the only thing differing in this stage is the interaction with the cashier and the responsibility of handling the money that is necessary for purchasing the product they choose. Their parents are present for supervision, but the actions are taken by the child consumer. This stage is referred to as “Independent Purchasing”.

STAGE V: The child consumer is capable of going to the store alone, making a purchasing decision and following through with the transaction. By following this development process and assuming that the projected time line is accurate we can consider that “…by the age of eight, children make most of their own buying decisions.” At this point in their purchasing lives, children are still impressionable but have distinct brand loyalties and logo recognition; “…they aren’t children so much as what I like to call Evolving Customers.”

IV. POWER OVER THE PURSE STRINGS

Children are the newest market segment, having increasing pull-power over the purse strings. “Children represent three different markets. In addition to the direct money that children spend and the money they influence (about 70% of family expenditures), children also represent a third major market and perhaps the most significant: the future market. According to Beder, there are over 57 million school age children and teenagers in the United States who spend about $100 billion each year of their own and their family’s money on sweets, food, drinks, video and electronic products, toys, games, movies, sports, clothes and shoes.

Marketing efforts are starting to target children at a young age; so young many argue that they are blurring the lines between what is ‘real’ and what is an advertisement. “Young children do not have the ability to distinguish fact from fiction; a cartoon character that is fun versus a cartoon character that is selling to them.” (DeRusha, 2007) Advertisements are being placed in between children’s programs, such as Nickelodeon’s Blue’s Clues and Sponge Bob Squarepants featuring characters from these shows as spokes characters for certain products; the similarity in characters makes it difficult for children to discern what portions of the programming are actual program minutes and what are advertisements “taking advantage of the affection children feel for those characters.” (Beder, 1998)

Surprisingly or not, children spend about four-and-a-half hours each day consuming mass media through computers, televisions, and video games (more time than is spent doing homework); yet they are unable to evaluate and analyze the purpose of the promotions. These robotic mannerisms displayed by our children at an early age are then transformed into possessed, brand-loyal teens that are spending money on ‘stuff’ more than ever before.

There is no question that children are exposed to an insane amount of advertisements, thereby influencing a large portion of the family purchases each year. At the early age of five years old, children begin to exhibit brainwashed behavior as they start and complete the development of the consumer process. “Children under 3 represent a $20 billion market.” (DeRusha, 2007). More pressing is that there are about 20 million tweens (ages 9-12 years old) in the U.S who spend over $20 billion per year. (Lamb, 2008)
This future purchasing power is large and unprecedented. It is not fair to blame marketers and advertising efforts entirely for excessive family spending habits, parents who allow their children to influence the purchases need to also accept responsibility and manage the media exposures in their home. In the following excerpt taken from the article, “How many brands do children recognize?” by Jason DeRusha in an interview from Kelly Sadlovsky, the director of the St. Paul’s Children Center, it is simple to recognize how the parent allows child purchasing decisions take place:

I have heard children in the hallways, 3, 4-years-old, say “Are we going to McDonald’s, are we going to McDonald’s. Parents at first say, “No, no we’re going to make dinner,” she said. “By the time the child walks out the door it’s gone from “No! No! No!” to “Maybe, maybe” to “Fine, we’ll stop at McDonald’s on the way home.” (DeRusha)

V. FORGET RECESS, THINK REACH!

What has not been established is why the sudden ridicule and scrutiny on the marketing and advertising world regarding the relatively new youth audience? Mainstream media marketing is reaching out to and invading the ‘space’ of children through an entirely new and somewhat invasive arena. Until recently, marketing in elementary schools had been unchartered waters. “Marketing in schools is …a rapidly growing arena.” (Beder, 1998) “In addition to the carefully crafted TV commercials, companies are hiring ad space on school bus radios, screensavers on school computers (Pepsi has one that encourages "a thirst for knowledge!") and are tying in products for cross-promotion more than ever – witness the Barbie accessories that include cans of Coke or the Teletubbies merchandise licensed to McDonalds. (Glaister, 2006) Mass marketing of movies with spin-off merchandise is difficult for any child to avoid and resist, therefore teaching media literacy must be employed.

Advertising to children while they are in school in their sanctioned and sheltered safe haven, seems an obsessive use of pester power. Children go to school to learn, yet “the sheer volume of advertising is growing rapidly and invading new areas of childhood, like our schools” says psychologist Allen D. Kanner, PhD. “Flashing, flipping, popping, dancing and singing at children …the result is not only an epidemic of materialistic values among children, but also… a narcissistic wounding of children.” (Clay, 2000) Where are our youth to go to desensitize themselves from the audibly, mentally, and visual messages to which they are being fed?

Public Broadcasting Service (PBS) launched an interactive educational media website, Don’t Buy It! (http://pbskids.org/dontbuyit) to teach students about influences of advertising and marketing activities by dissecting pop culture. Through the building of critical thinking and analytic skills, each youngster distinguishes between reality and fantasy and questions brand importance. The Center for a New American Dream also created a fun website to help examine consumerism and give children tips on ethical buying entitled, I Buy Different. (http://www.ibuydifferent.org)

In 2005, the Canadian Broadcast Corporation (CBC) released a program on both radio and television called ‘Street Sense’ to instill ethical values and “encourage your kids to challenge advertisers’ claims about their products. The award-winning show, tests consumer products and puts ‘truth in advertising’ to the test each week.” (http://www.cbc.ca)
VI. CONCLUSION

It is important to be aware of the promotional penetration of product messages in everyday living. This marketing mayhem, conditions children to become *mini market mavens* through subtle messages embedded in daily programs. Under the prerequisite notion that children ‘believe what they are taught’, advertisements then becomes truths. Branding to the youth market is a difficult art to master with constant current and impending competition. In the past, this child-targeted marketing used to concentrate on sweets and toys – it now includes clothes, shoes, a range of fast foods, sports equipment, computer products, and more. (Huffman, 2006)

If the goal of advertising is to develop and encourage brand-loyal and savvy consumers, at what age should the promotional platform begin? There must be a balance between creating awareness and excessive manipulation. The anticipated impact perceived by the media holders to form positive consumer habits upon these young impressionable minds, may miss the target and instead create media madness.

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CHAPTER 31

TEAMS AND TEAMWORK
POVERTY WITHIN THE UNITED STATES AND ENGLAND

Dr. Reza Fadaei, National University
Rfadaeit@nu.edu

ABSTRACT

According to Simon Maxwell, the meaning and measurement of poverty for the rest of the world is an income of less than one U.S. dollar per day. But that definition is not to be applied domestically within the USA. For to accept that definition would put a lot of people in the United States out of work -- mainly the many employees of the multitude of government agencies that thrive based solely on a very liberal definition of poverty -- to say nothing about the massive allocation of funds to the “poor” that Congress so enthusiastically dispenses.

Therefore, the poverty level in the USA is set much higher and is more complex than those simple criteria of $1 per day. Back in 1999, the threshold for poverty for a family of four was an annual income of $17,029, and in general, the poverty threshold varied by size and “number of related children” from $8,501 for one person to $34,417 for a family of 9 or more.

Today, “poverty” remains to be a sensitive problem around the world. More than half the world’s population are faced with this issue. This paper investigates the concept of the poverty in the United States and England.

I. INTRODUCTION

The tremendous and highly complex industrial development which went on with ever-accelerating rapidity during the latter half of the nineteenth century brought us face-to-face at the beginning of the twentieth century with very serious social problems, and it has created big gap between rich and poor. Therefore, each year, generally in the fall, the U.S. Census Bureau issues a report on poverty in the United States. Among other information, it provides statistics on how many people are poor, and on how poverty is distributed by age, by race or ethnicity, by region, and by family type. Individuals or families are poor if their annual pretax cash income falls below a federal measure of poverty that is also recalculated each year.

The Poverty Guidelines are an alternate version of the U.S. Federal poverty measure. They are issued each year in the Federal Register by the Department of Health and Human Services (1). These poverty guideline are sometimes loosely referred to as the “Federal Poverty Level”, but that phrase is ambiguous and should be avoided, especially in situations (e.g., legislative or administrative) where precision is important. See table 1 for poverty Guidelines for 2007.

Table 1: 2007 Health & Human Services (HHS) Poverty Guidelines

<table>
<thead>
<tr>
<th>Persons in Family or Household</th>
<th>48 Contiguous States and D.C.</th>
<th>Alaska</th>
<th>Hawaii</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$10,210</td>
<td>$12,770</td>
<td>$11,750</td>
</tr>
<tr>
<td>2</td>
<td>13,690</td>
<td>17,120</td>
<td>15,750</td>
</tr>
<tr>
<td>3</td>
<td>17,170</td>
<td>21,470</td>
<td>19,750</td>
</tr>
<tr>
<td>4</td>
<td>20,650</td>
<td>25,820</td>
<td>23,750</td>
</tr>
<tr>
<td>5</td>
<td>24,130</td>
<td>30,170</td>
<td>27,750</td>
</tr>
<tr>
<td>6</td>
<td>27,610</td>
<td>34,520</td>
<td>31,750</td>
</tr>
<tr>
<td>7</td>
<td>31,090</td>
<td>38,870</td>
<td>35,750</td>
</tr>
<tr>
<td>8</td>
<td>34,570</td>
<td>43,220</td>
<td>39,750</td>
</tr>
<tr>
<td>For each additional person, add</td>
<td>3,480</td>
<td>4,350</td>
<td>4,000</td>
</tr>
</tbody>
</table>

Source: Federal Register, Vol. 72, No. 15, January 24, 2007, pp. 3147 - 3148

Therefore, this paper investigates and analyzes the concept of the poverty in the United State and United Kingdom, and the reasons why the concept is problematic.

**Poverty Rate in the United States and England** - On planet earth, more than 1.2 billion people, meaning that one in every five people, survive on less than $1 a day (Facton, 2007). Poverty has been a sensitive issue around the world. More than half the world’s population are faced with this issue. Many countries do not have the potential to create opportunities to help their population surpass poverty. Some of the factors causing poverty are the ever increasing cost of living, the lack of education, and unemployment levels.

To better understand the factors that lead to poverty, one has to understand what causes poverty and what a country can do to minimize or alleviate the problem. On the other hand, developed countries do have the potential to create programs that can scale-down poverty within its population.

**Poverty within the United States** - When one speaks of developed countries, it must be noted that the United States is one of the top countries that are influenced by capitalism. It is a country that is high in economic growth and that is made up of immigrants from all over the world. Nonetheless, the poverty rate in the United States is rated as one of the highest among post-industrialized counties. This is caused because the standard of living in the U.S. is higher than average post-industrialized countries.

According to recent research by Michigan State University, “American households with annual incomes of $70,000 or more believe that the two principal problems of poverty are lack of work ethic and a minimum wage that is too low (Causes of poverty, 2007).” With the ever increasing cost of living in the United States, many Americans are forced to take upon more than one job to sustain their families. Moreover, this creates a disadvantage to the low income population because of the increasing costs of renting or buying homes, and even the cost of buying food.

Poverty is being caused by the lack of education and heavy competition in the job market. These are due to the fact that a high percentage of Americans in the United States are not sufficiently educated. Education plays an important role in the flourishing of a country’s economic growth. With many Americans not having the necessary education to acquire the high
paying jobs, many are obligated to take the low wage jobs and then they fall into the category of being in “poverty.” For many years the United States has been combating the lack of education within its population and has been aggressively promoting programs to help its population advance in education and to acquire technical skills for employment.

Meanwhile, the United States is affected by different social changes that contribute to the increase of poverty. Since the founding of the U.S. as a nation, immigrants (many of whom were or remain illegally in the country), have played an important role in the development of this country. The Conservation Heritage Foundation contemplates that illegal immigration increases job competition among low wage earners, both native and foreign born. This means that competition for low-paying jobs is increased because more people are willing to do the job for less pay.

Consequently, a very high rate of ethnic minorities in the United States is forced to depend on social assistance programs, such as welfare, in order to sustain their every day life. Recent research shows that in the year 2006, 20.6% of Hispanics, 10.1% of Asian and Pacific Islander, and 22.7% of those of African ancestry, live in or below the poverty rate (Poverty Status, 2007).

**Poverty in the United Kingdom** - In the words of one eminent British scholar, W. Arthur Dowe, “Massive poverty, closely linked with massive affluence for the few, is the great riddle of our age, which not to answer is to be destroyed. It is at the heart of most of our great social problems, and threatens to destroy our whole civilization. Our modern wars and armaments, the class struggle, unemployment, and our international upheavals and tensions, are in the last analysis clearly attributable to poverty. Mr. Dowe goes on to say,

“The wealth which paid for the fine new houses, extravagant clothes and gargantuan meals came mainly from a more economic use of agricultural land, enabling the country to produce a surplus above the needs of subsistence, which fed the towns and was traded abroad. This was achieved by the enclosure of waste land, demesne land, common land and open strips into large arable fields or pasture for sheep. As a result many peasants (nearly all now freemen) were evicted from their small-holding, or lost their rights to the common land, and laborers were put out of work,… the numbers were small compared with those who were to suffer in the 18th century, but to concerned observers it seemed as if a whole way of life was being broken up.”

Today, the U.K. government defines poverty as a household income that is 60% or less of the average income after deducting income tax, council tax, and housing cost in that year. In the year of 2005 – 2006, the average threshold was worth 108 England Pounds per week for a single adult with no dependent children; 186 Pounds per week for a couple with no dependent children, 223 Pounds per week for a single adult with two dependent children, and 301 Pounds per week for a couple with two dependent children. There are many different factors that cause poverty in the U.K., including such as factors as economic recession, unemployment, lack of sufficient education, low paying jobs, etc. The number and percentage of poverty has increased from 13.7% in 1979 to 21.7% in 2005 – 2006. (Pettinger, R, paragraph. 3).

Lack of proper education or employable job skills causes many people in the U.K. to remain unemployed or employed in low paying jobs. Some persons are not able to surpass the poverty level by earning the median hourly earnings. This rate has risen each year from £4.64
per hour in 1998 to reach £6.5 per hour in 2006; even though, the *minimum* rate was £5.35 in October 2006 (National minimum, 2007).

As shown in table (2) below, the number and percentage of men earning low pay is lower than women. In the case of men, as years passed, it increase from 12% in 1998 to 15% in 2000, but begun to decrease and reached 12% in 2005. On the other hand, the percentage of women earning at least £6.5 per hour is 30% in 1998 and increased to 33% in 2000 and 2001. After 2001 it started decreasing and reached 25% in 2005.

**Table (2) - Population earning below £6.50 per hour**

<table>
<thead>
<tr>
<th>Year</th>
<th>Millions</th>
<th>Proportion</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Men aged 22 to retirement</td>
<td>Women aged 22 to retirement</td>
<td>Men aged 22 to retirement</td>
</tr>
<tr>
<td>1998</td>
<td>1.7M</td>
<td>3.2M</td>
<td>12%</td>
</tr>
<tr>
<td>1999</td>
<td>1.9M</td>
<td>3.3M</td>
<td>13%</td>
</tr>
<tr>
<td>2000</td>
<td>1.9M</td>
<td>3.6M</td>
<td>15%</td>
</tr>
<tr>
<td>2001</td>
<td>1.8M</td>
<td>3.6M</td>
<td>14%</td>
</tr>
<tr>
<td>2002</td>
<td>1.7M</td>
<td>3.5M</td>
<td>13%</td>
</tr>
<tr>
<td>2003</td>
<td>1.7M</td>
<td>3.3M</td>
<td>13%</td>
</tr>
<tr>
<td>2004</td>
<td>1.5M</td>
<td>3.0M</td>
<td>12%</td>
</tr>
<tr>
<td>2005</td>
<td>1.4M</td>
<td>2.9M</td>
<td>12%</td>
</tr>
</tbody>
</table>

Sources: Labor Department

**II. DISCUSSION AND CONCLUSION**

The percentages of the adult population living “in poverty” in the United States and the United Kingdom is due to a multitude of issues and factors such as the ever increasing cost of living; lack of economic opportunities; the prevalence of poor education; the lack of employable job skills; and the high rates of unemployment.

It must be kept in mind that poverty is a highly complex issue which involves both state and federal policies, and especially national commitments to alleviate the problem which would require individual and civic willingness and involvement. In the last six years, the actual number of people living in poverty in America has grown by five million -- a 1% increase which now includes 12.3% of the population. On the other hand the poverty rate in U.K. stayed consistently around 20% of the total population throughout the past 6 years. Therefore, as a result of population increases in the U.K., the actual number of people in the poverty category decreased 2.6% -- a decrease of one million people. As we can see in the last 6 years, poverty trends between the two countries have been in completely opposite directions. The number of people in the poverty category within the U.S. is increasing, and in the U.K. the number is decreasing.

From this disparity, we can gain a different perspective on how the two countries have looked at – and acted upon – poverty as a problem. Although it is not noted in the research discussed and analyzed above, there is another “human choice” factor involved that must be mentioned. Even though both countries spend a tremendous amount of tax-funded dollars to implement job-training programs, subsidize educational programs, and provide job opportunities for its
impovery citizens, many people make the personal choice not to participate in those programs and opportunities.

Consequently, there will perhaps always be a large group of people in both societies where the individual is allowed the freedom to choose to opt-out of social improvement programs designed to help them rise from their impoverished state of living. These two governments, by virtue of their democratic principles, and fundamental constitutional rights, cannot and should not, force upon a free people such human values as work-ethics, self-motivation, self-respect, willingness to work, or willingness to learn.

Such governments can only provide the opportunities and programs to help those who are freely willing to help lift themselves “by their boot straps” and climb out of “poverty”--regardless of how that state-of-being is defined. Once all the government’s personal cajoling, encouraging, job counseling and guidance is completed, it is still up to the individual human spirit to choose to participate -- or not to participate -- in elevating themselves out of poverty.

In conclusion, poverty represents numerous problems and challenges to both developed and undeveloped countries, and it has become a matter of global awareness to every human society. Perhaps it will always be one of the greatest obstacles for mankind to overcome.

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CHAPTER 32

TOURISM, TRAVEL & HOSPITALITY
AGOA AND THE PROSPECTS FOR HEALTH TOURISM IN SUB-SAHARAN AFRICA: A CASE STUDY OF GHANA

Nathan. K. Austin, Morgan State University
Nathan.Austin@morgan.edu

Felix Abeson, Coppin State University
FAbeson@coppin.edu

Binta Abubakar, Morgan State University
Binta.Abubakar@morgan.edu

ABSTRACT

The study examines the prospects for the development of a trade in health tourism between Ghana as the tourism destination and the U.S., under the terms of the Africa Growth Opportunity Act (AGOA). The nature of health tourism and the provisions of AGOA are discussed with a focus on the bilateral trade policy implications. Consistent with the theory of institutional strategic responses, it is suggested that AGOA constitutes an external pressure on the prospects for the development of health tourism in Ghana, a Sub-Saharan African (SSA) and investor relations, consumer protection and the nature of services to be provided, identified as the three most critical bilateral policy issues that ought to be addressed for a successful implementation of a health tourism development program in the context of AGOA.

I. INTRODUCTION

In the last decade, the world has seen an increasing number of travelers voluntarily seeking a multiplicity of healthcare services while on vacation (Smith and Jenner, 2000). Driven by reasons such as the comparatively lower cost of healthcare at tourism destinations in developing economies, the rapidly improving technology and standards of care in a select number of these nations (Boorman, 2004) and the increasing health needs of the large, affluent and rapidly ageing population of the developed world (Garcia-Altes, 2004), growth in the sector is expected to continue at an even faster rate as more and more nations seek to initiate such tourism development projects (Choo, 2002). It is also expected that as a result, competition among destinations is most likely, going to be more intense. It is therefore necessary that we explore realistic avenues for the continued development of health tourism especially in developing economies where its complementary role to public health facilities has become an acute necessity.

Healthcare is a major socio-political issue and thus a key area of governmental intervention. Large scale international trading in healthcare definitely further heightens the role of government especially in the creation of an appropriate cross-border structured network of policies, regulations and processes (Gonzales et al, 2001) that facilitates the trade. We hypothesize that the African Growth Opportunity Act (AGOA) offers such a structured trade network that has the potential to open up the US healthcare market for eligible Sub-Saharan African countries (SSA’s) as health tourism destinations for U.S. residents. Specifically the study
(a) examines the appropriateness of AGOA as a useful context for the development of health tourism and (b) identifies critical bilateral policy issues that can be successfully resolved within the context of AGOA to help ensure the development of Ghana as a health tourism destination for U.S. residents. There now follows a review of the health tourism literature followed by a brief discussion of AGOA and its appropriateness for the development of health tourism. Thereafter, we examine the healthcare system of Ghana as the study context, concluding with a discussion of key bilateral policy issues critical for the development of Ghana as a health tourism destination for U.S. residents.

II. HEALTH TOURISM

Past researchers have variously described human activities involving both travel and the attainment of health benefits as medical tourism, healthcare tourism and recently as health tourism (Goodrich, 1993). Consistent with the World Tourism Organization definition of tourism, we identify the phenomenon as health tourism, involving at least a 24-hour stay at a destination other than one’s normal place of residence to undergo some form of health procedure, consuming destination leisure-oriented services in the process. Health tourists will therefore include all visitors receiving a medical or well-being treatment at a tourist destination but exclude those for which it is a medical emergency that did not exist prior to the visit. The most popular procedures are cosmetic surgery and dental treatments but eye surgery, kidney dialysis, back surgery, knee and hip replacements and heart transplants are also common (Hutchinson, 2005). At the global level, the industry is forecasted to grow to 40 million trips or 4% of global tourism volume by 2010 (TRAM, 2006). The growth of the industry can be explained by a number of demand and supply factors the most important of which are the relatively lower costs overseas and rapid improvements in medical technology.

III. AFRICAN GROWTH OPPORTUNITY ACT (AGOA)

AGOA is primarily a preferential trade mechanism authorized by the U.S. Congress to eliminate the General System of Preferences (GSP) competitive need limitation for beneficiary SSA’s and thereby help improve trade relations between the U.S. and SSA’s. It provides duty-free access to U.S. markets for almost all products exported from AGOA eligible countries. It also establishes the U.S.-Sub Saharan Africa Trade and Economic Forum to facilitate regular ministerial-level trade and investment policy discussions and promotes the use of technical assistance to strengthen economic reforms and development including assistance to strengthen trade ties between U.S. and SSA firms. Currently, 37 SSA’s including Ghana, are eligible to participate in AGOA. To date, there have been two modifications to the original Act commonly referred to as AGOA I. AGOA I was enacted in May 2000 under the Trade and Development Act of 2000. It amended the GSP program and authorized the U.S. President to provide duty-free and quota-free treatment for certain African products until September 2008. Titled ‘Extension of certain trade benefits to Sub-Saharan Africa – Trade Policy for Sub-Saharan Africa’ it authorized a new US trade and investment policy toward SSA’s, promoting increased trade, investment and economic cooperation between the US and eligible countries. The Trade Act of August 2002 i.e. AGOA II, modified certain provisions of AGOA I and expanded preferential access for imports from SSA beneficiary countries. AGOA Acceleration Act of 2004 i.e. AGOA III, provided duty free access for substantially all products from AGOA eligible countries and additional security
for investors and traders in African countries. It also provides technical and trade capacity building assistance to the AGOA eligible countries and extends the AGOA authorization until September 2015 (USTR, 2005).

IV. STUDY CONTEXT

Ghana located on the west coast of Africa, is an AGOA eligible country with steadily growing exports to the U.S. market under the AGOA provisions. In 2004, trade under AGOA provisions accounted for about 25% of the total value of exports an increase of 5% over that of 2003. The healthcare system in Ghana is largely dominated by the public sector and partly subsidized to enable access for the poor. However, in recent years, the concept of cost recovery has been introduced to shift some of the cost to patients. The system is beset with poor employee financial remuneration packages, relatively limited qualified management staff, lack of opportunities for funded medical research, poor infrastructure and technology. Ordinarily an industry sector within an economy that faces such challenges should be considered a less than attractive environment for the development of a new export potential. However, the tourism industry has the capacity to take hold and thrive in designated enclaves within larger economies with considerable deficiencies. Moreover, the reality would seem to suggest that other countries such as India, with similar problems in terms of the extent of access to quality health care for the total populace, environmental sanitary issues and the outflow of medical professionals, has been able to develop health tourism as a viable industry sector, largely through private investment funds enabled by attractive statutory regulations and policies.

V. DISCUSSION

The theory of institutional strategic responses (Oliver, 1991) suggests that institutions are generally subject to both external and internal pressures which they subsequently respond to in a manner that presumably benefits the institution. The nature of these strategic responses differ on the basis of why those pressures are being exerted (i.e. cause), who is exerting them (i.e. constituents), what those pressures are (i.e. content), how or by what means they are exerted (i.e. control), and where they occur (i.e. context). For the purposes of our discussion, we focus on the existence of AGOA as an external pressure on the potential for the development of health tourism in SSA economies. Specifically, we focus on the predictors of institutional strategic responses in the context of AGOA and how they impact the prospects for the development of health tourism.

Consumer Protection

A medical mistake i.e. service failure in healthcare, often has potentially fatal and lasting consequence for the individual. Governments have a responsibility to ensure that healthcare services provided under its jurisdiction or sanctioned by it, are of a reasonably high quality. Medical malpractice insurance undertaken by health practitioners is one of the options available to ensure that the victim of a medical mistake is fairly compensated. However, its impact on the rising cost of healthcare in the U.S. is widely recognized. Currently, most individuals who receive healthcare services via health tourism do so without the involvement of their home governments. This is obviously an impediment to the potential growth of the industry (e.g. both
Medicaid and Medicare, a public healthcare funding scheme in the U.S.) do not cover client overseas treatments, as governments control a significant proportion of the global expenditure on healthcare. Another key measure for the protection of the health consumer is a formalized system of accreditation (Chanda, 2001). A process of accreditation of healthcare facilities, the personnel who practice there and the service processes utilized focuses on assisting health organizations to attain at least the minimum standards for performance indicators that impact service quality e.g. minimum acceptable professional qualifications of practitioners, adequacy of equipment required, to improve performance standards and help minimize the potential for service failure. A potential solution lies in the Joint Commission International Accreditation (JCIA), which provides accreditation to hospitals worldwide.

Nature of the Service

Any trade in healthcare across national boundaries with the support of the U.S. Government would have to address cost issues as well. Similarly for the Government of Ghana, would have to manage the localized impacts of health tourism (Choo, 2002) particularly the negative social and political consequences of the cost of healthcare provided by profit oriented private health institutions whose charges may be beyond the means of most citizens. There is the likelihood that some citizens would perceive themselves as having been denied quality health care provided in those facilities with the assistance of the state (i.e. a diversion of state investment resources) through sector development financial incentives (Chinai and Goswami, 2005) that caters for the wealthy few who may be mostly foreign as well. A mutually beneficial negotiated pricing structure that takes into account the equity concerns of the destination community and commercial realities of private investors would be the most realistic approach. For example, in India, the general approach adopted is not to pursue price controls for the sector but to negotiate contractual agreements that require the health tourism facilities to treat a given number of local patients each year at affordable prices. However, those agreements have been criticized for their lack of enforcement clauses.

Other dimensions of the service to be bilaterally negotiated will be the types of ailments to be covered under the AGOA context and the approved treatment methods where appropriate. What is required is an understanding of the healthcare market in the U.S. including the potential concerns of medical practitioners, activists and supporters who may view such a trade relationship as outsourcing that negatively affects the U.S. economy. For example, it has been suggested that the clinical procedures most promoted by health tourism destination clinics and most actively consumed by Americans are elective in nature and the most profitable.

In sanctioning the cross-border trade in healthcare between the U.S. and Ghana, the U.S. Government could be legally required to pursue a policy that is consistent with US legislation. For example, legislation on treatments using embryonic stem cell research may not be permissible even if desired by potential patients. This has the potential of impacting the Government of Ghana’s policy stand on the issue and possibly to the detriment of national technological and research effort. This is a critical issue that borders on national sovereignty and thus requires careful bilateral negotiations.
Investor Relations

The successful development of health tourism in Ghana under the AGOA provisions will require considerable investment in modern health facilities preferably near the nation’s nature tourist sites and within the vicinity of the capital. It will also benefit immensely from the development of additional tourism resorts and other intermediary services such as medical transportation and ICT facilities (Robinson, 2003). While the Government of Ghana certainly does have the capacity to fund some of these investments required, a larger part of it will necessarily and consistent with the free trade philosophy of the US, have to come from private investors i.e. both local and foreign. Even though AGOA eligible criteria includes the elimination of trade barriers to U.S. trade and investment, governments have a tendency to institute statutory restrictions on investor participation especially foreign investor participation (Salvosà, 2005) in industry sectors considered sensitive. Usually the underlying reasons may be a desire to actively support local indigenous participation and dominance in the industry sector or simply a xenophobic response to foreign participation. Also, as earlier mentioned, government incentives to be offered to potential investors, both foreign and domestic, is another area of contention which requires careful negotiation and often resolved through the creation of local community and private investor partnerships.

VI. CONCLUSION

The study has made a case for AGOA as an international trade context for the development of health tourism to Ghana from the U.S. and identified a number of critical bilateral issues aggregated under three broad topics i.e. consumer protection covering the role of medical malpractice insurance and the individual right to sue and accreditation of health facilities, personnel and service processes; nature of the service covering healthcare costs, access to healthcare and equity issues, health ailments and procedures recognized under the agreement; and investor relations comprising of issues relating to investor partnerships, restrictions and incentives. Considering the dominant role of governments in the provision of healthcare services in most countries, the state’s obligation to its citizens who have paid into various social security schemes and the immense physical and psychological risks associated with healthcare services, it is unlikely that the true potential of the industry can be realized without active governmental intervention at the policy level. Already, India is actively negotiating with the National Health Service of the United Kingdom (UK) to have UK citizens treated in India even though it is outside the European Union.

For a developing and much smaller economy like Ghana, governmental involvement under a mechanism such as AGOA is not only desirable but also imperative. Within this context of bilateral oversight the challenges of business development can be more easily overcome. Tourism development projects have successfully thrived in small economies characterized by all the persistent challenges of business development within developing economies. What remains is the foresight and political fortitude to envision the future of health tourism despite those challenges.
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CHAPTER 33

STUDENT PAPERS
INFO TECHNOLOGY & STRATEGIC MANAGEMENT IN FINANCE: SEARCHING FOR EFFECTIVE MODELS FOR IMPROVING INFO QUALITY

Douglas Clemmons, Morgan State University
doug.clemmons@gmail.com

ABSTRACT

In today’s business climate financial organizations face a number of concerns when implementing information technology into their day-to-day operations and strategic business plans. In today’s business climate it is evident that a good Information Technology (IT) model, capable of meeting a company’s present and future needs cannot be taken for granted. To fully maximize the value of its assets it is imperative that companies moving forward reduce IT complexity while focusing on innovative efforts to increase value to their consumers, investors and stakeholders. Ultimately, these goals must be addressed from the strategic level at its internal IT departments and throughout the organization itself. This paper discusses the attitudes and prevailing beliefs about IT’s role in the strategic infrastructure of corporate finance.

I. INTRODUCTION

To maximize a company’s Information Technology (IT) asset’s while adding value, a fully integrated IT model must encapsulate the daily and long term strategies of the company. It stands to reason that the technology must first reflect the company’s needs. To meet these needs IT leaders must perform at a rate that quickly closes the gap between the need and the IT model’s ability to deliver. Regardless of the nature of any business, IT specialists must be well versed in every aspect of the company’s business models and objectives. This can be achieved by tailoring its models with respect to varying department specifications within the organization or by adopting a universal model contingent upon the company’s size and scope.

II. BACKGROUND

Research indicates that the divide between IT and finance was based widely on perception. IT managers often viewed financial executives as merely unimaginative “bean counters, only content with “cutting budgets and saying no.” In contrast, financial executives historically viewed IT managers as frivolous consumers of unnecessary gadgetry without restraint or respect for budgets and time considerations. Now those once known for their aversion to IT now view IT as an essential ally in reducing costs and exceeding competition. Likewise, finance-weary IT executives are beginning to recognize and understand the importance of cost-efficient business planning, but when there is a lack of effective dialogue, the end results always prove detrimental. (CFO Report, 2005)

Poor communication is the root of the problem caused in large part by the inherent complexity of investment models. The complex nature of these models and the specialist’s inability to sell its services, perhaps more than anything, plays the biggest role in undermining their perceived relevance and subsequent performance. Overly complex models are cumbersome for those who do not appreciate the technical aspects of the organization. They are usually
managers without IT backgrounds, incapable of recognizing the importance of IT innovation at the strategic level. As a result, the IT manager’s function in many firms is only focused on “cutting cost and putting out fires. But that’s not where the real value lies.” (CFO Report, 2005)

This fact is evidenced by finance management’s routine unwillingness to provide appropriate resources towards innovation and strategy development. IT departments are alienated from the business’s strategic plans because their expertise is too technical, misunderstood and underutilized. As a result, a majority of business decision makers lack access to high-quality, reliable, useful information on operating and financial performance at their respective firms. (CFO, These sentiments are expressed by senior finance and IT executives in a global study of information quality (IQ); presented by CFO Research Services (a unit of CFO Publishing Corp) as late as 2005. As a result of this IQ shortcoming as it is called, decision makers are forced to spend too much time building special reports and analyses to reconcile the “multiple versions of the truth” provided by their IT systems. (CFO Report, 2005)

When asked to identify the drivers of poor IQ nearly half the survey respondents cited disparate, non-integrated IT systems and the variability of business processes as an acute problem that constrains management’s ability to work effectively on high-value activities. Approximately the same number agree that finance and business units alike spend too much time developing special reports and analysis to supplement system-generated reports. They are disappointed by the “productivity-sapping by-products” of poor information quality, deemed as “multiple versions of the truth.” These models, though heavily relied upon, are considered misguided, incentive based programs with unrealistic plans and budgets, particularly at companies with “very thin” corporate structures in which business units operate independently with varying business models. (CFO Report, 2005)

III. TECHNOLOGY AND TODAY’S FINANCIAL MARKETS

Today it is evident the detrimental effects of poor information quality for decision making, monitoring performance, reporting financial performance, and governing of “the enterprise as a whole.” (Meyers, 2006) Research analysts suggest that the global banking industry is in a crisis that has surprised and left them almost unrecognizable from where it stood 12 months ago. The effects of this crisis are far reach and not yet fully realized. In a recent interview for Business week, Meredith Whitney, the Managing Director of the Oppenheimer fund iterated this view. She contends that given “the weakening state of municipalities and state budgets,” resulting job losses, tightening credit markets will hurt consumer spending which comprise nearly two-thirds of the U.S. economy. (Baritomo, 2008, p.21)

These problems in large part stem from the destruction of billions of dollars of capital which has led to the disappearance of financial mainstays like Bear Stearns and Lehman Brothers on Wall Street along with Citibank and AIG who remain but not without their share of problems. Reports indicate that $20 billion of the U.S.’s $700 billion bailout package will be invested in Citibank. In exchange, taxpayers will receive $7 billion of preferred shares, roughly a 7% stake in the company. This equity share by comparison is minimal to the U.S.’s 80% stake in AIG after the purchase of its assets which experts believe no one will buy. (Baritomo, 2008, p.22) These are just a few examples of the financial woes here in the U.S. One must also consider the exceptional period of instability the global financial system has undergone in recent months. This instability is indicative of what is described as an extension of the “global credit boom” caused by “rapid balance sheet expansion; the creation of assets whose liquidity and credit quality were
uncertain in less benign conditions; and fragilities in funding structures.” (Bank of England Financial Stability Report, 2008). The end result was the partial nationalization of some of the UK’s biggest banks, the breaking up of the Belgium based Fortis and the German bailout of Hypo Real, Germany’s second largest mortgage lender. Japanese banks have, however, re-emerged as a powerful force in international banking due to their substantial lack of exposure to U.S. subprime mortgages.

It is widely noted that the basis of this dilemma was caused by bank exposure to the worst excesses of the U.S.’s subprime mortgage crisis. Mortgage-backed securities are created when a company buys a bunch or “bundle” of mortgages in the form of bonds from a primary lender and then uses the anticipated monthly payments, and those of thousands of others, as the revenue stream to finance other investment vehicles. This system allows lenders to sell the mortgages they make, replenish their coffers thus allowing them to lend again. On its face it is fine and buyers of mortgage-backed securities because the value of the bond doesn’t just rest on the creditworthiness of one borrower, but on the collective creditworthiness of a group of borrowers. When there is a sudden drop in the housing market, or an interest rate increase; even the safest of these investments are in serious jeopardy because rising interest rates reduce the value of securities that pay a fixed rate of interest. Likewise, when borrowers default on mortgages, the stream of payments available to holders of mortgage-backed securities decline; therefore when a firm has borrowed heavily to finance the purchase and trading of such securities, it takes only a minimal drop in value to trigger disastrous repercussions. Take Bear Sterns for example; to avoid bankruptcy, Bear Sterns accepted a takeover bid from JPMorgan Chase for $2 a share, a year ago, it traded at $150 a share.

Quants and Algorithms

Consider that amid all the fallout from the financial turmoil, it was ultimately the software and the analysts that built them that drove these mortgage backed security derivatives. Since the 1980s, stocks, shares and derivatives have largely been traded automatically by computers governed by algorithms referred to as "algotrades." In a nutshell, an algorithm is a sequence of finite instructions, often used for calculation and data processing based on a series of instructions for completing the trade. Each instruction is considered a state and when given an initial state, this process proceeds through a well-defined series of successive states, eventually terminating in what is called an end-state; this is when trades are made. The transition from one state to the next is not necessarily predictable; some algorithms known as probabilistic algorithms incorporate an invariable degree of randomness. The engineers of such algorithms, quantitative analysts referred to as "quants" for short. They are generally physics and mathematics graduates who work in risk management. They calculate whether a given deal is beneficial or not and they also determine derivatives pricing, which involves putting a figure on trades that essentially bet on other trades. It is considered by all as extremely and enormously complex. The ubiquitous presence of the quants has mirrored the automation of the financial markets and its subsequent fall. This is most prevalent when considering the subsequent rise along many of the newer markets. In 2006, they accounted for 40% of all trades on the London Stock Exchange but in some American equity markets the figure can be as high as 80%. (Dodson, 2008) (Barr, Riley, 2008)

CDO Swaps
Swaps are often used to hedge against interest rate risks, or to speculate on changes in underlying prices. A swap is a derivative in which two counterparties agree to exchange one stream of cash flows against another stream. These streams are called the legs of the swap. The cash flows are calculated over a notional principal amount, which typically is not exchanged between counterparties. Since no cash or collateral is needed initially, swaps create exposures to underlying assets and profits are earned or lost based on price fluctuations without any initial funding. (Bodie, Kane, Marcus, 2008, p. 715-757) These insurances or derivatives have gone without regulation since their creation; nonetheless they have created approximately what amounts to $62 trillion dollars in “imaginary wealth.” No company has suffered from the complexity and instability of these financial instruments more than AIG whose recent woes are centered on collateralized debt obligations. CDOs are investment products that are partly backed by mortgage securities. AIG’s Financial Products unit sold guarantees on CDOs, using credit-default swaps which are a type of derivative-based insurance that pays out in the event of a default. As housing prices fell and delinquencies and foreclosures rose, the market value of many CDOs dropped sharply. AIG sold what was deemed as "super senior" credit-default swaps guaranteeing higher-quality parts of CDOs, but with the widening credit crunch from these foreclosures; the market value of even the best parts of some CDOs declined. (Barr, Riley, 2008)

AIG’s misfortunes have resulted in a steep drop in its stock price and what could be seen as even more threatening, the potential for federal litigation. This past summer AIG was investigated by federal regulators about whether AIG overstated the value of derivatives partly linked to subprime mortgages. The Justice Department in Washington and the U.S. Attorney's office in Brooklyn requested that the Securities and Exchange Commission (SEC) turn over any information gathered from the investigation into AIG. AIG contends that it has "consistently and promptly" provided the company's best estimates of the value of its credit default swap portfolio and potential exposures, as stated by Chris Winans, a spokesperson for AIG in an article published in June of 2008. (Barr, Riley, 2008)

Absent any federal findings of impropriety; it was the complex nature of the securities and the volatile trading activity that made these CDOs so impossible to accurately value. But the underlying problem could have been the trading software upon which these trades were made. Researchers suggest that those algorithms were based on seriously flawed risk assessments that only factored the risk to the market at that particular moment, rather than traditional questions or data about a person's ability to pay and what would happen if a lot, rather than a few well-meaning homeowners stopped paying entirely. These are all factors that could have been assessed at the fundamental levels of strategic planning. Instead, these highly complex computer-generated derivatives were produced, not from natural factors of production or other traditional means of production, but purely from other financial instruments. (Dodson, 2008)

The fundamental issue still remains as companies struggle to turn data into useful performance information. Many companies, especially those that can attribute some of their growth to acquisitions, find themselves embattled with multiple, disparate information systems and, in some cases, decades of process and legacy systems which in this instance ultimately resulted in a failure to reduce the gap between forecasts and actual figures. (Riley, 2006) Reliable information can emerge but not with the speed or accuracy necessary to prevent a crisis of these proportions, especially when definitions for key metrics might easily vary from one department to the next.

IV. CONCLUSION
One can readily see the need for more collaborative efforts between IT and finance departments. Software innovators will remain a critical element of finance. Programs that generate buy and sell orders and make lightning-quick trades are the norm not the exception. Process computer-generated trades are made in one thousandths of a second. The algorithms described above are now being created to respond to news headlines “faster than the eye can scan them.” Even news publications like Dow Jones and Reuters are now offering electronically “tagged” news products with highly secretive algorithms to pick up and make programmed trading decisions. Even government regulators like Britain’s Financial Services Authority, anticipate the use of algorithms to process trading data in hopes of discovering suspicious activity which they believe occur before about a quarter of all takeover announcements are made.

As stated, finance and IT executives alike see real value in improving the quality of their management information, especially in improving timeliness, accuracy, and transparency. They foresee broad benefits, including the ability to make faster and better operating decisions, more efficient annual planning, and greater confidence in business process controls. These desires do not just exist in the financial world because as Mike Lynch of Autonomy says, a computing firm that uses algorithms to synthesize unstructured data, “No human being can work fast enough to process all the data available at a certain scale.” To remedy the uneven quality of information, companies are now investing in process simplification and tighter integration of their IT systems. Improvement, however, is not just a product of time, money, and attention. It must also be a newer and much closer collaborative relationship between the CFO, the CIO, and their respective teams. Researchers suggest that this new relationship ultimately calls on finance to take greater initiative and responsibility for information quality in order to instill accountability for IQ throughout their organizations. Companies’ IQ and the collaborative relationship between finance and IT will benefit from the CFO and the CIO building real knowledge of the other’s discipline. When finance understands IT; its capabilities, limits, and role within an enterprise IT will in turn recognize that a robust financial think as a source of business value, and not just of cost control, companies will be on a path toward higher IQ and sustained operating and financial improvement. (CFO, 2008)

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ABSTRACT

In recent years businesses have began using complex as well as simple inventory systems to not only help themselves but to also help their customers. The goal of this paper is to find out how and if retail businesses are using these systems on a large scale as well as what benefits they are receiving from the different forms of information systems that are available to retailers of all sizes. By examining small businesses located in the two western counties of Maryland (Allegany and Garrett), as well as looking into how larger retailers use inventory systems that are available to them, we can see where there is room for improvement in the small one location businesses and how there may be systems and even functions within their own systems that are available to them that they are not using to better their business.

I. INTRODUCTION

Inventory management systems have three main advantages to retail companies who choose to use them. First, inventory management systems allow managers to have real-time information regarding products that they may have in stock, have already ordered, or what is on its way to their facility. Second, automatic notifications of when a product is running low allow management to accurately place orders, or, some systems have the ability to go ahead and order the products in need. Finally, through inventory management stores a can get a better idea into which products are top sellers and which are not (RetailSystems, 2008). With all of this information combined, companies can now better than ever save time and money in areas such as labor used to count inventory and transit costs to order and store product, as well as be able to better serve their customers by having items available on demand. Costs that are associated with inventory are centered around the cost to hold the merchandise, the cost to place orders, and costs of what may be lost due to an inventory shortage (Arsham, 2008). Depending on the size of the business, some retailers use different business strategies when addressing their inventory needs. For example, larger retailers may find that reorder points and safety stock are crucial to the success of their business, while smaller retailers or seasonal retailers may find that these functions do not benefit their business costs and operations.

With the current economic situation, some retailers may be faced with a drop in sales. Jon Schreibfeder (2008) suggests that maintaining customer service through effectively investing money in inventory is one way to stay competitive through the current market conditions. Schreibfedar (2008) states that micro-managing by reducing safety stock and accurately accessing demand is the key to success.
II. LITERATURE REVIEW

"Small retailers represent a growing customer segment in the retail POS industry," said Dorothy Rosenthal, VP of Viewpoint Research. "However, up to now, retail POS technology was developed for enterprise customers like large banks and grocery store chains. Now POS manufacturers are realizing the enormous potential for expanding product capabilities for these millions of small businesses" (Sharkey, 2008).

Point of Sale systems have the ability to both make and save money for retailers. After reviewing the large amount of information available to a store by using a POS system, they are able to make informed purchasing decisions which can result in not overstocking unnecessary products and thus spending more money than needed. Many businesses have also found ways to make more money using their POS system. The many reports that become available to retailers from their inventory systems allow them to do a number of things including using the gathered information to determine their peak business segments, which in turn allows them to make sure they are fully stocked and staffed. By using reports that tell which items sell better than others stores are able to position products by compatibility and thus have the potential to increase average dollar sales. Up to the minute reporting allows managers to know exactly where they stand in their financial numbers so that they may better manage their staff to effectively reach goals. Also, POS systems not only allow the retailer to be better prepared to serve the customer on the sales floor but also at the register through easy scanning techniques all well as credit card integrated software (Benefits, 2008).

Jeff Haefner (2007) states that up to five hours per day could be saved just by using an appropriate Point of Sale system for each retailer. POS systems have taken the place of old registers and offer benefits and programs that cover everything from sales reports and security to accounts payable and accounts receivable. Customer relationship management is another top benefit of POS systems that all businesses should take advantage of. Targeting marketing efforts and group mailings are a great way to increase sales and a huge benefit of POS systems (Haefner, 2007).

Point-of-sale systems have taken the retail cash register to a whole new level. Through these new systems, stores can do much more than just total cash balances. POS systems not only do all regular tasks, but also allow managers to track sales by associate, be connected to a larger network, and most importantly, track the store’s inventory. Another benefit of the POS system is its ability to reduce shrink. In retail, shrink is the amount of inventory that is unaccounted for, whether it is because of internal or external theft or unrecorded damages (Sarrel, 2007). POS systems can also be used by retailers to change the price associated with a distinct barcode without the hassle of re labeling every item. POS systems do far more than just create convenience at the checkout. Through the POS system, managers can look at reports to tell them detailed information about not only their products, but also their sales team. Examples of such reports include a detailed listing of the success of products and one location vs. another, the success of one sales associate vs. another, peak segments of operations, and the success of current promotions, to name a few (Sarrel, 2007). Point of sale systems can be linked with electronic data interchanges to not only inform the store of when a particular product is running low, but also to proceed with the order of such item. This incorporation of POS and EDI systems can save a retailer not only money and time, but also help to keep customer satisfaction at its highest (Sarrel, 2007).
Apple has its own set of point of sale inventory have been finding ways to use the tags also systems for retailers who choose to operate off of a Mac system instead of a Windows PC. Apple notes that having the appropriate information system can allow your business to not only Through Apple, retailers can participate in automated ordering. By determining a designated minimum and maximum amount of each product to have on hand proper stock levels can be maintained. By using the programs marketing support retailers are able to conduct reports based on what each customer or demographic are is purchasing and cater their marketing efforts to fit the trends. Finally, as with most inventory systems, Apple finds that improved customer service is a major benefit of using an IS system (Apple, 2008).

For the past 10 years, electronic shelf labels have been available to retail stores yet it is a system that has not been completely grasped. Some reasons for this lack of acceptance are reliability and the amount of power that the ESL’s consume (Electronic, 2008). "Integration of these solutions allows enterprises to reduce labor costs and manual error, but the true value proposition runs much deeper," Roy Gardner (of Venture Development Corporation) said. "Beyond on-demand automated price changes and updates, ESL systems offer at least three additional powerful value propositions to forward-thinking retailers." (Electronic, 2008). These benefits include improved inventory management, improved accuracy in pricing, and as a way for internal store marketing through use of the ESL’s display system. Retailers must see the new system as a way to improve their inventory management and not just as another option to paper shelf pricing before the ESL system will take off and get the credit it deserves (Electronic, 2008).

RFID (Radio Frequency Identification) is a growing trend in the world of retail. Wilfried Kanzok of German retailer Kaufhof Warenhaus has found large benefits from using the RFID technology. One major advantage is that when a box of merchandise arrives at a distribution center it no longer has to be opened and counted. Now by scanning the outside of the box the products and destination for that box are verified and it is on its way. This technology is also used by retailers to make sure that adequate, but not too high of a volume, of products are kept in store to avoid losing sales. Kanzok believes stores can reduce their on hand inventory up to 50% by using this technology (Roberti, 2006).

Mitsukoshi, a Japanese retailer, uses a system in which they incorporate their inventory system into their telephone system. By scanning their radio-frequency identification tags on the merchandise, the associates can get an immediate count of the number of items available. This system is also beneficial to the customers. With scanners placed in every dressing room customers can scan the tag of the item they may need a different size and the system will tell then what items are available. This technology eliminates frequent trips to and from the sales floor, dressing room, and stock room (Amato-McCoy, 2007).

Other successful stories of RFID technology come from two retail stores in Singapore. Bella East Fashion Studio and 77th Street Pte Ltd. Both saw just under a 12 hour decrease in their stocking time after implementing the new system. Prior to the new system, employees had to hand count all items in the store and the stockroom. Every item is tagged with an RFID tag as it comes to the store. The hope for the future is that as more companies begin using this trend the tags can be added as part of the manufacturing process. When the product arrives and is scanned it is immediately added into the inventory system along with its location (i.e. store front or stock room). This way, if a customer makes a request, one quick search on the system will locate the product in the size and color desired. These stores point out another positive result of using inventory management systems; better maintaining inventory, and thus reducing excess
inventory, means that stores no longer have to put items on unnecessary sale because they have ordered to much (Swedburg, 2007).

Retail giant Walmart is also taking part in the growing trend of RFID technology. Currently, 1/3 of American Walmart and Sam’s Club stores are enabled to use RFID (O’Conner, 2008).

“A growing number of retailers are beginning to see RFID as a tool not only for improved product visibility, but also for preventing product theft—or, at least, for reducing the negative impacts of product shrinkage” (O’Connor, 2008). Designers of the RFID technology as a sensor when the items leave the store. Much like traditional EAS tags often used in retailers, when the RFID tags pass through a sensory an alarm can go off signaling potential theft (O’Conner, 2008).

According to the online RFID Journal, 2008, RFID tags pricing varies depending on the volume of the order. The reader itself could cost between 500 and 2,000 dollars depending on the features. Each tag, however, would cost between 7 and 15 cents per unit (RFID, 2008).

Inventory management systems have also been able to help family owned business who have been around for decades like Musco Family Olive Company. “Like many older, family-owned companies, Musco once used Excel spreadsheets and a homegrown business system to manage its inventory. All that changed in 2001 when the company implemented a state of the art warehouse management system.” (Musco, 2008).

III. INTERVIEW

The majority of the businesses interviewed were one location small businesses located in the western two counties of Maryland (Allegany and Garrett Counties). As was anticipated, all of the businesses, no matter the size, are actively using some form of an inventory management system. The means by which, and the extent to which, each business uses their respective system, however, is where the differences lie.

Christmas Chalet is a one location Christmas store located in Oakland, Maryland. The Christmas Chalet uses an online database system to manage their online inventory; however, they currently do not use a system on their in store inventory. Currently, the company’s website showcases only a sampling (less than 25%) of the products actually offered in the store. Kristen Stanton, website coordinator, feels that this lack of an in store inventory system hurts the business. Since the store currently does not take advantage of an inventory system, employees use a visual eye to keep track of what items are selling and what items are out of stock and need ordered. This manual system is not helpful to customers because many times the store does not order new product until they are sold out, thus leaving customers unsatisfied when they come to buy a product that is not kept in stock. Stanton feels switching the store’s entire inventory over to their online database will not only benefit the store, but also their customers (Stanton, 2008).

CHP Truck and Bus Inc. is a one location parts store and repair shop for mostly heavy duty vehicles located in Cumberland, Maryland. CHP Truck and Bus Inc. currently uses Activant as their inventory system in which they do partial barcode scanning and partial manual entry of parts numbers at the point of sale. Allan Heavner, manager, feels that this system has helped their business as they can easily access a product count of parts for ordering purposes. While Activant does allow CHP to enter an order point to be notified when stock is getting low, the company chooses not to use this because their store is small enough that they can keep an eye on their inventory. Heavner says that the company is also able to use their system to retrieve
information on unit sales within a specific time period and maintain accounts receivable. This
information along with customer capture information allows CHP to gather information for
marketing purposes (Heavner, 2008).

Rudy’s At the Wisp specializes in apparel and gear for outdoor activities, mostly skiing
and water sports, the store has two locations (Oakland, Maryland and McHenry, Maryland at the
Wisp Ski Resort). Rudy’s at the Wisp is currently using an inventory system called RetailPro.
According to Allison Sweitzer, soft goods buyer and manager, the store is going into its fourth
ski season with the system and she feels it “defiantly helps” (Sweitzer, 2008). While the system
does allow them to use low stock alerts, they choose not to utilize this function because they are
a seasonal store. Rudy’s also uses the systems templates for reports to know what products to
order. Through the systems customer database the store can generate mailing lists for marketing
purposes (Sweitzer, 2008).

Finally, a closer look was taken at Bath and Body Works, part of Limited Brands,
inventory management system. Peter Diers, Associate Vice President of Forecasting and
Development was able to give some insight into how Bath and Body Works manages their
inventory. “Limited Brands is in the process of moving all replenishment planning to
Manugistics (owned by JDA). We use the Demand, Promotions, Collaborate, and Fulfillment
modules to forecast sales, buy inventory, and deploy goods to DC’s and stores” (Diers, 2008).

While the new system took some time to get used to, once the technology and processes
were stabilized Diers feels the company has been able to significantly reduce inventory levels.
“Because of the forward-planning capabilities, we have been able to avoid supply chain
bottlenecks by proactively monitoring inventory levels and flow. By adjusting these constraints
we have been able to reduce overall supply chain costs” (Diers, 2008).

Diers finds that based on customer survey information since BBW has switched to the
Manugistics system scores have increased in the area of merchandise availability. This shows
that the system is allowing the store to maintain better stock and customers are noticing! He says
that the company finds rather than customers being unhappy with inventory issues they are more
concerned with discontinued product (Diers, 2008).

Bath and Body Works uses its inventory system to gather a wide array of information.
The company routinely monitors key metrics such as in-stocks and weeks of supply. They use
the information to find the perfect balance between customer service, and sales potential, all the
while minimizing the risk of obsolescence. The company also keeps a close eye on overstocks
and stranded inventory. On a final note Diers states, “We continue to refine our in-stock goals
and inventory levels. No matter how efficiently inventory is being positioned, there is always
something more that can be done better” (Diers, 2008).

IV. CONCLUSION

Inventory management is a key factor to the success of a business. Having a program that
is within a business’s price range yet meets all of its needs could not only save a company
money, but also help to increase both their profits and customer satisfaction. As the interviews
from this paper have shown, most businesses, no matter the size, are currently participating in
some form of inventory management through an information system. Whether it is the local gift
shop or the retail giant down the street, inventory management is helping to keep many
businesses on their feet. The biggest difference is to what measure each business is using the
systems to the best of their abilities. While even the small, one location stores of Western
Maryland are finding ways to incorporate inventory information systems into their business, they are not always using the system they are paying for to its full capabilities. In doing so these businesses may find that they would be better able to serve their customers, whether it is through online purchasing, or being able to maintain a full shelf of product when the customer demands it. Most of the businesses interviewed have only in the past few years either opened or implemented their inventory system which leads me to believe they are on the right track to successful inventory management.

By digging deeper into retail inventory management systems businesses, big and small, are sure to gain insight into their customers, into their operations, and into what system is best suited for them. The future of inventory information systems looks bright with the introduction of RFID tags. Hopefully, as the world becomes more technology dependant, small businesses will be able to embrace these systems to help their stores grow and succeed to their full capacities.

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THE 7 JULY 2005 LONDON BOMBINGS: LESSONS LEARNED IN THE AREA OF COMMUNICATION STRATEGIES

Daniel Seet, Emerson College
daniel_seet@emerson.edu

ABSTRACT

This paper studies how the British government managed crisis communication during the 7 July 2005 bombings in London by examining the critical communicative efforts by key emergency response agencies handling the incident. Launching into a discussion of the strengths and weaknesses of some of the public communication strategies used, six major lessons are reviewed that cover the following themes: acknowledging uncertainty in the crisis ‘golden hour,’ the early issuance of time-limited public advisories, appointing a lead agency to coordinate outgoing public messages, having the lead agency disseminate critical inter-agency messages, latching on official websites and new media as part of the communication solution, and focusing on normalcy and communal identification as part of post-incident communication. It is hoped that the British experience will be useful in helping to improve corporate and governmental crisis communication strategies and policies in the future.

I. INTRODUCTION

The London Underground was a refuge for hundreds of thousands during the Blitz when the Luftwaffe engaged in an incendiary campaign against the British in World War II. But on 7 July 2005, it turned into a scene of carnage after Islamist suicide bombers detonated three bombs in the subways. A fourth explosion occurred aboard a bus, and it is believed that the bomber was heading to another subway station but got delayed along the way (Thomas & McGuire, 2005, pp. 10-18). In total, 52 commuters were killed and over 700 injured. This paper investigates the crisis communication by the British authorities after the attacks. It will focus generally on communication efforts during the first few hours and examine issues such as public communication and messaging, as well as crisis leadership. In fact, the overarching theme of the paper is the systems of getting unified and consistent messages across to the public. Astute communicators understand that the critical variable in public persuasion and image restoration is not just facts, but also the manner that the facts are arranged and interpreted to frame issues and construct narratives to help people make sense of the events around them (Jamieson & Waldman, 2003, pp. xiii-xiv). This is at the heart of what crisis communication is all about.

II. BACKGROUND OF THE INCIDENT: A COMMUNICATION PERSPECTIVE

Following the first three explosions at the underground stations around 8.50am, senior elements of the Metropolitan Police Service (MPS), in place for the G8 Summit in the Gleneagles, Scotland, immediately assumed operational command to lead the response to the incidents (House of Commons, 2006, pp. 7-8). According to Abdul Raheem (2005), public advisories were issued around 9am via electronic gantries along expressways leading to London informing motorists to avoid the city and tune in to the radio. However, the first piece of official confirmation of the incident only came around 9.24am from the British Transport Police (BTP).
for an incident at the Aldgate Underground that was ‘possibly caused by a collision between two trains, a power cut, or a power cable exploding.’ The report also mentioned some walking-wounded at the scene (Kinsville-Heyne, 2008, p. 6). The purported uncertainty of the event was despite the fact that the fire brigade had already been on site at the Metropolitan Line between the Liverpool and Aldgate stations to conduct an initial situation assessment at 8.55am. The media reported the deployment of the emergency services at around 9.14am.

Five minutes after the BTP statement, the MPS informed the media that the authorities were handling a major incident, but qualified that it was still too early to know what had exactly occurred (House of Commons, 2006, pp. 7-8). By 9.33am, the media reported that passengers at the underground stations had been told of a suspension of service due to a ‘power fault’ across the network. This news was soon followed up by the BTP seven minutes later, where they suggested in a statement that the situations at the Aldgate, Edgware Road, King’s Cross, Old Street and Russell Square stations were due to ‘power surges,’ which seemed at odds with the position established earlier by the MPS. Scotland Yard then issued a statement of its own shortly after 10am declaring that a major incident had occurred and that the COBR (Cabinet Office Briefing Rooms) – a governmental coordination body established during national or regional emergencies to handle the crises – had been established (Kinsville-Heyne, 2008, p. 11).

By 10.15am, the media were already flooded by eyewitness reports of a bus explosion at Tavistock Square. Five minutes later, Scotland Yard acknowledged ‘multiple explosions’ in London, and this was also supported in a BTP statement at 10.23am. These statements, which came more than 90 minutes after the bombings, provided the public with the first real glimpse of what had really occurred that day. Yet at 10.25am, a BBC reporter filed a story from the Gleneagles that the Prime Minister’s office seemed unsure if it was terrorism (Kinsville-Heyne, 2008, p. 29). Around 10.50am, the media began reporting an eyewitness account about several bodies in the train wreckage at Edgware (Abdul Raheem, 2005). Five minutes later, Home Secretary Charles Clark made a public statement that the blasts had caused ‘terrible casualties,’ and that the public transport system had been suspended with PM Tony Blair’s approval. Mr Clark also expressed sympathies for the bereaved and the injured (House of Commons, 2006, pp. 7-8).

As more and more eyewitness reports and survivor accounts reached the media, MPS Commissioner Sir Ian Blair issued a media update at 11am that the situation, though confusing, had been brought under control. However, he refused to divulge on casualty figures. In what was the second definitive set of instructions issued to the public, he advised Londoners to avoid moving around the city, but to ‘go in, stay in, tune in’ for the latest developments or advisories (House of Commons, 2006, pp. 7-8). Around 11.15am, police media monitors picked up erroneous news reports about ‘explosions on three buses,’ and this enabled the MPS to quickly clarify the matter (Metropolitan Police Public Affairs, 2006). According to Kinsville-Heyne (2008, p. 39), the MPS updated the media at 11.25am that there were two confirmed fatalities, with additional figures to be verified. At noon, PM Blair made a statement from the Gleneagles acknowledging that London had been struck by terrorist attacks. Scotland Yard, says Abdul Raheem (2005), then released a statement 35 minutes later confirming the full magnitude of the bombings.

Nearly four hours after the blasts, the MPS set up pooled media facilities within the incident sites to enforce greater control over media photo and video opportunities. At 1pm, a media center was established at the Queen Elizabeth Center (Metropolitan Police Public Affairs, 2006). Around the same time, Secretary Clark updated Parliament about the attacks, and
politicians of all parties were unanimous in condemning the attacks and conveying their sympathies and condolences to the injured and bereaved (House of Commons, 2006, pp. 7-8). By 2pm, the News Coordination Center (NCC), which is responsible for providing accurate and timely information to the media, and to coordinate and choreograph statements by the police, the Home and Foreign offices, as well as other key stakeholders, was active (Toker, 2006, p. 11; Metropolitan Police Public Affairs, 2006). PM Blair departed Gleneagles at 2.20pm for London, and this received considerable media coverage. A more specific account of the fatalities came at 3.30pm via MPS Deputy Assistant Commissioner Brian Paddick’s update to the media. According to Abdul Raheem (2005), a joint press conference was held at 3.45pm involving DAC Paddick, as well as leaders from the BTP, the ambulance services, the fire brigade, the London Underground and the London Transport Service.

PM Blair’s arrival in London at 5.30pm received intense media attention. He notably commented to the media that the most vigorous police action would be taken to apprehend the perpetrators (House of Commons, 2006, pp. 7-8). By 6pm, the police were able to confirm a total of 37 fatalities and more than 300 injured at the hospitals (Metropolitan Police Public Affairs, 2006). The MPS would continue to organize press conferences over the next few days to update the public on the status of the investigations. According to the MPS Public Affairs (2006), these press conferences were key platforms to plead for calm, to caution against vigilante reprisals against the Muslim community, as well as to seek the assistance of commuters who were present on the trains or the bus during the attacks to help with the investigations.

On the whole, the MPS – as the incident manager – had marshaled an aggressive media management campaign (Toker, 2006, p. 13). Nearly 45 press officers had been sent to the four incident sites to manage the media on the ground. This is a key doctrine in media relations on building relationships with journalists and reporters by providing a readily available point of contact for them on the scene. Within the first 10 days, the MPS handled approximately 8,000 media enquiries, and issued more than 200 press statements between 7 July and 1 August. In addition, 25 press conferences and almost 400 one-to-one interviews were conducted. Their efforts were backed up by nearly 100 media officers with the NCC, which was operating round-the-clock for a whole week after 7 July to coordinate and strategize the messages being issued within and outside of the various government offices. The British emergency authorities fielded questions from the media, and gave answers that helped to inspire confidence in the government. The clear message on the national front was that the authorities were in control, and there was no need for panic. Internationally, Britain was portrayed by the global press as a nation of resilient people who refused to be cowed by the attacks (Menon, 2005).

III. CRITICAL ANALYSIS AND THE LESSONS LEARNT

While the overall media campaign is generally recognized as a successful one, this paper wishes to flesh out and review a couple of defining issues for discussion that may contribute to the organization of more effective crisis communication campaigns in the future. Six key lessons pertaining to communication policy are highlighted as follows:

Lesson 1: Be Ready to Acknowledge Uncertainty In The Crisis ‘Golden Hour’ - In a crisis, it is vital to make a speedy rhetorical response in the first 60 to 120 minutes. Referred as the ‘golden hour’ in crisis management, experts say that the damage to image and reputation decreases with early and effective public communication (Perl, 1996). Following a terrorist
attack, it is inevitable that the government’s effectiveness in monitoring the threat environment would be scrutinized. In fact, soon after the London attack, the media began questioning if there was a security lapse due to excessive resources being deployed to the G8 Summit. In this light, a positive perception of the disaster management is immensely important. But as Kinsville-Heyne (2008, p. 43) points out, getting the first word out accurately is the main challenge as the true impact of any event is only unveiled slowly. The British media claimed that for the first 30 minutes on 7 July, there was no official notification of a bomb attack (Menon, 2005; London Assembly, 2006, p. 81). In fact, the first official statement – made by the BTP – said that the incident could have been caused by a collision between two trains, a power cut, or a power cable explosion. Such a multiple-choice statement does not allay public concern and only serves to play up on the impression that the authorities are not in control (Kinsville-Heyne, 2008, p. 7). In contrast, the MPS statement that acknowledged the uncertainty of the situation at 9.29am was a more appropriate response.

In all, it took 90 minutes before Scotland Yard accurately described the incident. But given the context of today’s insatiable ‘fast-food’ media culture, this obsession with accuracy, often to the exclusion of all else, may ironically be the Achilles heel of government communication because the media will have no qualms about turning to other sources if official sources are deemed to be slow to meet their time-sensitive information needs (Granatt & Horner, 2005), especially given the speed and impact of citizen journalism today (London Assembly, 2005, pp. 81-82). In addition, there will always be a tension between the media’s desire to obtain information quickly, and the authorities’ need to establish credible facts before making public statements (London Assembly, 2005, p.82). But important as speedy communication is during a crisis, factual accuracy and clarity must never be compromised (Perl, 1996). Schulte and Payne (2008), citing a 2003 study by Koplan, suggest that when managing situations of uncertainty, saying ‘we do not know’ is a tested way to earn public confidence instead of releasing information that has to be corrected later. Supporting this, Sandman (2002) says that spokespersons are often, and erroneously, taught to sound confident about the situation even when they are not. On the contrary, uncertainty really provokes very little criticism of authorities, as the audiences are too dependent on them to question their competence. Public communication must always be honest and accurate. If the initial situation picture is unreliable, it always pays to acknowledge the uncertainty at the onset.

**Lesson 2: Issue Time-Limited Instructions Early To Stem Uncertainty** - Because information about what has happened may not be readily available, it would be more useful at the early stages to provide advice or instruction to the public about actions they can take to help improve the situation (London Assembly, 2006, p. 78). This could include advice such as to ‘go in, stay in, tune in,’ or to avoid the city, or to limit the use of mobile phones, for example. In addition, operational activities such as the actions involved in the rescue process may also be provided where appropriate. The key is to have a spokesperson appear before the media early to frame and present the ‘official’ perspective and narratives. This should be done before rumors or unverified information from other sources obscure the public’s perception of situation. The 7 July Review Committee report raised the fact that even though MPS Commissioner Ian Blair had issued the ‘go in, stay in, tune in’ message at 11am that morning, it could have been given earlier since it was known by 9.15am that the Underground would be evacuated (London Assembly, 2006, p. 80). While the issuance of public advisories is often an operationally driven decision, the respective press office is responsible for anticipating the developments from the public.
communication perspective, and offering specialist advice to the top leadership. In this case, the MPS public affairs could have helped to avert the delay in the issuance of the advisory by being sensitive to the consequences on the public front. Separately, it was also highlighted that the same message continued to be replayed for much of the day, long after it had become outdated. Consequently, people in central London who were waiting to go home were unaware about when it would be safe to do so. A sound advice from the 7 July Review Committee is that all public advisories should be time-limited and updated regularly to ensure their continued validity with members of the public (London Assembly, 2006, p. 88). This is a measure all government bodies and organizations should adopt as part of their public communication policies.

Lesson 3: Have A Lead Agency To Coordinate All Outgoing Public Messages - Crisis communicators must be mindful that both time and media channels are scarce resources, so there is a need to continually assess, review, and prioritize the messages being released to the public (Critical Limited, 2005). This is especially pertinent for inter-Governmental communication. At the onset of the 7 July crisis from 8.50am till around 10.50am, there was a clear lack of coordination in the public messages by the various government bodies. For example, the statements by the BTP and the MPS between 9.24am and 9.40am often contradicted one another. The BTP and the Transport Union also issued some divergent messages that morning. Besides cluttering the media channels, patchy and piecemeal information will confuse both media and members of the public alike. According to Toker (2006, p. 12), a possible reason for this situation could be due to the fact that the NCC was not activated until 11am. This may have contributed to the incoherent series of official statements being released up till 10.49am. Regardless of whether a central coordinating body such as the NCC is present in the overall crisis communication management system, one of the lead agencies (e.g. police, fire department or civil defense) should assume responsibility for coordinating government-wide messages concerning the incident. The intent, as Abdul Raheem (2005) puts it, is not aimed at information censorship but to vigorously exchange, crosscheck and ‘frame’ the information going to the masses. Framing, according to communication scholar Oscar Gandy, guides the processing of information so that a preferred reading of the facts comes to dominate public understanding (Jamieson & Waldman, 2003, pp. xiii-xiv). Given the challenges of citizen journalism today, governmental and organizational communication needs to present a consistent and coordinated messaging strategy that builds the desired narrative concerning the management of the disaster.

Lesson 4: Have Critical Cross-Agency Messages Disseminated By The Lead Agency - According to the London Assembly report (2006, p. 90), mobile phone networks in London experienced severe congestion on the morning of 7 July due to an upsurge in call volume. Calls could not be made to, or from the incident scenes, and there was an urgent need to instruct mobile phone users to cut down on their conversations. However, this could not be communicated to them via text messages, as that would have entailed messaging all phone users in the U.K., thus further congesting the strained network. The solution was to issue the instruction through the media. Unfortunately, this advisory was never relayed to the public. It was instead relegated down the list to make way for other supposedly higher-priority messages from agencies like the MPS, BTP, and the London Underground. The recommendation that was made in the post mortem of the operation was to make use of the media briefings of the MPS – the incident manager for such catastrophic crises – to cover critical information relating to non-police or security issues. The MPS was also tasked to work with other government agencies and
stakeholders to devise a list of possible messages and standard issues to be addressed in the
course of managing a disaster (London Assembly, 2006, pp. 90-92). This is another sound
recommendation that should be adopted as part of any general governmental and organizational
communication policy to ensure the fidelity of the messages in the crisis communication
management. Once media attention is secured, follow-up queries on the issue can then be
directed to the spokespersons of the agencies concerned as they are the subject-matter experts
and would be best placed to elaborate on it.

Lesson 5: Tap On Websites and New Media Platforms As Communication Solutions - In
tandem with the increased usage of mobile telecommunication devices and the arrival of the net-
savvy population, the 7 July bombings also demonstrated the potential of official government
websites as critical resources that the public will turn to for information. According to the Report
of the 7 July Review Committee by the London Assembly (2006, pp. 94-95), the official
websites of the Transport for London and the MPS experienced a spike in the number of people
logging onto their portals following the attacks. The Transport for London, for example,
recorded some 600,000 visitors on their website on 7 July, compared to the usual 100,00 on a
typical day. It also sent out more than 600,000 emails that day between 3pm and 5pm to people
newly registered on its email alert system, with over 50 percent of those emails opened within an
hour of receipt. The MPS, on the other hand, received about 1.5 million visits and updated their
website no less than 27 times that day. Other emergency services like the London Ambulance
Service also reported receiving a higher than usual volume of Internet traffic on 7 July (London
Assembly, 2005, p. 95). Thus, in addition to the conventional print and broadcast media,
government agencies should not lose sight of the vital role that their websites play as an official
information dissemination channel in emergencies. With the steady advancement of new media
solutions, government communications should be steadily incorporating tools such as RSS
(Really Simple Syndication) feeds, blogs as well as other social media platforms into its
communication strategies.

Lesson 6: Normalcy And Social Consustantiation As Key Post-Attack Narratives -One of
the chief aims of terrorists is to create a climate of public fear and anxiety by attempting to
undermine national resilience and economic progress (Abdul Raheem, 2005). For the British,
they have had over 30 years of experience with terrorism due to the activities of the Irish
Republican Army (IRA). Consequently, the public has developed a high degree of resilience and
clear-minded understanding about the motives of terrorism (Granatt & Horner, 2005). Thus,
despite the panic in the immediate aftermath of the attacks on 7 July, the situation was soon
replaced by a sense of calm and determination as ordinary citizens banded together to help those
in need. In fact, within a day, most of the city’s transport system was up and running, and the
London stock exchange also shot right back to its pre-bombing levels. Within a week, the
Underground and buses were also packed with commuters once more, albeit with tighter security
(Abdul Raheem, 2005; Menon, 2005). A key lesson here is the British government’s use of the
media to carry visuals and stories about London’s return to normalcy as part of their
communication strategy. In the aftermath of a terrorist attack, it is critical to build a narrative
about a community in unity and resilience as this strategically communicates the failure of the
terrorists to shake the people’s resolve (Abdul Raheem, 2005). It is also worth noting how the
British had dedicated part of their leadership communication by PM Blair and other key officials
to protect and identify with the peaceful Muslim community in Britain who were in danger of

717
reprisals by misguided vigilantes (Metropolitan Police Public Affairs, 2006; Payne, 2008). This emphasis on societal consubstantiation is a key activity to prevent backlashes along racial or religious fault lines within the community, and must be a key activity in any post-attack communication effort by the public and private sectors, as well as the community-at-large.

IV. CONCLUSION

This paper, though not an exhaustive report on the 7 July London bombing, has strived to cover as much as possible about the communication efforts by the British government in response to the tragedy. It is hoped that the lessons highlighted on communication policies will help shape even more robust crisis communication strategies in the future. Against contingencies such as terrorism, communication professionals must always be vigilant and engage in proactive pre-crisis planning. This ensures that governmental and organizational public communication systems will always be a ready partner of the overall operational efforts to serve the people, minimize hardship and misery, and return the country to normalcy as soon as possible.

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In 1911, revolutionaries overthrew the long-standing Qing Dynasty and established the Republic of China. Sun Yat-sen served as the regime’s first President and hoped to establish a new order based on three principles: nationalism, democracy and the people’s welfare. However, civil unrest and an unstable parliamentary system characterized the new government as it withstood several presidential transitions, territorial threats from Japan and uprisings led by the Chinese Communist Party through the first half of the century (Chow, 2007, page 17). In 1949, Mao Zedong and his Communist Party succeeded in seizing power and establishing the People’s Republic of China. The era of Mao’s rule lasted until his death in 1976 and was characterized by severe economic repression and stifled Chinese culture. (Chow, 2007, page 26-28). Deng Xiaoping assumed power in 1978 and initiated drastic reform, moving the economy from a centrally controlled entity to a market-based system that has allowed China the industrial boom of the last three decades (Chow, 2007, page 47). Since the economic reform began, China’s system has become increasingly open. It has attracted foreign investment through instituting trade expansion policies in the 1980s and joining the World Trade Organization in 2001 (Zhang, 2003, page 1). Since Deng’s reform, the country has averaged a 9.37% annual economic growth rate and boasts an economy that is now only surpassed by the United States, Japan, Germany and France (Holz, 2005, page 1). Today it is a rising global superpower, and its vast population and resources have made it an integral part of the international economy.

II. CONFLICT BETWEEN FREE ECONOMY AND AUTHORITARIANISM

Despite its open economic policies, China remains a closed system under the authoritarian rule of the Chinese Communist Party. The CCP is intent on maintaining strict control of most aspects of the country’s affairs, namely the expression of ideas inherent in the voices of the citizens, the press and diverse ethnic perspectives within the region (U.S. Bureau of Democracy, Human Rights and Labor, 2008).
This unique concept of “market socialism” has endured for three decades, but globalization has presented the economic giant with a host of problems. The challenges are evident in observation of China’s media, technology, public relations and culture. Because of the country’s newly acquired status as a rising global superpower, the outcome of globalization’s threat to its paradoxical model of governance will inevitably hold drastic implications for the future landscape of global affairs. Perhaps the most obvious way that globalization has tested China’s authoritarian rule is seen in examination of the government’s policies regarding media.

**Media Controls**

The Chinese government’s desire to maintain tight control of its news media is being sharply tested in an age of satellite communication. It has long been able to monitor the influx of foreign ideas through its state-owned television stations and newspapers. But with the increasing ease of global communication and the rise of new technological news mediums, the CCP now faces the colossal task of monitoring the flow of ideas outside the realm of its state-owned media. The Chinese government calls its approach to press freedom “pragmatic,” promoting itself as a free system while silently maintaining a grip on the flow of ideas within Chinese borders. The party’s policy is that it allows freedom of speech and the press as outlined in its 1912 Constitution, but strictly opposes the “freedom to spread lies and rumor.” (Hachten & Scotton, 2007, page 94.) Editors and journalists know that reporting on any government-sensitive topic is extremely risky, and have consistently faced harsh investigation, harassment and prosecution for expressing any idea perceived to threaten or weaken the party’s control. Restrictive propaganda censors often prevent the release of information regarding major news events prior to clearance for editors from the Ministry of Information (Hachten & Scotton, 2007, page 95, 99-101).

Two recent events have served as focal points in illustrating China’s loosening grip on media control as a result of globalization. In the immediate aftermath of the World Trade Center attacks in the United States on September 11, 2001, producers at China’s state-run television station CCTV were told to wait for the Ministry of Information’s guidance on how to react before reporting the momentous news. Coverage of the events, however, had already flooded the internet. Hong Kong’s Phoenix Channel had been providing coverage that Chinese citizens in nearby regions were able to tune in to. By the time CCTV began reporting the event, the station had lost most of its audience. CCTV executives angrily urged the Ministry of Information to reconsider its policy of prior clearance (Hachten & Scotton, 2007, page 96-97).

In May 2008 a 7.9 magnitude earthquake rocked China’s Sichuan Province, killing thousands of people and causing extensive damage to the region. Two hours after the earthquake, China’s Central Propaganda Department issued an order that no news media would be allowed to enter the disaster zone. While many reporters en route to the region were sent back by their editors, others chose to defy the order and provide uninhibited coverage of the disaster (French, 2008). According to a May 8th New York Times article written by Howard French, two reporters from China’s Oriental Morning Post flew directly to the mountainous region to report and provided graphic details of the event in an entire page of the next day’s paper. The Post printed an entirely black front page that depicted a mourning mother and wrapped corpses, all of which ran the risk of offending Chinese censors. The bold move by reporters like those of the Oriental Morning Post created a ripple effect. Three days following the earthquake, the Propaganda
Department had lost so much credibility from the determined media that it was forced to revise its order and allow more open reporting. The tragic event revealed a defiant Chinese media increasingly willing to risk the wrath of the government for the sake of truthfully informing its public. Another source of threat to China’s authoritarian control is evidenced by the influence of technology.

**Technology**

With global economic interdependence that is so beneficial to the Chinese economy also come the technological resources of the information age. The CCP has been less accepting of this technology than of the benefits of foreign investment. In 2007 China had more than 350 million cell phone users and more than 100 million Internet users (Hachten & Scotton, 2007, page 107). The numbers are increasing exponentially, and according to government-released statistics, the number of Internet users exceeded 210 million in 2008 (Economist, 2008). Instead of outlawing these technologies, the CCP is attempting to monitor the vast flow of information through censorship. Access to most foreign news websites is restricted, and search engines filter any government-sensitive information. The CCP reportedly has more than 50,000 workers constantly monitoring Chinese websites for any source of political threat (Hachten & Scotton, 2007, page 107).

The government faces several major obstacles in maintaining Internet censorship. The presence of bloggers is an unavoidable force of opinion, and they are often questionable news sources who disappear before the government can identify or track them. Another pertinent issue is that the biggest Internet appeal for many Chinese users is unrestricted access to entertainment. Because television is state-owned and films are heavily censored, the use and sharing of pirated music and movies is an accepted practice in China. The CCP has yet to find a successful method for preventing piracy since its priority is monitoring the political environment. Information on cell phones is increasingly difficult for censors to regulate. While the government attempts to track messages sent to large groups of people, the speed of cell phones make consistent censorship a nearly impossible task (Hachten & Scotton, 2007, page 108-112). In addition to globalization’s influence on China’s media and technology, the phenomenon has had drastic implications on its ability to execute successful public relations.

**Public Relations**

The Chinese Communist Party places excessive emphasis on promoting a positive image for China internationally. It wants China to be viewed as a modernized superpower with capitalist economic ideals, good for trade and investment and more open in a post-Mao era. The party’s desire to avoid being viewed as repressive is evidenced by the fact that its extensive censors operate in secret. Orders regarding media restrictions are sent to editors at thousands of newspapers, websites and television outlets, but there is never a written record of the Propaganda Department’s mandates (French, 2008). Avoiding an image of strict control, however, seems instead to serve the purpose of concealing a series of human rights violations and a government still clinging to communist ideals. An effect of the shrinking global landscape is that the workings of such repressive governments are increasingly transparent.

Two recent events have exposed the Chinese government’s misleading public relations efforts to a watching world. In November 2002, a deadly outbreak of Severe Acute Respiratory
Syndrome (SARS) began in the Guangdong Province of China. As the virus spread, the CCP declined to take affirmative action in containing the disease (Liu, B., 2003). The media faced harsh propaganda restrictions regarding the crisis, and only a few publications, such as the *Caijing* business magazine, ventured to report on the extent of the outbreak (Hachten & Scotton, 2007, page 102). It was not until February that China informed the World Health Organization of the worsening situation, and by that time hundreds of Chinese citizens were infected. By neglecting to form a coherent national strategy to solve the crisis, ultimate authority was left to local officials. The local officials were then held responsible by the CCP for continued presence of the infections. (Liu B., 2003). The response was scattered and inefficient due to delayed public recognition of the outbreak, revealing a government more concerned with preventing social instability and protecting its image than effectively containing a massive public health crisis.

Another pertinent example of the CCP’s excessive concern with China’s international image was its heightened sensitivity prior to and during the 2008 Beijing Olympics. The government undoubtedly viewed the event as a public relations opportunity to polish the nation’s reputation in the eyes of an attentive world. China invested over $44 billion in transforming Beijing into a suitable arena for the event, building massive stadiums and a new network of transportation routes. It launched a major effort to reduce the city’s air pollution (Beech, 2008), and endured embarrassing public acknowledgment that the flawlessly executed opening ceremony was due in part to a few digitally inserted fireworks and a lip-synching 7-year-old deemed “cuter” than the actual singer (Bristow, 2008). Unfortunately for the CCP, human rights organizations and ethnic groups such as those in the Tibet Autonomous Region viewed the spotlight as an opportunity to push their agendas. The CCP maintains a particularly repressive and inflexible policy toward ethnic-sensitive regions of the country, fearing that an uprising could lead to a collective demand for autonomy. On March 14, 2008, violent anti-Chinese riots broke out in the Tibetan capital of Lhasa and killed at least a dozen people (Elegant, 2008). The riots spread to other regions, leaving the Chinese government with a dilemma in choosing how to respond. Should it use the relentless force of the People’s Liberation Army to quickly eliminate any potential threat, or respond with minimal force in favor of maintaining a positive image in an international community that had been critical of its human rights record (Powell, 2008)? The government chose a deceitful combination of both. The CCP dispatched thousands of troops to Tibet and surrounding ethnic regions to suppress the violent protests, but, according to a March 26th Time article, launched a spin campaign to manipulate the media’s role in its coverage and ensure that the Chinese would be portrayed as victims (Elegant, 2008). The incidents exposed a harsh reality regarding the host nation. While the CCP is adamant about appearing to administer a more open political environment, it is ultimately still driven to repressive measures by a fear of losing its grip on power. A final implication of China’s choice to engage in the interdependent economy lies in its acceptance of a global culture.

**Culture**

Mao Zedong’s implementation of the Cultural Revolution in the 1960s severely damaged centuries of Chinese cultural tradition and stifled freedom of thought and expression (Chow, 2007, page 28). Some of the lasting effects of the time period were reversed when Deng Xiaoping came to power, but the closed nature of the Chinese political system and media has allowed for little foreign influence in the country’s popular culture. Globalization is testing the
Chinese resistance to this cultural influx. Popular western culture now often transforms into global culture with the presence of multinational corporations and standardization of advertising and products. The Chinese people are no longer isolated from the world’s technology as a result of its open economic system and, as discussed previously, they are beginning to show a vested interest in foreign entertainment (Hachten & Scotton, 2007, page 96-97).

The most striking evidence of this is the influence of Hong Kong, an autonomous region granted to China by Britain in 1997. Hong Kong has become a unique and fascinating contrast to the Chinese mainland, operating under Western concepts of democracy and independent media (Ritter, 2008). The result of its open system has been a vast acceptance of globalization apparent in its prosperous economy, technologic innovation and western-influenced popular culture. Hong Kong’s westernized television programming has attracted viewers from the Chinese mainland who are able to pick up the signal of Hong Kong’s Phoenix Channel through close proximity or illegal satellite dishes. The state-owned Chinese television stations began losing so many viewers to Hong Kong’s channel that it now allows some western television into its Southeast region. The desire for more liberal programming was further evidenced by the events of September 11th, which reinforced the fact that many Chinese viewers turn off state-owned television news channels in favor of attempting to bypass censors and gain access to foreign media. Piracy also poses a problem for the CCP, and it is realizing that unless media policies are revised to become more accepting of foreign influence, defiant citizens will obtain their entertainment illegally (Hachten & Scotton, 2007, page 96-97). Globalization presents a major challenge for the Chinese in continuing to monopolize cultural influence, and it has become clear that the influx of more liberal western ideas will consistently generate more viewers and business in entertainment.

III. CONCLUSION

The People’s Republic of China remains a unique global power in its efforts to maintain an economy based on “market socialism.” Its acceptance of the economic interdependence of globalization has afforded the Chinese wealth and power, but the contradiction with its closed political system is becoming more pronounced. And while the CCP is largely opposed to liberalizing, it must be noted that the forces of globalization have already begun to loosen the strings which have held the strict framework of Chinese governance together. The question now, as evidenced by a newly defiant media, satellite communications, government transparency and evolving culture, is at what point the Chinese government will be forced to concede.

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ABSTRACT

This paper examines an example of a multinational company and highlights cultural differences among employees with different cultural background, where conflict arises and negotiation is a necessity. The other major part of this paper emphasizes how cultural differences affect conflict and negotiations. Discussion focuses on the major factors that affect negotiations across cultures, examining individualism and collectivism, flat and vertical hierarchies in a society, and direct and indirect communication.

I. INTRODUCTION

Culture was described as complex frame of reference that consists of patterns of traditions, beliefs, values, norms, symbols and meaning that are shared by members of a community (Toomey, 1999). In addition, culture is defined as a social knowledge that affect the ways in which words and actions are expressed by a part, perceived and interpreted by other part. Culture also varies from era to another, that’s why theoretical models in the field of conflict resolution and negotiation shift and change with time. So culture has a major role to play in the management of conflicts. As a result, when two parties from different cultural background sit on a table to negotiate a certain issue and they fail to reach an acceptable and integrative outcome, the major reason for this failure and breakdown is cultural difference.

II. CULTURAL DIFFERENCES, CONFLICTS AND NEGOTIATIONS AT THE WORKPLACE

Diversity among multinational companies is essential to generate creativity, alternative solutions and strategies and to enhance a company’s capability. But this diversity at the workplace will definitely create conflict. A certain multinational Japanese company hires Japanese, Americans and others. A group of managers were sitting together and brainstorming trying to reach a decision whether they should serve a new foreign costumer who ordered a multimillion dollar order from their company and wants his order shipped in a week. The American group members while negotiating with their Japanese peers, they dominated the discussions, participated actively and were enthusiastic to make this huge deal. In contrast, Japanese members did not contribute much and needed more time to think and take a final decision whether to commit to this new costumer. Why?

Simply because of cultural differences, such conflicts appear. The Americans are impatient and take fast decisions while Japanese managers don’t. The Japanese first problem would be a communication problem, because no matter how their English language is good, they will find sometimes difficulty to interpret what Americans are trying to say. So while the Japanese try to interpret what the American managers really meant, another issue will pop up to discuss and the Japanese finally find themselves way behind, do not contribute efficiently in negotiations and take more time to take decisions and as a result a conflict to take the right decision appears.
As a conclusion, this discipline shows that people from different countries are affected by different standards, norms, behaviors, communication styles, what’s right and what’s wrong, and what’s acceptable or unacceptable. And as a result, the best way to manage such conflicts in a certain company, is by blending the different perspectives of the cultures involved and trying to study, take into consideration and know how people from different cultures interpret and view solutions.

III. INDIVIDUALISM VERSUS COLLECTIVISM

Individualism refers to the extent to which a society treats individuals as autonomous and independent whereas collectivism refers to the individual being embedded in his social group (Shwartz, 1994). Individualistic negotiators set high personal goals and direct their behavior to reach that goal. On the other hand, collectivists seek when negotiating to reach a satisfying agreement for both parties. So the main barrier in such negotiation when an individualist and a collectivist are trying to reach a good outcome, would be the rejection of an acceptable agreement by the individualist to continue to search for the best and most profitable alternative that assures his self interests. In such cases, if both parties are serious to reach an agreement, the individualist should change his negotiation strategy, be more cooperative and accept the reasonable outcome and not the one that generate the highest profit for him.

IV. FLAT OR VERTICAL HIERARCHIES IN A CULTURE

Countries such as Germany and Switzerland have flat hierarchies where social boundaries between superiors and inferiors does not exist and bosses share and consult widely. Such cultures support direct, face-to-face negotiations or facilitation and mediation by a peer. Here conflicting members resolve the conflicts themselves and social rank of persons is not taken into account and no one can use his higher social rank to impose his best alternative. Other countries like France, Spain and China, there exist a vertical hierarchy where bosses tend to hold power and they do not share it. Within these vertical hierarchies countries, conflict between members of different social ranks is less likely to happen and conflict between members of same social rank is mostly handled by a high third party superior which takes the decision to avoid direct confrontation and reduce conflicts between social equals (Leung, 1997).

V. EXPPLICIT, DIRECT COMMUNICATION OR IMPLICIT, INDIRECT COMMUNICATION

In low-context (Explicit, direct) cultures such as in USA and Germany, information is explicitly transferred through messages and meaning is clearly conveyed. In such context, information sharing about preferences and priorities between conflict parties is a direct approach where parties in conflict confront each other and negotiate directly. In high-context (implicit, indirect) cultures like in Japan and Britain, we find that little information is in the message itself, so meaning is inferred rather than directly interpreted by different parties in conflict. Also, in these countries there is tendency for parties to avoid direct and face-to-face confrontation, rather more likely negotiators involve a third party to resolve issues and conflict.
VI. CONCLUSION

Cultural difference between countries is a major issue in negotiation and conflict resolution. So if you want to negotiate successfully especially with overseas business partners, you should get to know other parties traditions, beliefs, behaviors, what do they care about and they value, and their perspectives of what’s wrong and what’s right. If you are able to specify and take into consideration these major factors mentioned in this paper that affect other parties from different cultures, you will have a higher probability and a big advantage to be an excellent international negotiator.

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